



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY MANAGER

File #: 20-216

Board Meeting Date: 4/21/2020

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Michael P. Callagy, County Manager

Subject: Agreement with SMCU Community Fund to Administer and Distribute \$1,000,000 to Benefit San Mateo County Small Businesses Adversely Impacted by COVID-19

RECOMMENDATION:

Measure K: Adopt a resolution authorizing an agreement with SMCU Community Fund for the administration and distribution of \$1,000,000 in **Measure K** funds to benefit San Mateo County small businesses adversely impacted by COVID-19.

BACKGROUND:

On March 24, 2020, the Board of Supervisors approved a \$3 million allocation of **Measure K** funds to seed the "San Mateo County Strong Fund," a COVID-19 recovery fund. At that meeting, the Board approved distributing these **Measure K** funds as follows:

- \$1,000,000 to individuals and families in San Mateo County needing assistance with basic needs due to COVID 19;
- \$1,000,000 for operating support to non-profit organizations that provide services and support to the most vulnerable San Mateo County residents; and
- \$1,000,000 for San Mateo County small businesses affected by COVID-19.

In addition to approving the allocation, the Board directed staff to prepare a distribution plan and appointed Supervisors Carole Groom and David Canepa to an ad hoc SMC Strong Advisory Committee.

On March 31, 2020, the Board of Supervisors approved an agreement with the Silicon Valley Community Foundation ("SVCF"), as well as an initial partial distribution of \$2 million in **Measure K** funds to SVCF, \$1 million of which will be distributed in the form of emergency assistance grants to residents most in need through the County's Core Services Agencies and the other \$1 million of which will be distributed to the Core Services Agencies and homeless shelters to provide capacity support.

On April 14, 2020, staff presented to the Board a plan for a small business assistance grant program, using the remaining \$1 million in **Measure K** funds. The plan included partnering with the San Mateo Credit Union (the “Credit Union”) to provide grants of up to \$10,000 each to small businesses throughout San Mateo County that have been impacted by COVID-19. Since that Board meeting, the plan has been reviewed by the SMC Strong Advisory Committee and updated with input from community partners, and the Credit Union established SMCU Community Fund, an independent legal entity and non-profit public benefit corporation, to carry-out the small business assistance program.

DISCUSSION:

The small business assistance program grants are to cover the equivalent of up to two months of a business’ operating expenses, including payroll, rent, and other operating costs. With the \$1,000,000 in funding from the County, staff anticipates that the San Mateo County Strong Fund will assist approximately 100 businesses and the program is open to all qualifying small businesses, regardless of the immigration status of the business owners.

The eligibility criteria for the small business assistance program have been developed in consultation with economic development professionals from San Mateo County cities; in discussions with staff from the City and County of San Francisco working to implement a similar small business grant fund; and through research regarding the eligibility criteria used for COVID-19 small business grant funds being developed by other large cities and private companies, such as Facebook.

To be eligible under the County’s small business assistance program, a business must meet all of the following criteria:

- Be a for-profit company with at least two employees;
- Since March 31, 2019 the business has had all applicable and required business license(s)/permit(s) or other government-issued registration document(s) as required by the local jurisdiction;
- The business has a primary office, storefront, or business space open to the public and located in San Mateo County and the business has been open for at least one year;
- The business has the equivalent of 10 or fewer full-time employees as of February 15, 2020 **OR** less than \$2.5 million in annual revenue over the past 12 months (March 1, 2019 to February 29, 2020); and
- The business demonstrates a 25% reduction in gross revenue due to COVID-19.

Additionally, all grant applicants will be required to submit the following information with their applications:

- Annual net business income and allocation of such net business income by owner(s) of the business; and
- Other local, state or federal COVID-19 assistance programs already applied to or funds awarded from such as the Payroll Protection Program - **applying to other programs does NOT disqualify an applicant from receiving a grant under this program.**

Applicants must provide evidence that they meet all program eligibility requirements, as well as 12 months of income/expense documentation. Examples of suitable documents include:

- Bank Statements
- Current P&L Statements
- IRS or FTB tax returns
- Proof of utility and/or rent/mortgage payments

- Proof of healthcare premiums
- Proof of payroll processing

Staff recommends that nonprofit organizations, self-employed individuals, and independent contractors be excluded from this program because they would be able to apply for small business grants through SVCF, Facebook, and state and federal programs, many of which are listed on **Attachment 1**.

To ensure that small businesses in all parts of the County are assisted by this program, a share of the \$1,000,000 will be allocated to each city and the unincorporated area based on population. The distribution formula and individual allocations are set forth on **Attachment 2**.

The day the Board approves the agreement with SMCU Community Fund, a multi-channel marketing and awareness campaign, which is detailed in **Attachment 3**, will begin. On the Monday following Board approval, SMCU Community Fund will launch the application portal. The application process is detailed below.

- Due to the SIP Orders and social distancing requirements, applications will only be accepted online (this is consistent with processes put in place by the Small Business Administration, the State, and Redwood City's rental assistance program through the Fair Oaks Community Center)
- Applicants will be directed to www.SMCStrong.org <<http://www.SMCStrong.org>> where a link will be added directly to the online application portal
- Applications will be available in English, Spanish and Chinese
- Applications will be accepted and reviewed by SMCU's underwriting department for completeness and eligibility
- The application portal may be closed at such time as all grant funds have been exhausted
- Applicants will be notified of the decision within 7 business days of submission
- There is no application fee
- Undocumented business owners who can provide required evidence of eligibility and income/expense documentation can apply.

When applications are received, SMCU Community Fund will review them for compliance with the eligibility criteria and forward all eligible applications to the County with recommended grant amounts. Applications will be assessed by the County on a first-come-first-reviewed basis. SMCU Community Fund will transfer funds or cut checks in the approved grant amount to selected businesses. SMCU Community Fund will provide weekly data summaries of applications received, approved denied and funded by city and the unincorporated area.

Notably, SMCU Community Fund is not charging an administrative fee for its services under the agreement.

The \$1 million in **Measure K** funds will allow for grants to only a small number of San Mateo County's thousands of impacted small businesses that meet the eligibility criteria. County leaders, SAMCEDA and SVCF are actively raising new funding to replenish all three categories of funding through the San Mateo County Strong Fund. Additionally, cities and other donors are starting to participate in the small business grant program by contributing new funding, sometimes earmarked to support small businesses in their geographic areas according to the proposed eligibility criteria.

FISCAL IMPACT:

There is no fiscal impact associated with authorizing the proposed agreement with SMCU Community Fund for the administration and distribution of \$1,000,000 in **Measure K** funds.