



## Legislation Text

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**File #:** 22-2267, **Version:** 1

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- 1) Award 169 Small Business COVID-19 Economic Impact Grants to eligible recipients, in a cumulative amount of \$2,121,133;
- 2) Approve use of the Small Business COVID-19 Economic Impact Grant agreement template; and
- 3) Authorize the Chief Administrative Officer, or Assistant Chief Administrative Officer, to execute grant awards and all other documents necessary to award Economic Impact Grants.

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

**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 has received 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 was received in June 2022.

On July 13, 2021 (File No. 21-1080, Item No. 23), following a presentation on eligible and ineligible uses for ARPA 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.

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 the remaining ARPA SLFRF Small Business/Non-Profit funding available to small businesses.

Following the Board's direction, on June 28, 2022 (File No. 22-1047, Item No. 45), the CAO and the Planning and Building Department, Economic Development Division, returned to propose the Small Business COVID-19 Economic Impact Grant program to utilize the remaining ARPA SLFRF Small Business/Non-Profit funds.

On July 19, 2022 (File No. 22-1021, Item No. 2), the Board approved the award of one (1) additional Non-Profit Grant in the amount of \$35,000 to an applicant whose original application was deemed incomplete. Following Board direction, staff invited applicants with incomplete applications to provide additional documentation, resulting in one additional grant award. Including this final award, \$2,013,931.59 has been awarded in grants to non-profits, resulting in \$2,121,128.41 remaining of the of \$4,135,060 allocation.

The goal of the Small Business COVID-19 Economic Impact Grant 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 and hold an active business license.
- The applicant must currently be in operation and have been in operation in El Dorado County since at least 2018.
- The applicant must demonstrate reduced revenue of at least ten percent (10%) due to COVID-19. The loss will be based on revenue of tax years 2020 and 2021 compared to a baseline equal to the average revenue of tax years 2018 and 2019.
- 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.

The program was publicized through varying outreach efforts from the County and the Business Protection Workgroup that consisted of local chambers and other organizations. The County sent out 8,354 letters announcing the program to businesses within the Treasurer Tax Collector's database. A total of 224 applications from small businesses were received within the application deadline. The applications and supporting documentation were reviewed by the Economic Development Division and Chief Administrative Office to verify applicant revenues for 2018, 2019, 2020, and 2021 and employee counts for 2020 and 2021. After a review of the applications, it was determined that 55 of the applicants were ineligible. Ineligibility was due to the following: applicant did not experience a loss in revenue (41 applicants), lost revenue was less than 10% (5 applicants), applicant exceeded the amount of five (5) full-time employees or the equivalent (3 applicants), or applicant had an incomplete application or other disqualifying reason (6 applicants).

The remaining 169 applicants demonstrated total losses exceeding \$25 million. To allocate the remaining available funds, staff have calculated a funding cap of \$13,870 per applicant. The recommended grant award for each applicant is the lowest of: the applicant's request, the applicant's demonstrated revenue loss, or the \$13,870 cap. The total recommended grant funding of \$2,121,133 exceeds the remaining funding allocation by \$4.59. It is recommended that minor allocation overages or savings be delayed to the final ARPA SLFRF reconciliation and offset against the final audit reserve.

## **ALTERNATIVES**

The Board could choose not to allocate the ARPA SLFRF as proposed and leave the funding available for future allocation.

## **PRIOR BOARD ACTION**

See Discussion/Background above.

## **OTHER DEPARTMENT / AGENCY INVOLVEMENT**

N/A

## **CAO RECOMMENDATION / COMMENTS**

Approve as recommended.

### **FINANCIAL IMPACT**

This item regards the distribution of American Rescue Plan Act State and Local Fiscal Recovery Funds and is consistent with prior Board direction regarding the use of funds.

### **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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