



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY MANAGER

File #: 20-790

Board Meeting Date: 10/20/2020

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Michael P. Callagy, County Manager
Subject: Agreement with Renaissance Entrepreneurship Center to Administer Grants to Benefit San Mateo County Small Businesses Directly and Adversely Impacted by COVID-19

RECOMMENDATION:

Adopt a resolution:

- A) Approving an allocation of \$2,500,000 in Coronavirus Aid, Relief, and Economic Security (CARES) Act funds to Renaissance Entrepreneurship Center for administration and distribution to benefit small business owners who reside in certain target areas of the County and who are lower-income and directly and adversely impacted by the COVID-19 public health emergency; and
- B) Authorizing directing the County Manager, or designee, to negotiate an agreement with Renaissance Entrepreneurship Center for administration and distribution of \$2,500,000 in CARES Act funds to benefit small business owners who reside in certain target areas of the County and who are lower-income and directly and adversely impacted by the COVID-19 public health emergency, and providing for a fee to Renaissance Entrepreneurship Center not to exceed \$500,000 for administration and expenses related to the grant program, for a term of October 20, 2020 through December 30, 2020.

BACKGROUND:

On March 24, 2020, the Board of Supervisors approved the allocation of \$3 million in **Measure K** funds to seed the "San Mateo County Strong Fund" ("SMC Strong Fund") a COVID-19 recovery fund. At that meeting, the Board dedicated \$1 million of these SMC Strong funds to assist small businesses affected by COVID-19.

On April 14, 2020, staff presented to the Board a plan for the distribution of these funds as small business assistance grants. The plan included partnering with the SMCU Community Fund, a non-profit established by the San Mateo Credit Union, to provide grants to small businesses throughout San Mateo County that have been impacted by COVID-19. Through this program, a total of \$3.5

million in SMC Strong funds, which included funds contributed by cities and foundations, was distributed to 350 small businesses.

While the program administered in coordination with the SMCU Community Fund was broadly successful, a review of program data revealed that relatively few small businesses in certain areas of the County, including East Palo Alto, North Fair Oaks, and Daly City, applied for SMC Strong small business grants.

Further, although the initial SMC Strong small business grant fund program included extensive outreach throughout the County and the application and informational materials were made available in multiple languages, the County's experience to date reflects that a different, more focused program would more effectively reach small businesses that are owned by individuals living in these parts of the County who are lower income, immigrants and veterans.

During a presentation at the August 4, 2020 meeting of the Board of Supervisors, staff advised the Board that \$200,000 from individual and community donations remained in the SMC Strong fund dedicated to assist small businesses and that the County had received a proposal from the Renaissance Entrepreneurship Center ("Renaissance") to administer a program under which these SMC Strong funds would be distributed as grants to San Mateo County-based small businesses whose owners are living in priority zip codes within the County and who have been directly and adversely impacted by COVID-19. The Board authorized and directed the County Manager to negotiate and execute an agreement with Renaissance for the administration and distribution of these funds as grants to such targeted small business owners.

Thereafter, County staff was made aware of \$30,000 in additional funds that had become available for distribution by Renaissance as small business grants and on September 15, 2020, the Board of Supervisors authorized an agreement with Renaissance to provide for administration and distribution of a total of \$230,000 in SMC Strong funds. That agreement has been executed by the parties and Renaissance is carrying out the distribution of these SMC Strong funds.

DISCUSSION:

The County has identified \$2,500,000 in CARES Act funds that are available for distribution to small business owners who are lower income, have been directly and adversely impacted by COVID-19 and who reside in the target areas of the County that are identified in the Renaissance SMC Strong agreement and staff believes that the Board can find that assisting these small business owners through the expenditure of these CARES Act funds is necessary and appropriate to respond to the COVID-19 public health emergency.

Therefore, staff is requesting that the Board approve a resolution authorizing and directing the County Manager or his designee to execute an agreement with Renaissance pursuant to which Renaissance will administer and distribute this available \$2,500,000 in CARES Act funds and any additional funds that may be identified from time to time for this program. These CARES Act funds administered and distributed by Renaissance will be used to provide grantee small business owners with a package of assistance/support that will typically be worth approximately \$10,000. These assistance/support packages will consist of cash grants (while most cash grants will be for much less, Renaissance is requesting authority to make cash grants of up to \$25,000 in exceptional cases, where circumstances warrant); consulting support; information technology assessment and assistance; and other services identified and deemed appropriate by Renaissance.

As is the case for the Renaissance grant program that utilizes SMC Strong funds, to be eligible for this Renaissance program utilizing CARES Act funds, a business owner must live in one of the of the following zip codes which were selected based on percent of families living below the poverty level, high numbers of immigrant assistance applicants, and lower average family income.

- Daly City: 94014 and 94015
- East Palo Alto: 94303
- Menlo Park: 94025
- Unincorporated Mid-Coast: 94038
- Pescadero: 94060
- Redwood City/NFO: 94061, 94063
- San Mateo: 94401, 94403
- South San Francisco/San Bruno: 94066, 94080

In addition, a recipient must be lower income (i.e., the recipient must have had an annual income below \$120,000 during 2019 or an average annual income below \$120,000 over the last three years). For partnerships, a person meeting the above qualifications must own 51% of the business.

Renaissance and community partners will continue their extensive outreach among business owners residing in the target areas of the County. Application assistance will be available in multiple languages and applications will be accepted in both hard copy and on-line. Unlike the initial business assistance program, grantee selection will not be on a first come first served basis. Instead, Renaissance will review all the applications to ensure they meet the ownership and demographic criteria. Eligible applications will be submitted to the County Manager's Office and SAMCEDA team for final selection based on geographic distribution. Renaissance will survey all grantees quarterly to assess grant effectiveness and see if individual businesses need more help.

Renaissance has proposed a fee not to exceed \$500,000 for administration and expenses related to the CARES Act grant program. As mentioned, in addition to the administration and distribution of the funds, the services provided by Renaissance in connection with the program would include counseling, coaching and mentoring of program recipients and a portion of the fee is to pay for the staff costs for this support. Staff recommends that CARES Act funds be used to the full extent allowable to pay for Renaissance's fee for program administration and expenses.

FISCAL IMPACT:

Staff anticipates that the full cost of the Renaissance agreement will be funded by CARES Act funds and that there will be no impact on the General Fund associated with this agreement.