



City of Huntington Beach

File #: 21-089

MEETING DATE: 2/1/2021

REQUEST FOR CITY COUNCIL ACTION

SUBMITTED TO: Honorable Mayor and City Council Members

SUBMITTED BY: Oliver Chi, City Manager

PREPARED BY: Dahle Bulosan, Chief Financial Officer

Subject:

Approve the COVID-19 Small Business Micro Grant Program

Statement of Issue:

The City of Huntington Beach has received \$648,000 in CARES Act funding from the County of Orange to support small businesses affected by COVID-19. Staff is recommending the approval of the COVID-19 Small Business Micro Grant Program to provide direct relief to small businesses in Huntington Beach.

Financial Impact:

The City entered into a subrecipient agreement with the County of Orange to receive \$648,000 in funding to allocate to small businesses within Huntington Beach. Per the subrecipient agreement, up to 3.5% or \$22,680 of the funding may be used to administer the program. No General Fund appropriations are requested to administer the program.

Recommended Action:

Approve the COVID-19 Small Business Micro Grant Program.

Alternative Action(s):

Do not approve the program as presented, and direct staff accordingly

Analysis:

On December 15, 2020, the Orange County Board of Supervisors approved allocating \$648,000 to provide economic support to small businesses impacted by the COVID-19. Staff is recommending approval of the COVID-19 Small Business Micro Grant Program outlined below.

This program is designed to supplement other COVID-19 funding sources made available to small businesses by the State and Federal government. On November 30, 2020, Governor Gavin Newsom announced that the State of California would provide \$500 million in direct relief grants for eligible small businesses impacted by COVID-19 restrictions, and proposed an additional \$575 million in direct relief on January 5, 2021, as part of the proposed 2021-22 budget, for a total of \$1.075 billion.

The Federal Government also extended the Paycheck Protection Program established by the CARES Act to provide \$659 billion to support small businesses.

The proposed City COVID-19 Small Business Micro Grant Program was modeled after the successful OneHB Micro Grant program, managed by CIELO, which provides \$5,000 in grant funding to small businesses with 2 to 10 employees in Huntington Beach. Over 7,000, or 70%, of the City's businesses have less than 10 employees. The proposed grant program would assist these businesses that make up a significant portion of Huntington Beach's business community.

COVID-19 Small Business Micro Grant Program

The COVID-19 Small Business Micro Grant Program is intended to help support small businesses in Huntington Beach who need assistance due to adverse economic effects of the Coronavirus (COVID-19) public health emergency.

Grants will be distributed in the amount of \$5,000 as reimbursement for allowable expenses on a first-come, first-served basis to eligible businesses that provide all necessary documentation. Per the Subrecipient Agreement with the County of Orange, all expenses are required to be incurred during the period that begins on December 31, 2020, and ends on June 30, 2021. Grant applications will be accepted starting April 5, 2021, to allow businesses time to incur expenses within the allowable time period and compile required documentation.

Eligibility Criteria

To be eligible for the grant program, applicants must be able to meet the following eligibility requirements:

- Employs no fewer than two (2) and no more than ten (10) full or part-time W-2 employees
- Independently owned and operated with the principal office located in Huntington Beach
- Currently has a valid business license in the City of Huntington Beach
- Has been negatively affected by COVID-19 and will attest by statement to this in the application
- Businesses that have not yet received any COVID-19 grants from the City of Huntington Beach will be prioritized
- Does not promote, sell, or advertise any products, ideas, or services that fail to comply with all applicable laws, acts, regulations, rules and ordinances
- Is not under current governmental investigation, nor currently a party to a civil or criminal matter, nor has any outstanding violations, citations or other issues that would put them in a situation other than in good standing with the City
- Is not owned (in whole or in part) or related to any individuals who are currently employees of the City of Huntington Beach or who are currently an elected or appointed official representing the City of Huntington Beach

- Complies with all grant funding requirements included in the Subrecipient Agreement with the County of Orange
- Per Federal guidelines, eligible businesses are those that meet at least one of the following criteria:
 - Business must have been deemed non-essential and forced to close
 - Sales/Revenues must be down more than 25% since the start of the COVID-19 pandemic
 - Business must have laid off at least 1 part-time or full-time employee

Allowed use of funds: Rent/lease payment, mortgage interest payment, utilities, personal protective equipment, and other COVID-19 related operational or safety expenses.

Program Administration

Staff is currently evaluating consultants to administer the grant program. Per the subrecipient agreement with the County, up to 3.5%, or \$22,680, of the funding may be used for administrative costs. Staff will select the best qualified consultant to manage the COVID-19 Small Business Micro Grant Program.

Proposed Program Timeline

In order to distribute these funds to small businesses in our community as quickly as possible, while ensuring the program is thoroughly marketed to all segments of the business community to maximize awareness, fairness, and participation, staff is proposing the following program timeline:

Date	Action Item
02/01/2021	City Council meeting to consider program
02/08/2021	Select Consultant to Administer the Program
02/16/2021	Online and paper application finalized.
02/22/2021	Consultant and the City will begin marketing the program with a press release, electronic flyer, social media posts, and targeted outreach.
03/01/2021	Webinar to introduce the program and answer questions from the business community, led by Consultant
03/15/2021	2 nd Webinar to introduce the program and answer questions from the business community, led by Consultant
04/05/2021	Application portal opens at 8:00 a.m.
04/09/2021	Application portal closes at 5:00 p.m.
04/12/2021	Consultant begins reviewing applications
04/19/2021 - Ongoing	Consultant begins distributing grant awards after final review and verification by the City. Grants are awarded based on a first-come, first-served basis to eligible small businesses that provide all necessary documentation.

Environmental Status:

Not applicable.

Strategic Plan Goal:

Strengthen long-term financial and economic sustainability

Attachment(s):

1. Subrecipient Agreement Between the County of Orange and the City of Huntington Beach for Coronavirus Relief Funds for Economic Support Provided by the City