



Legislation Text

File #: 22-1047, **Version:** 1

Chief Administrative Office and Planning and Building Department, Economic Development Division, recommending the Board approve the allocation of \$2,156,128.41 in American Rescue Plan Act funds for Small Businesses and Non-Profits for the proposed Small Business COVID-19 Economic Impact Grant program.

FUNDING: American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Funds.

DISCUSSION / BACKGROUND

On March 11, 2021, President Biden signed into law the American Rescue Plan Act (ARPA), which allocated \$1.9 trillion to assist in the recovery from the impacts of the COVID-19 pandemic. The County is receiving a direct allocation of \$37.46 million. Approximately \$18.7 million was received in June 2021 and the second payment totaling an additional \$18.7 million is scheduled to be delivered in June or July 2022.

On July 13, 2021 (File No. 21-1080, Item No. 23), following a presentation on eligible and ineligible uses for APRA funding, the Chief Administrative Office (CAO) was directed to return by the end of October 2021 with recommendations regarding the use of ARPA funding.

On November 9, 2021 (File No. 21-1680, Item No. 34), the Board approved allocation of ARPA funding for multiple purposes, including an allocation of \$4,135,060 in ARPA SLFRF funding for the support of small businesses and/or nonprofits, following recommendations by the CAO and the Planning and Building Department, Economic Development Division. The Board directed staff to begin with a grant program for nonprofits and to return with recommendations.

The grant program was developed by staff and the Business Protection Workgroup, and was subsequently publicized through various outreach efforts. The County sent 341 letters announcing the program to all nonprofits in our database. These letters were sent both via certified mail and electronically. In addition to these efforts, the grant opportunity was published on various department web pages and was featured in the Mountain Democrat. A total of 43 applications from non-profit organizations were received. The applications and supporting documentation were reviewed by the Economic Development Division and Chief Administrative Office to verify applicant revenues for 2018, 2019, and 2020. After a review of the applications, it was determined that 20 of the applicants were ineligible. Ineligibility was due to the following: the applicant did not experience a loss in revenue (10 applicants), lost revenue was less than 10% (4 applicants), the applicant was not tax exempt under Section 501 (c) 3 (3 applicants), or the application was incomplete or inaccurate (3 applicants). Of the remaining 23 applications, 6 requested funding in excess of their lost revenue. Grant funding for these applicants was recommended at the amount of their lost revenue. Funding of the full requested amount was recommended for 17 applicants.

Based on the initial round of review and staff's recommendation, on April 25, 2022 (File No. 22-0664, Item No. 3), the Board approved awarding twenty-three (23) Non-Profit COVID-19 Economic Impact Grants to eligible recipients, for a cumulative amount of \$1,978,931.59 out of the \$4,135,060 total

allocation, and directed staff to return to the Board with a proposed grant program to make \$2,156,128.41 in ARPA SLFRF funding available to small businesses. Should funding from the Non-Profit/Small Business COVID-19 Economic Impact Grant allocation remain after the small business grants are awarded, staff will return to the Board to request direction for use of any remaining funding.

The COVID-19 pandemic and the resulting restrictions have deeply affected small businesses within the County. To help mitigate the impact on Small Businesses, staff developed the proposed Small Business COVID-19 Economic Impact Grant. The goal of the program is to assist Small Businesses that were established prior to and are recuperating from the COVID-19 pandemic. With guidance from the Business Protection Workgroup, the following eligibility requirements were established:

- The applicant must be physically located in El Dorado County.
- The applicant must demonstrate reduced revenue of at least 10 percent due to COVID-19. The loss will be based on the average income of tax years 2018 and 2019 compared to the average income of tax years 2020 and 2021.
- The applicant must have been in operation in El Dorado County from 2018 to 2021 and hold an active business license.
- The applicant must be for-profit and independently owned and operated with at least one (1) but not more than five (5) full-time employees in the reporting years of 2020 and 2021.

Upon the Board's approval of this additional ARPA SLFRF funding allocation and the Small Business COVID-19 Economic Impact Grant, and similar to the Non-Profit program, staff will begin the outreach efforts, evaluate applications and supporting documentation received, and return to the Board with recommendations to award the remaining ARPA SLFRF funding.

ALTERNATIVES

The Board could choose not to allocate this ARPA SLFRF funding at this time, allocate only a portion of funds, and/or adjust the allocation amount.

PRIOR BOARD ACTION

See Discussion/Background above.

OTHER DEPARTMENT / AGENCY INVOLVEMENT

Chief Administrative Office

CAO RECOMMENDATION / COMMENTS

Approve as recommended.

FINANCIAL IMPACT

All requests will be funded with ARPA funds, resulting in no impact to Net County Cost or the County's budget. Amounts for grants for small businesses will be determined based on the eligibility requirements. Should funding from the Non-Profit/Small Business COVID-19 Economic Impact Grant allocation remain after the small business grants are awarded, staff will return to the Board to request direction for use of any remaining funding. Pursuant to Board direction \$3,000,000 in ARPA SLFRF funding has been set aside as an audit reserve. Unspent funding from Board directed ARPA SLFRF

allocations may be added to the audit reserve. The Board may also reallocate funding from the audit reserve for other ARPA SLFRF eligible uses.

CLERK OF THE BOARD FOLLOW UP ACTIONS

N/A

STRATEGIC PLAN COMPONENT

Economic Development: The use of ARPA funding to support small businesses impacted by the COVID-19 pandemic increases the ability to retain businesses that provide economic sustainability and quality job creation in the County.

CONTACT

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