



County of San Mateo

Inter-Departmental Correspondence

Department: BOARD OF SUPERVISORS
DISTRICT 3
File #: 21-077

Board Meeting Date: 1/26/2021

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Supervisor Don Horsley, District 3
Supervisor Warren Slocum, District 4
Subject: Restaurant, Brewery, and Winery Relief Program

RECOMMENDATION:

Adopt a resolution:

- A) Establishing the Restaurant, Brewery, and Winery Relief Program and allocating \$1,000,000 from the General Fund for grants to qualifying establishments that have incurred economic hardship due to the COVID-19 public health emergency; and
- B) Authorizing the County Manager, or designee, to develop and modify application and grant awarding processes consistent with the program criteria set forth in the resolution; and
- C) Authorizing the County Manager, or designee, acting in consultation with the County Counsel, to negotiate and execute, on behalf of the County of San Mateo, an agreement with SMCU Community Fund or other appropriate agency to administer and distribute to qualifying establishments grants from the Restaurant, Brewery and Winery Relief Program, for a term through December 31, 2021, provided that the amount paid for such services shall not exceed \$50,000.

BACKGROUND:

In December 2020, the San Mateo County Economic Development Association (SAMCEDA), Chamber San Mateo County, SMCU Community Fund (Community Fund), and Chan Zuckerberg Initiative (CZI) began discussions around establishing a "Restaurant Relief Grant Program" for independently-owned restaurants in southern San Mateo County and Palo Alto that have been adversely impacted by the COVID-19 public health emergency.

CZI committed an initial \$1,000,000 to this effort, while the Community Fund and Silicon Valley Community Foundation (SVCF) have identified an additional \$384,000 in existing funding that can be

used for similar relief efforts benefiting restaurants in other parts of the County.

This Board has also recognized that restaurants, breweries, wineries have been suffering from the financial impacts of COVID-19. In recognition of those hardships, this Board has taken numerous steps to provide relief to many these businesses through federally funded grant programs aimed at small businesses, locally sponsored relief efforts, and other initiatives, such as the Great Plates Program.

DISCUSSION:

A. Restaurant, Brewery, and Winery Relief Program Description

The Restaurant, Brewery, and Winery Relief Program (Program) will provide grants of up to \$10,000 each to qualifying establishments to offset losses in revenue due to the COVID-19 pandemic, ensure continued operation, and assist in covering current business operating expenses, including, for example: rent, payroll, and facility modifications needed to accommodate on-site dining, in anticipation of that being permitted.

To qualify for a grant under the Program, staff proposes that applicants be required to meet the following criteria:

- Applicant operates one of the following:
 - a “restaurant,” which, for purposes of the Program, means a restaurant, with a brick and mortar physical location within San Mateo County and a full-service kitchen on site. Under this definition, pop-ups and food trucks are not restaurants and are ineligible for grants; or
 - a “brewery”, which, for purposes of Program, means a brewery in possession of an active California Department of Alcoholic Beverage Control (ABC) Type 23 (Small Beer Manufacturer) License, with a brick and mortar physical location within San Mateo County; or
 - a “winery”, which, for purposes of the Program, means a winery in possession of an active ABC Type 2 (Wine Grower) License, with a brick and mortar physical location within San Mateo County.
- The establishment for which the grant is sought was being lawfully operated prior to March 11, 2020, when a local state of emergency was proclaimed due to the COVID-19 pandemic.
- Applicant is providing takeout food service or sale of food- or beverage-related goods from the establishment as of the time of grant application.
- Applicant’s establishment has been adversely economically impacted by the COVID-19 public health emergency.
- Applicant owns no more than five restaurants, breweries, and/or wineries within the jurisdictional boundaries of San Mateo County. (Applicants with multiple establishments may submit an application for each qualifying establishment.)
- Applicant must be in full compliance with all applicable regulations for the establishment including, but not limited to regulations related to the following:
 - County Environmental Health requirements, inclusive of a Food Placarding System “Pass” rating (for restaurants)
 - County/City planning and building requirements
 - State/County/City business and ABC permits

- State and local minimum wage requirements
- Health officer orders and other orders related to the COVID-19 public health emergency
- Applicants must possess and present a copy of government-issued photo identification.
- Establishments that have changed ownership since March 11, 2020 and otherwise meet the Program criteria above are eligible.

