



City of Huntington Beach

File #: 20-1666

MEETING DATE: 6/1/2020

REQUEST FOR CITY COUNCIL ACTION

SUBMITTED TO: Honorable Mayor and City Council Members

SUBMITTED BY: Oliver Chi, City Manager

PREPARED BY: Marie Knight, Director of Organizational Learning and Development

Subject:

Approve the Memorandum of Understanding between the City of Huntington Beach, Huntington Beach Chamber of Commerce, Community for Innovation, Entrepreneurship, Leadership and Opportunities (CIELO), and the CSUF Small Business Development Center (SBDC) for One HB Business Support Program (OneHB Program)

Statement of Issue:

During the COVID-19 pandemic, our business community has been hard hit and like many jurisdictions, we are experiencing record levels of economic distress. The purpose of this Memorandum of Understanding (MOU) is to establish a partnership between the City of Huntington Beach; Huntington Beach Chamber of Commerce; Community for Innovation, Entrepreneurship, Leadership and Opportunities (CIELO); and the Small Business Development Center (SBDC) in the creation of a micro-grant business support program called, ***Together, We're OneHB Supporting Local Business.***

Financial Impact:

There is no financial impact.

Recommended Action:

Approve and authorize the City Manager or his designated representative to execute the Memorandum of Understanding (MOU) to establish a partnership between the City of Huntington Beach, Huntington Beach Chamber of Commerce, Community for Innovation, Entrepreneurship, Leadership and Opportunities (CIELO), and the CSUF Small Business Development Center (SBDC).

Alternative Action(s):

Do not approve the Memorandum of Understanding, and direct staff to proceed in another direction.

Analysis:

Prior to the start of the COVID-19 pandemic, City staff had been working on a unifying message for the organization centered on the concept that we are One HB working together to serve the community exceptionally. When the pandemic hit, we knew that this message could also be one that

unifies our community as we come together to help and support each other, especially those in greatest need.

Our businesses in Huntington Beach play a critical role in the viability of our community and the City's ability to offer services. Sales tax revenue makes up a large portion of our general fund budget. It is vital that our business community is able to not only survive the pandemic, but to come back even stronger. It is safe to say the majority of our businesses in HB are in the small "mom and pop" category, sole proprietors, 10 employees or less, and many are unable to successfully navigate the different resources offered at the federal, state, and local levels. Our small businesses need our help, now more than ever, if they are going to be able to continue to operate, or open for business in the future.

Of note, based on a preliminary review of business license information, the City has over 21,000 active business licenses, and around 95% of those businesses report having 10 employees or less.

Knowing this, City staff reached out to various business partners and community members to see if there could be a program established that can support our small business community in a way that has not been done before through a program that for the first time would bridge philanthropy and community giving in support of the economic engine of the City. ***Together We're OneHB Supporting Local Business*** is a community campaign to do just that - offer financial support through a micro-grant that will help keep the doors open and keep our economy in HB Open for Business. In particular, we wanted to design the program in a way to reach those business entities who missed out on the major SBA and Federal support / loan programs that have been developed.

Scope of the Program

Through the establishment of the *Together We're OneHB Supporting Local Business* program, a fund will be created (FUND) in support of our local small businesses. The FUND will be managed by CIELO, a Huntington Beach based 501(c)3 non-profit organization. CIELO will establish a separate OneHB bank account for tracking purposes. All donations to the FUND will be tax deductible. Small businesses that meet the established eligibility criteria would be able to apply for micro-grants in the amount of \$5,000 each to be used for payroll, rent/lease payments, utilities, inventory, and other approved operational expenses.

We know there will likely be more need than funding available, so each time the fund reaches increments of \$25,000, five (5) micro grants of \$5,000 each will be awarded through a lottery system. The micro grant application process, screening and review, lottery, disbursement, grantee support, and tracking of outcomes will be managed by SBDC under pre-determined guidelines.

The attached MOU outlines the roles and responsibilities of each of the program partners as well as establishes a Grant Committee that consists of one representative from each of the partner agencies who will meet on a quarterly basis to review the program metrics, and ascertain if any adjustments are needed to the program moving forward to ensure its success. Each of the partners have agreed to market, promote, and actively fundraise for the program.

Grant Eligibility Guidelines

The working committee of City staff and members of the partner agencies looked at the needs of our small businesses, and where a grant investment would be successful, and has established criteria for

grant eligibility that includes:

- The business has been open and in continuous operation for a period of three or more years,
- Employs no more than ten (10) fulltime time equivalent W-2 employees,
- Is located in Huntington Beach with a current and valid business license in the City of Huntington Beach,
- Has been negatively affected by Coronavirus (COVID-19) and will attest by statement to this in application,
- Does not promote, sell, or advertise any products, ideas, or services that fail to comply with all applicable laws, acts, regulations, rules and ordinances,

Awarded grant funds can be used for a variety of operational costs, such as payroll expenses, inventory, rent/lease payment, business related insurance, utilities, as well as other operational expenses, if pre-approved in writing by the Grant Committee. A full list of the eligibility requirements for grant applicants as well as the full program structure is attached.

Community and Philanthropic Support

There are a variety of ways our community can support our small businesses through the program:

1. Philanthropic Support

Partners will be seeking philanthropic donations to the FUND in order to be able to award the first ten (10) micro grants prior to June 30, 2020. Donations to the FUND will be completely tax deductible and made directly to CIELO. Donors at a \$5,000 level or higher will receive marketing exposure on the City's social media sites as well through the other partner agencies.

2. Community Based Support

Members of the community who want to show their support for our local small business community can make a donation to the FUND. For every \$30 donation, they will receive a yard sign that will have the OneHB logo stating, "We are OneHB, Supporting local business." Community members can proudly display their support of our small businesses in their front yard. The donation/pick-up point for the yard signs will be Huntington Surf and Sport on Main Street.

3. Sale of Merchandise

The City is entering into a license agreement with a local vendor who will be selling T-shirts, hats, and other apparel with the OneHB logo. A pre-determined percentage of gross sales of retail items as well as a per-item flat fee for wholesale items will be disbursed monthly to the FUND until such time that the campaign ends.

Environmental Status:

Not applicable.

Strategic Plan Goal:

Strengthen long-term financial and economic sustainability

Attachment(s):

1. Memorandum of Understanding
2. Business Support Program Outline