



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY EXECUTIVE

File #: 22-327

Board Meeting Date: 5/3/2022

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Michael P. Callagy, County Executive
Subject: Small Business Assistance Grants for Businesses in North Fair Oaks

RECOMMENDATION:

Adopt a resolution approving an allocation of \$512,500 in American Rescue Plan Act (ARPA) funds for 100 grants of \$5,000 each (totaling \$500,000) to eligible small businesses located in unincorporated North Fair Oaks impacted by the COVID-19 pandemic and authorizing the County Executive, or designee(s), to negotiate and enter into an agreement with the SMCU Community Fund to administer and distribute the 100 grants in exchange for an administrative fee totaling \$12,500.

BACKGROUND:

Since the start of the pandemic, the County along with other funders have contributed \$21.9 million in grants to 1,332 local small businesses. The first small business grant program launched in April of 2020 and provided grants to local businesses with \$2,500,000 or less in annual gross income. Subsequent rounds of grants focused on businesses and business owners in targeted zip codes, set lower income caps, and have targeted businesses in sectors that were acutely impacted by COVID-19 such as restaurants, breweries, wineries, food trucks, food carts, catering companies, and other businesses.

The pandemic has impacted lower income communities and the small businesses that operate in them. Many of the small businesses in the County's lower income communities lack an online presence and/or digital literacy, making them more susceptible to pandemic-related shut downs and shifts in customer purchasing practices. Many of these same small businesses also faced staffing challenges and experienced both significantly reduced revenue and increased costs, and, as a result, have incurred substantial debt in order to remain in business over the past two years.

The unincorporated area of North Fair Oaks, a major commercial center in unincorporated San Mateo County, is one of the lowest income areas of the County and one of the communities that was most adversely impacted by the pandemic. Thus, many of the small businesses that serve the residents of North Fair Oaks continue to struggle with the financial impacts of COVID-19. In addition, although the County engaged Environmental Innovations to perform door-to-door, in-language

outreach for many of its small business COVID-19 relief programs, participation in these programs has been lower in North Fair Oaks than in many communities.

DISCUSSION:

Staff proposes allocating \$512,500 in ARPA funds to establish the North Fair Oaks Small Business Grant Program to mitigate financial hardship, which would offer \$5,000 grants to 100 COVID-impacted small businesses with a physical presence in North Fair Oaks that meet all of the following criteria:

- Business must currently occupy a physical commercial business space in the unincorporated North Fair Oaks area.
- Business must be in full compliance with all applicable regulations for the business including, but not limited to regulations related to the following:
 - County Environmental Health permits
 - County/City planning and building requirements
 - State/County/City business and Bureau of Alcoholic Beverage Control permits
 - State and local minimum wage requirements
 - Health officer orders and other orders related to the COVID-19 public health emergency
- Business was lawfully operating prior to March 11, 2020, when a local state of emergency was proclaimed due to the COVID-19 pandemic. Establishments that have changed ownership since March 11, 2020, but otherwise meet the North Fair Oaks Small Business Grant Program criteria, are eligible.
- Business must have fewer than 25 full time employees.
- Business must be independently owned and operated. If the business is a franchise, it must be independently owned and operated by a County resident, or 50% or more of the franchisee ownership must be comprised of County residents.
- Business has not received a County small business grant in the past 12 months.
- Business must generate its income from active sources (not passive income, such as money earned from interest, dividends, and rental property).
- Business must have suffered a negative financial impact due to the COVID-19 pandemic (such as, for example, decreased revenue or gross receipts, increased costs, decreased capacity to weather financial hardship, challenges in covering payroll, rent or mortgage, and other operating costs).

The following businesses are ineligible to receive a grant under the North Fair Oaks Small Business Grant Program:

- Cannabis businesses and/or businesses that support cannabis businesses;
- Liquor stores, tobacconists, and/or smoke/vape shops.

Program applications will be simple, easy to complete and available in English, Spanish, and Chinese. Outreach and application assistance will be provided by the Office of Community Affairs (OCA) and applications will be accepted both online and in-person at the OCA office in North Fair Oaks located at Casa Circulo Cultural.

Applications for the 100 small business grants will be accepted starting May 13, 2022, and will be

awarded on a first-come, first-served basis to eligible small businesses. In order to receive a grant, grantees will be required to provide a copy of a government-issued photo ID, a completed attestation confirming the business was negatively financially impacted by COVID-19, proof of business address, and a completed W-9 form. Information regarding legal residency is not a condition of approval, and no such information collected in connection with the North Fair Oaks Small Business Grant Program will be shared with other government agencies.

Staff further proposes that the Board authorize the County Executive, or designee, to negotiate and enter into an agreement with the SMCU Community Fund, as the County's Fiscal Agent, to administer the North Fair Oaks Small Business Grant Program and distribute all 100 grants to eligible businesses. Under the agreement, SMCU Community Fund would receive a fee of \$12,500, which is equal to 2.5% of the total amount allocated for grants ($\$500,000 \times 0.025$).

Staff will report back to the Board when all the grant funds have been awarded, or two months after the opening date, whichever occurs first.

County Attorney has reviewed and approved the resolution as to form.

FISCAL IMPACT:

The \$512,500 in funding for the North Fair Oaks Small Business Grant Program will come from ARPA funds or other or through state and/or federal funds that may be made available to the County in connection with the County's response to the COVID-19 pandemic or through General Fund sources.