Applicants will be ineligible for a grant from the Program under the following circumstances:

- The applicant's establishment has received or been approved for a grant from any of the following programs:
 - Small business relief program managed by Renaissance Entrepreneurship Center, approved by the Board of Supervisors on October 20, 2020 (Resolution 077791)
 - San Mateo County Strong Fund Small Business Grant administered by the Community Fund, approved by the Board of Supervisors on November 10, 2020 (Resolution 077828) (recipients of grants from earlier San Mateo County Strong grant programs are eligible for the Program)
- The establishment has received over \$200,000 in revenue from participation in the "Great Plates" program
- The establishment operates in a hotel without a separate business license.
- The applicant is a home-based business or a catering company, cottage food operator, or a microenterprise home kitchen operation.
- The applicant is a corporate-owned franchise.

B. Program Outreach and Ongoing Fundraising

Outreach for the Program will be comprehensive and involve both County and partner agencies, to include SAMCEDA, local Chambers of Commerce, and restaurant, brewery, and winery trade organizations.

The outreach effort will include targeted engagement with municipal government leadership to solicit participation in the program and encourage matching funding if feasible.

In addition, broad efforts will be made to involve and communicate with local community organizations and trade organizations across the county.

Staff anticipates that outreach may include some of all of the following:

- Awareness campaign for grant application prior to pre-application period
- Use of public agency and elected official social media and email resources
- Announcement at public events, briefings, and media calls
- Request for municipalities to contact restaurants with business licenses
- Request for County Environmental Health to contact permitted restaurants
- Conduct physical and digital flyer drops to restaurants via community partners
- Media alerts to local print and digital traditional and social media entities

C. Administration of the Program

Staff proposes that the Board of Supervisors authorize and direct the County Manager, or the County Manager's designee, acting in consultation with the County Counsel, to negotiate an agreement with

the Community Fund to administer and distribute the Program funds, provided that the cost to the County of such agreement (above and beyond the \$1,000,000 in allocated General Funds) shall not exceed \$50,000. Staff has contacted the Community Fund and Community Fund representatives have indicated a willingness to provide these services.

Staff observes that the other funds from non-County sources that are available for this program will be administered and distributed by the Community Fund and therefore recommends that the County look to the Community Fund to distribute the County-contributed funds, as well. Moreover, the Community Fund has developed significant expertise in partnering with the County in quickly and efficiently distributing funds to entities and individuals who have been adversely impacted by the COVID-19 public health emergency. Here, there is a need for quick action to provide relief for impacted establishments throughout the County.

By its terms, CZI’s \$1,000,000 donation may only be used for grants to restaurants located in East Palo Alto, Menlo Park, Redwood City, Palo Alto, Unincorporated Menlo Park, and Unincorporated North Fair Oaks. These funds will be divided proportionally among these jurisdictions based on 2019 population. According to ABC and staff research, there are five potentially eligible breweries and wineries in these jurisdictions within San Mateo County, one of which appears to qualify for CZI-donated funds as a restaurant. Staff will develop a plan to ensure that the breweries and wineries in these areas are able to apply for grants through the Program should they meet all eligibility requirements.

To ensure geographic equity among the remaining cities, towns, and unincorporated areas in the County, staff proposes that remaining funds (i.e., the \$1 million County General Fund contribution and the \$384,000 from the SVCF and the Community Fund) be allocated among these areas, also based on 2019 population. The localities eligible for grants from funds donated by CZI would not be eligible for County, SVCF, or Community Fund funded grants.

Given the County’s intent to pursue additional funding from municipalities and community partners, any funding secured after the approval of the Program that is tied to a specific geographic area will be added to the amount available for grants to restaurants, breweries, and wineries located in that area. Any funding secured after the approval of the Program not tied to a specific area will be distributed across the County, based on 2019 population.

The County and Community Fund will develop and publish an application process that allows for an open application window. -Applications submitted within the window will be reviewed to confirm basic eligibility, and each establishment will be placed in a pool of other restaurants located in the same city, town, or unincorporated area. Eligible establishments in each locality pool will be selected at random for grant award until all grants appropriated for that area are exhausted.

PERFORMANCE MEASURES:

Year	Measure	Target
FY 2020-21	Number of eligible establishments receiving grants	230
FY 2020-21	Total amount of relief granted to eligible establishments	\$2.3 million

County Counsel has approved this resolution as to form.

FISCAL IMPACT:

This agreement with the Community Fund for an amount not to exceed \$1,050,000 through 31 December 2021 will be initially funded with County General Fund monies. These County funds will be initially matched by donations and commitments of \$1,384,000. The County will seek reimbursement from state and/or federal funds that may be made available in connection with the County's response to the COVID-19 pandemic.