



County of San Mateo

Inter-Departmental Correspondence

Department: BOARD OF SUPERVISORS
DISTRICT 5
File #: 21-596

Board Meeting Date: 7/20/2021

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Supervisor David Pine, District 1
Supervisor David J. Canepa, District 5
Subject: Micro Food Business Grant Program

RECOMMENDATION:

Adopt a resolution:

- A) Approving the allocation of \$500,000 in American Rescue Plan Act funds to the extent eligible and available, or other funds as determined by the County Manager, to qualifying businesses that have experienced economic hardship due to the COVID-19 public health emergency under the San Mateo County Micro Food Business Grant Program (the "Program"); 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, an agreement with the SMCU Community Fund for the administration and distribution of the \$500,000 in American Rescue Plan Act funds to the extent eligible and available, or other funds as determined by the County Manager, to qualifying businesses under the Program, and providing a fee to the SMCU Community Fund in a total amount not to exceed \$12,500 for administration and expenses related to the Program, for a term ending June 30, 2022, and granting a waiver of the competitive bidding process.

BACKGROUND:

Throughout 2020 and 2021, our Board has identified the need to support a variety of local small businesses that have borne the brunt of the economic impact of the COVID-19 pandemic. In response, the County - alongside peer governments and dedicated community partners - established several relief programs to ensure that these community bedrocks remain open and able to serve

County residents.

Local microenterprise or small food service businesses, such as cottage food operators, caterers, food trucks, food carts, commissaries and incubator kitchens, have been among the hardest hit by the pandemic, suffering reduced customer demand, shuttered venues, increased costs, and other COVID-19-related impacts. In recognition of these hardships and the pivotal role this subset of the food service industry plays in the incubation of new small businesses, especially for women and minorities, we recommend establishment of a program to specifically support these vital businesses and that is therefore responsive to the negative economic impacts of the pandemic.

DISCUSSION:

A. Micro Food Business Grant Program Description

The Micro Food Business Grant Program (the “Program”) would distribute \$500,000 in the form of grants of \$2,500 (for cottage food operators), \$5,000 (for caterers, food trucks, and food carts) or \$10,000 (for commissaries or incubator kitchens) each to qualifying businesses to offset losses in revenue due to the COVID-19 pandemic, ensure continued operation, and assist in covering current business operating expenses. Such expenses would include, for example, required food safety training, marketing (including online presence), commercial kitchen lease space payments, or other operating expenses that may otherwise be a barrier to continuing or expanding a micro-food service operation.

To qualify for a grant under the Program, applicants must meet all of the following criteria:

- Currently operate a small food service business that has lawfully operated since before January 1, 2021;
- Provide food service or sale of food- or beverage-related goods as of the time of grant application;
- Have an active permit from County Environmental Health Services (EHS) in any of the following Fee (PE) Categories:
 - cottage food operators: PE 1590 and 1591;
 - caterers: PE 1551;
 - food trucks: PE 1542 and 1543;
 - food carts: PE 1540 and 1541;
 - commissaries and incubator kitchens: PE 1550;
- Must either live in San Mateo County or operate their business in San Mateo County.
 - In cases of non-sole proprietorship for businesses that are not operated in San Mateo County, 50 percent or more of business ownership must be comprised of residents of San Mateo County
- Have been negatively economically impacted by the COVID-19 public health emergency (including declines in revenues, or impacts of periods of business closure or diminished operating capacity);
- Owns no more than five qualifying businesses within the jurisdictional boundaries of San Mateo County. (Applicants with multiple businesses and/or permits may submit an application for each qualifying business, however, applicants will only be eligible for one grant from this Program.);
- Are in full compliance with all applicable regulations for the business, including, but not limited to the following:

- County EHS requirements, inclusive of a Food Placarding System “Pass” rating, if applicable
- County/City planning and building requirements
- State/County/City business and other licenses required by law
- State and local minimum wage requirements; and
- Possess and present a copy of government-issued photo identification.

Businesses that have changed ownership since January 1, 2021 and otherwise meet the Program criteria above are eligible.

Applicants who are members of a household that had a 2020 gross household income at or below 100% of Area Median Income (“AMI”) will be prioritized (excluding applicants applying as commissaries and incubator kitchens) with AMI household data as follows:

- Household of 1: \$121,800
- Household of 2: \$139,200
- Household of 3: \$156,600
- Household of 4: \$174,000
- Household of 5: \$188,000
- Household of 6: \$201,900
- Household of 7: \$215,800
- Household of 8: \$229,700

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

- The applicant’s business 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 on October 20, 2020 (Resolution No. 077791)
 - San Mateo County Strong Fund Small Business Grant administered by the Community Fund, approved by the Board on November 10, 2020 (Resolution No. 077828) (recipients of grants from earlier San Mateo County Strong grant programs are eligible for the Program)
 - San Mateo County Restaurant, Brewery, and Winery Relief Program administered by the Community Fund, approved by the Board on January 26, 2021 (Resolution No. 077963)
- The applicant’s business has received over \$200,000 in revenue from participation in the “Great Plates” program.
- The applicant is a corporate-owned chain franchise. For the purpose of the Program, a “chain” is defined as a business with six or more locations operating or doing business under the same brand name, regardless of owner.

B. Program Outreach and Ongoing Fundraising

Outreach for the Program will be comprehensive and involve both County and partner agencies, including County EHS, SAMCEDA, and trade organizations.

We anticipate that outreach may include some or 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 eligible businesses with business licenses;
- Post grant information on EHS website and disseminate flyers using mailing list;
- Conduct digital flyer drops, site visits, and community bulletin board to eligible businesses via community partners; and
- Media alerts to local print and digital traditional and social media entities.

C. Administration of the Program

We recommend that the Board authorize and direct the County Manager, or designee, acting in consultation with the County Counsel, to negotiate and execute an agreement with the SMCU Community Fund ("Community Fund") to administer and distribute the Program funds, provided that the total cost to the County of such agreement (above and beyond the \$500,000 allocated for the Program) shall not exceed \$12,500.

The Community Fund has developed substantial expertise in partnering with the County in quickly and efficiently distributing 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. Thus, it is recommended 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.

To ensure geographic equity among the cities, towns, and unincorporated areas in the County, it is recommended that funds be allocated among these areas based on 2019 population (the same distribution used in the Restaurant, Brewery & Winery Relief Program).

The County and the 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 business will be placed in a pool of other eligible businesses located in the same city, town, or unincorporated area. Eligible businesses 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 2021-22	Number of eligible businesses receiving grants	90
FY 2021-22	Total amount of relief granted to eligible businesses	\$500,000

County Counsel has approved this resolution as to form.

FISCAL IMPACT:

The County anticipates that the \$512,500 for this Program will be provided through the American Rescue Plan Act, to the extent eligible and available. 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.

The grants will account for \$500,000 of the funding request and the balance of \$12,500 is the 2.5% administration fee charged by the Community Fund for fiscal administration of this Program. This Program will not impact the General Fund.