



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY EXECUTIVE

File #: 22-888

Board Meeting Date: 11/15/2022

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Michael P. Callagy, County Executive

Subject: Additional ARPA Funding for Small Business Assistance Grants for Businesses in North Fair Oaks

RECOMMENDATION:

Adopt a resolution approving an additional allocation of \$755,000 in American Rescue Plan Act (ARPA) funds for up to 103 supplemental grants of \$5,000 each (totaling \$515,000) to currently operating small businesses located in unincorporated North Fair Oaks impacted by the COVID-19 pandemic that received an initial grant of \$5,000 in the first round of the North Fair Oaks Small Business Grant Program (Program), \$10,000 grants to eligible impacted small businesses that did not receive a grant in the first round of Program funding, and \$5,000 for fiscal administration of the Program.

BACKGROUND:

On March 27, 2022, the Board of Supervisors allocated \$512,500 in ARPA funds to establish the Program in order to assist COVID-impacted small businesses in the unincorporated area of North Fair Oaks, one of the lowest income areas of San Mateo County and one of the communities most adversely impacted by the COVID-19 pandemic and its negative economic consequences.

The Program offered \$5,000 grants to 100 COVID-impacted small businesses in North Fair Oaks that met all of the following criteria:

- The business occupies a physical commercial business space in the unincorporated North Fair Oaks area.
- The business is 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
- The 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 changed ownership after March 11, 2020, but otherwise meet the Program criteria, remained eligible.
- The business has fewer than 25 full time employees.
- The business is 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.
- The business has not received a County small business grant in the past 12 months.
- The business generates its income from active sources (not passive income, such as money earned from interest, dividends, and rental property).
- The business 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 were ineligible to receive a grant under the Program:

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

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

To receive a grant, applicants who met the Program criteria were required to provide (1) a copy of a government-issued photo ID, (2) a completed attestation confirming their business was negatively financially impacted by COVID-19, (3) proof of their business address, and (4) a completed W-9 form. Information regarding legal residency of applicants was not a condition of approval, and no such information was collected in connection with the Program.

Interest in the Program has been very strong. Funding from the County plus an additional \$15,000 from the Silicon Valley Community Foundation has, to date, funded 103 grants, a significant majority of which (85%) have gone to small businesses with Latinx owners. Further, while small business owners have expressed their appreciation for the financial assistance provided so far by the Program, many have noted they are still struggling with the negative economic impacts of the pandemic.

DISCUSSION:

Due to the ongoing negative impacts of the pandemic on small businesses in North Fair Oaks, staff proposes allocating an additional \$755,000 in ARPA funds to the Program, bringing total funding for the Program to \$1,267,000. A total of \$750,000 of the additional funding would be used for two types of grants:

1. Supplemental grants of \$5,000 for impacted small businesses that received an initial \$5,000 grant and are still operating and remain eligible under the program criteria (except that they

- have received a prior grant within the preceding 12 months); and
2. New grants the amount of \$10,000 for impacted small businesses that comply with the eligibility criteria but have not previously received a grant.

SMCU Community Fund has served as fiscal administrator of the Program and will continue doing so for this new round of grants in exchange for an additional administration fee of \$5,000. The existing fiscal administration agreement with SMCU Community Fund will be amended to include the additional \$5,000 fee (which amount is included in the \$755,000 allocation) and extend the term of the agreement through March 31, 2023.

For the supplemental grants, OCA will contact all the businesses that received initial grants to determine if they are still in are still operating and remain eligible under the program criteria. If so, no new application will be required to receive a supplemental grant.

The new grants would be awarded to eligible small businesses on a first come, first served basis until all available Program funds are distributed. The number of new grants will be determined in part by the number of \$5,000 supplemental grants distributed, but, at a minimum, it is expected that 23 new \$10,000 grants would be awarded. As with the first round of these small business grants, outreach and application assistance will be provided by OCA and applications will be accepted both online and in-person at the OCA office in North Fair Oaks located at Casa Circulo Cultural.

Upon approval of this additional funding, OCA will begin contacting initial grantees about the supplemental grants and conducting outreach and intake for new grants.

Staff will report back to the Board regarding the distribution of the grant funds under the Program.

The County Attorney's Office has reviewed and approved the resolution as to form.

FISCAL IMPACT:

The \$755,000 in additional funding for the Program will come from ARPA funds or other funds 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.