



County of San Mateo

Inter-Departmental Correspondence

Department: BOARD OF SUPERVISORS
DISTRICT 1
File #: 21-594

Board Meeting Date: 7/20/2021

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Supervisor Dave Pine, District 1
Supervisor David J. Canepa, District 5

Subject: 2021 SMC Strong Small Business Assistance Program

RECOMMENDATION:

Adopt a resolution:

- A) Approving an allocation of \$2,000,000 in American Rescue Plan Act funds, or other funds as determined by the County Manager, to SMCU Community Fund for administration and distribution of grants to benefit eligible small businesses under the 2021 SMC Strong Small Business Assistance Program (the "Program"); and
- B) Authorizing and directing the County Manager, or designee, acting in consultation with County Counsel, to negotiate and enter into, on behalf of the County, an agreement with SMCU Community Fund for the administration and distribution of \$2,000,000 in American Rescue Plan Act funds, or other funds as determined by the County Manager, to benefit eligible small businesses under the Program, and providing a fee to SMCU Community Fund in a total amount not to exceed \$75,000 for administration and expenses related to the Program for a term ending November 30, 2021, and granting a waiver of the competitive bidding process.

BACKGROUND:

During the COVID-19 pandemic, the County, along with other funders, such as cities, private donors, and foundations, contributed over \$12,800,000 in funds for grants to almost 1,000 small businesses throughout the County. The grant programs, which are listed below, included targeted programs that were open to all small businesses in the County, as well as programs that targeted business owners residing in areas that were particularly hard hit by the pandemic and programs for specific types of businesses.

Emergency Relief for Small Businesses						
	County	Leveraged	Total	Other Information	Distributed	
SMCSTRONG - Small Business Grants - SMCU CF/SVCF (Rounds 1 and 2)	\$2,000,000	\$2,641,098	\$4,641,098	1,232 Applications received 451 Applicants received grants	\$4,503,335	
Restaurant, Winery, Brewery Grants	\$1,080,000	\$2,430,684	\$3,510,684	314 Approved; 313 disbursed	\$3,130,000	
Small Business Grants - Renaissance Center	\$3,430,000	\$195,000	\$3,625,000	500+ applicants; 207 grants disbursed	\$3,625,000	
Digital Tools and Training - Small Businesses - Renaissance	\$250,000		\$250,000	16 Applicants, 11 grants disbursed	27,500	
Subtotal	\$6,760,000	\$5,266,782	\$12,026,782		\$11,285,035	

Despite the establishment of these County-specific grant programs and multiple state and federal small business grant and loan programs designed to assist businesses impacted by the pandemic, many small businesses in San Mateo County continue to struggle. Past due rent, diminished revenue, and customer contacts lost during the pandemic are all problems our small businesses are facing, even as the County and State continue to reopen.

DISCUSSION:

We recommend establishment of the Program in order to provide a new round of grants to help small businesses that have not received any assistance from the County, state, or federal COVID-19-relief programs in the past 12 months. The Program would also incorporate lessons learned from prior grant programs, including a more streamlined initial application and in-person outreach to immigrant-owned businesses.

The Program would distribute \$2,000,000 in the form of 200 grants of \$10,000 each to small businesses that meet the following criteria:

- Have not received a County small business grant or state or federal small business COVID recovery grant or loan in the past 12 months;
- Demonstrate that the business was negatively impacted by the COVID-19 pandemic through two years of tax returns;
- Had a gross income of \$120,000 or less in 2019;
- Had 10 or fewer employees in 2019;
- Currently occupy a physical business space in San Mateo County; and
- If the business is a franchise, is independently owned and operated by a County resident, or 50% or more of the franchisee ownership group must be comprised of County residents.

The Program would use the low-barrier, two-step application process developed for the County Restaurant, Brewery & Winery Relief Program, which was much more successful in drawing applicants from COVID-19 impacted communities than prior grant programs. Under this two-step process, Program applicants will first complete a short and simple preliminary application that includes a self-attestation of eligibility. These applications will be sorted by city, town, or unincorporated area because the \$2,000,000 in grants will be allocated countywide, based on jurisdiction population. Grantees, up to the number of funded grants for each jurisdiction, will be

randomly selected. Selected grantees will then be contacted and asked to provide more detailed eligibility documentation.

County staff will review the submitted documents and then authorize SMCU Community Fund, pursuant to an agreement to be negotiated in consultation with County Counsel, to administer the grants and issue grant checks in the amount of \$10,000 each to up to 200 eligible small business owners. The agreement with the SMCU Community Fund will include a fee for administration and expenses related to the Program not to exceed \$75,000 and a term ending November 30, 2021.

The SMCU Community Fund has developed significant expertise in partnering with the County to quickly and efficiently distribute funds to individuals and entities that have been adversely impacted by the COVID-19 public health emergency. Here, there is a need for quick action to provide relief for impacted businesses throughout the County, and we therefore recommend that the Board grant a waiver of the competitive bidding process pursuant to Section 2.83.050(e) of the San Mateo County Ordinance Code.

Given the County's intent to pursue additional funding from cities 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 small businesses located in that area. Any funding secured after the approval of the Program, which is not tied to a specific area, will be distributed across the County, based on 2019 population.

Based on lessons learned from the County's past business grant programs, we believe the best way to promote the Program and draw applications from immigrant-owned businesses is to have bilingual outreach staff perform community-based door-to-door outreach and provide application assistance. The County currently has contracts with the Peninsula Chinese Business Association and Environmental Innovations to provide outreach in multiple Asian languages and in Spanish. Each of these contracts has sufficient funds to start outreach and application assistance work for the Program. However, to conduct face-to-face outreach to 400 businesses, which is the desired outreach goal, additional funding will be needed. Contract amendments to cover this additional outreach work, which is not expected to exceed \$75,000 for both contracts, will, if necessary, be placed on an upcoming Board agenda.

We anticipate that it will take approximately three months from approval of the Program to begin issuing grant checks, which we expect to occur in mid to late September.

County Counsel has approved the resolution as to form.

FISCAL IMPACT:

The County anticipates that the \$2,075,000 allocated to the Program (consisting of \$2,000,000 in grant funds plus an administration fee not to exceed \$75,000) will be provided through the federal American Rescue Plan Act. However, to the extent appropriate, these costs may ultimately be covered by reimbursement from funds provided through other state and/or federal funds that may be made available in connection with the County's response to the COVID-19 pandemic.