



COVID-19 SMALL BUSINESS RELIEF PROGRAM

City Council Meeting
June 15, 2020

CARES ACT FUNDING FOR SMALL BUSINESSES



- The Orange County Board of Supervisors voted to transfer the allocation of \$75 million in business grants funded by the CARES Act to each supervisorial district, with each district receiving \$15 million
- In the 2nd District, Supervisor Steel made the decision to allocate the \$15 million amongst each city on a per capita basis
- Huntington Beach has received **\$4,747,521.59** in CARES Act funding to support local small businesses
- City tasked with developing program parameters while adhering to all Federal guidelines



PROGRAM DEVELOPMENT



- Mayor Semeta worked with staff to develop a preliminary funding framework to present to the Economic Recovery Task Force
- The Economic Recovery Task Force consists of nine local business leaders from various industries, along with Council liaisons Mayor Semeta and Councilmember Peterson
- The Task Force met on June 9 to review the preliminary proposal and recommend modifications based on their industry expertise and experience as business owners
- Their feedback has been incorporated into the proposal for City Council consideration this evening



HUNTINGTON BEACH RECEIVES \$4.7M OF CARES ACT FUNDS

HUNTINGTON BEACH ECONOMIC RECOVERY TASK FORCE



- Specifically, Task Force members reviewed draft parameters and provided feedback on:
 - Possible funding framework:
 - Grant program vs. loan program
 - Tiered grant program by number of employees
 - Grant amounts by tier
 - Eligibility guidelines, such as length of time in business
 - Businesses types to prioritize, such as those businesses who have not yet been able to reopen and who have been more severely impacted
 - Program administration and timeline details

COVID-19 SMALL BUSINESS RELIEF PROGRAM



- The proposed COVID-19 Small Business Relief Program would provide grants up to \$10,000 to HB small businesses
- Grant amounts based on the number of full-time or equivalent employees at the business, as shown below:

Number of Employees	Grant Amount
21 – 30	Up to \$10,000
11 – 20	Up to \$7,500
1 – 10	Up to \$5,000

ELIGIBILITY CRITERIA



- Per Federal guidelines, eligible businesses must meet at least one of the following criteria:
 - Business must have been deemed non-essential and forced to close
 - Sales must be down more than 25% over previous 3 months
 - Business must have laid off at least 1 part-time or full-time employee
 - 1 or more employees have contracted COVID-19 while at work

ELIGIBILITY CRITERIA



- Additional proposed eligibility guidelines include:
 - Independently owned / operated business
 - Located in Huntington Beach with operations located in commercial or industrial space
 - Legal business in good standing with an active Huntington Beach business license for at least 1 year
 - Business with 30 full-time or equivalent employees or less
 - Business with \$15 million annual revenue or less over the past 3 years
 - Priority will be given to those businesses that have been in operation for at least 3 years
 - Priority will be given to those businesses who have not received other pandemic relief, such as the Paycheck Protection Program (PPP) or Economic Injury Disaster Loan (EIDL)
 - Priority will be given to those businesses in industries that have been severely impacted by COVID-19, including retail, restaurant, manufacturing, and personal service establishments, and those who have not been allowed to reopen for business
 - Request for businesses to give back to the community as a gesture of good will in the future

PROGRAM ADMINISTRATION



- The Orange County Small Business Development Center (OC SBDC) is helping to administer several small business loan and grant programs, such as Anaheim, Buena Park, and Newport Beach, including CARES Act related funding
- Due to their extensive expertise and experience with the unique needs of these types of programs, staff is recommending the City enter into a Memorandum of Understanding (MOU) with OC SBDC to administer the program
- Initially, it was thought that the SBDC would need to charge an administrative fee, thus an original RCA was submitted with an accompanying agreement that included a cost \$75,550
- However, the SBDC updated staff that they will not be charging the administrative fee, so an MOU would be preferred

PROGRAM TIMELINE



Date	Action Item
June 15	City Council meeting to consider program
June 16	If approved, SBDC and the City will begin marketing the program with a press release, electronic flyer, social media posts, and targeted outreach
June 16	Online and paper application finalized
June 17	Zoom Webinar to introduce the program and answer questions from the business community, led by Mayor Semeta and SBDC
June 22	Application portal opens at 8:00 a.m.
June 26	Application portal closes at 5:00 p.m.
June 29	SBDC verifies all eligible applicants and enters them into a lottery
July 1	Lottery is held for all eligible applicants
July 2	SBDC works with each awardee to collect the necessary supporting documents to provide the City
July 3 - Ongoing	Grants are submitted to City, as awardees complete documentation for review
July 6 - Ongoing	City begins distributing grant awards. These funds will be disbursed to businesses as quickly as possible, but no later than 12/31/2020, per Federal guidelines

STAFF RECOMMENDATIONS



Recommended Actions:

- A. Approve the COVID-19 Small Business Relief Program; and,
- B. Delegate to the City Manager, with Approval as to Form by the City Attorney, the Authority to execute a Memorandum of Understanding between the City of Huntington Beach and the Orange County Small Business Development Center to Administer the COVID-19 Small Business Relief Program” and to allow the City Manager to take all administrative and budgetary actions to execute the program.



QUESTIONS?