



Legislation Details (With Staff Report)

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AGENDA ITEM

TO:
**HONORABLE MAYOR
AND MEMBERS OF THE CITY COUNCIL**

FROM:
**ELISE MCCALED
ECONOMIC DEVELOPMENT MANAGER**

SUBJECT:
SMALL BUSINESS SURVEY RESULTS & COVID-19 MICROBUSINESS RECOVERY GRANT

Summary:

The City Council will consider establishing a one-time COVID-19 Microbusiness Recovery Grant Program.

Recommendation:

Authorize City staff to implement and begin accepting applications for the COVID-19 Microbusiness Recovery Grant Program.

Fiscal Impact:

The COVID-19 Microbusiness Recovery Grant program budget is \$50,000 and will be funded by Fiscal Year 2020-21 General Fund operating surplus as approved by the City Council at its meeting of January 11, 2022.

Strategic Plan Objectives:

Goal No. 3: Promote a strong local economic base.
Obj. No. 3.1.3: Help to retain existing businesses in the City.

Background:

Small businesses are an important sector of the economy. According to a report by the Small Business Development Administration in 2019, small businesses account for 44% of the economic activity in the United States.

COVID-19 has impacted everyone's lives, including owners of small businesses. Small businesses were impacted differently during the height of COVID-19. While some businesses like restaurants and beauty salons were closed, other businesses considered essential like grocery and home improvement stores flourished.

Coronavirus Aid, Relief, and Economic Security (CARES) Act

Businesses were provided relief through a variety of federal programs. The Coronavirus Aid, Relief, and Economic Security (CARES) Act allocated funding for the Payroll Protection Program (PPP) to benefit small businesses with resources to maintain payroll, rehire employees who may have been laid off, and to cover applicable overhead. Utilization data provided by the Small Business Administration and the Federal Treasury included business name and address for only those businesses receiving loans greater than \$150,000. Of this subset, Signal Hill businesses received \$105,259,020.

Reported Assistance Amount	Reported Number of Signal Hill Businesses	Reported Number of Supported Jobs
> \$10M	1	500
\$1M - \$5M	29	3,116
\$500,000 - \$999,999	24	993
\$150,000 - \$499,999	72	2,059

American Rescue Plan Act and Signal Hill COVID-19 Microbusiness Recovery Grant Program

The Federal government also recognized economic impacts to state, local, territorial and Tribal governments. With the passage of the American Rescue Plan Act, the Federal government allocated \$350 billion in emergency funding. The City's allotment of approximately \$2.7 million was allocated by the Council across three programs:

- Replacement of the water main on E. 33rd Street;
- Family food distribution; and
- Small business support.

In response to Council direction, staff developed a COVID-19 Microbusiness Recovery Grant Program utilizing business community feedback gathered through an online survey. The survey was advertised in the City's electronic newsletter as well as other social media outlets. A total of 23

business owners in Signal Hill responded to the survey. The following tables summarize the responses to key questions.

Table 1. Years in Business

Years in Business	Number of Businesses
1-5 years	8
6-10 years	5
11-15 years	0
16 or more years	10

Table 2. Top 4 Business Impacts of COVID-19

Decline in revenue	20%
Need to purchase personal protective equipment	14%
Inability/difficulty to make business rent/mortgage payments	13%
Inability/difficulty paying utility costs	12%

Table 3. Programs Identified as Most Helpful

A grant for business rent/mortgage costs	17%
A grant for utilities	16%
A grant for payroll and benefits costs	15%

Table 4. Grant Program Distribution

Smaller amounts to more businesses	90%
Larger amounts to fewer businesses	10%

Analysis:

The Signal Hill COVID-19 Microbusiness Recovery Grant Program (Grant Program) will provide up to ten \$5,000 grants to mitigate financial hardships such as declines in revenue or impacts due to periods of closure.

Qualification Criteria

- Must be a Signal Hill-based business;
- Must show a revenue decline of 25% or more based on tax returns from 2019 and 2020;
- Must have opened business within the City by January 2019;
- Must have a current 2022 City business license;
- Have no more than 10 employees. May be a sole proprietor;
- Must be in good standing with the City (no outstanding code enforcement violations or other building issues); and
- Must not be an elected or appointed official or an immediate relative of an elected or appointed official.

Eligible Expenses

Grant recipients will be required to attest to their intent to use the grant monies for the following eligible uses.

- Business rent/mortgage - beginning in April 2020 - present;
- Payroll and benefit costs, including payroll taxes;
- Utilities (gas, water, electricity, trash) - beginning in April 2020 - present;
- Signage and marketing materials;
- Enhanced cleaning and supplies;
- Personal protective equipment expenditures for business from April 2020 - present (e.g. masks, sanitizer, barriers, partitions, testing, vaccinations, etc.); and
- Equipment maintenance.

How to Apply

The grant application will be available from January 31, 2022 - February 11, 2022.

Access online. Respond to all 15 questions and provide required supporting documentation by the application deadline.

The City will review all applications for completeness to ensure that the business meets the eligibility criteria and experienced a financial hardship during the pandemic.

If more than ten businesses apply, all businesses determined to be eligible will be included in a lottery process. The drawing will take place no later than February 28, 2022.

Outreach

The Grant Program will be marketed via email with businesses holding a City business license, included in the February 2022 water utility bill, as well as marketed on the City's official website, social media outlets, and electronic newsletter. Staff will also reach out to the Signal Hill Chamber of Commerce to share with their membership.

Reviewed:

Sharon del Rosario

Approved:

Hannah Shin-Heydorn