



City of San Leandro

Meeting Date: December 14, 2020

Staff Report

File Number: 20-568 **Agenda Section:** CONSENT CALENDAR

Agenda Number: 8.O.

TO: City Council

FROM: Jeff Kay
City Manager

BY: Tom Liao
Community Development Director

FINANCE REVIEW: Susan Hsieh
Finance Director

TITLE: Staff Report for a City of San Leandro City Council Resolution Authorizing the Transfer to Alameda County of One Hundred Fifty Thousand Dollars (\$150,000) of Budgeted Business Incentive Funds to be Administered as Small Business Grants to San Leandro Businesses as Part of the County of Alameda CARES Act Grant Program During the COVID-19 Pandemic

SUMMARY AND RECOMMENDATIONS

Staff recommends that the City of San Leandro City Council adopt a Resolution authorizing transfer to Alameda County of one hundred fifty thousand dollars (\$150,000) of budgeted business incentive funds to be administered as small business grants to San Leandro businesses as part of the County of Alameda CARES Act Grant Program.

BACKGROUND

Following the initiation of the Alameda County Shelter-in-Place Order (Order) on March 17, 2020, many San Leandro businesses, including specialty retail, restaurants, personal services (hair, nails, etc.), and health and fitness businesses were required to close, or limited to pick up service only, in order to protect employees and customers and limit the spread of the COVID-19 virus. The Orders' restrictions have devastated local businesses, particularly small service, food, and other direct customer serving businesses. Even as certain businesses have been permitted to reopen, small businesses continue to suffer from reduced customer traffic due to work from home arrangements and customers' reluctance for person-to-person contact. With reduced sales, increased costs of operations due to required personal protective equipment and physical protective measures, and the cost of ongoing and past due rent, businesses continue to have significant financial challenges operating during the pandemic.

In recognition of the continued financial stress on small businesses, the Alameda County Board of Supervisors authorized the implementation of the Alameda County CARES Grant Program on November 10, 2020. The Alameda County CARES Grant Program is funded by the federal Coronavirus Aid, Relief and Economic Security ("CARES") Act funds. The program will provide grants of up to \$5,000 to small businesses that have been impacted by the COVID-19 pandemic.

Alameda County has allocated \$5,000,000 to businesses in incorporated cities in Alameda County, and

up to \$3,000,000 in additional funds to match contributions to the grant program made by individual cities. The \$5,000,000 in base funds will be distributed to small businesses across incorporated cities in Alameda County. The funds provided by cities and matched by the County will be distributed directly to small businesses within that city. The program opened on November 17, 2020 and accepted applications from businesses until November 30, 2020 at 11:30 p.m.

ANALYSIS

On an annual basis, the City provides funding for business incentives, which are administered by the Economic Development Division of the Community Development Department. Such funds are administered through the Business Incentive Program (<https://www.sanleandro.org/depts/cd/econdev/incentives.asp>), which provides forgivable loans to businesses for eligible physical improvements, including façade upgrades and kitchen and brewery buildouts in keeping with the goals and guidelines of the program. The goal of the program is to stimulate investment and business attraction and improve the city's commercial districts. In Fiscal Year 2020-2021, a total of \$175,000 is budgeted for the business incentive program, which is the typical amount budgeted for the past several years.

With the onset of the Coronavirus pandemic and the devastating business impacts it wrought, Economic Development staff have worked to focus business incentive funds where they are needed most. In May 2020, the City utilized \$250,000 in FY2019-2020 available business incentive funds to provide \$5,000 grants to small businesses through the San Leandro Small Business Continuity Grant Program. Staff recognizes that there continues to be significant need for business assistance at this time and recommends that \$150,000 in available FY2020-2021 business incentive funds be allocated toward the Alameda County CARES Grant Program.

The local match feature of the Alameda County CARES Grant Program represents an opportunity to leverage additional business assistance funds. If the City provides \$150,000 in matching funds, the County will match this contribution dollar-for-dollar, resulting in a total of \$300,000 in grant funds available to eligible San Leandro businesses. At a grant amount of \$5,000, this could assist up to 60 San Leandro businesses, in addition to any San Leandro businesses that are successful in the application for the \$5,000,000 awarded through the county-wide process.

To be eligible for the Alameda County CARES Grant Program, businesses must be physically located in Alameda County and have between 1 and 25 employees. Self-employed individuals and sole proprietorships are also eligible. The businesses must have been negatively impacted by COVID-19, either by a closure of any length due to COVID-19 or layoff of one or more employees due to COVID-19. Applicant businesses must agree to follow State and County COVID-19 safe workplace guidelines and maintain a business license for their physical location. Chain businesses not headquartered in Alameda County, financial institutions, banks, lenders, landlords of residential or commercial businesses, publicly traded companies, and non-profit entities are all ineligible for the Alameda County CARES Grant Program.

Grants are for up to \$5,000 and may be used for unreimbursed costs incurred from March 17, 2020 to December 30, 2020 for rent, mortgage or utility payments, payroll costs, general operating expenses, personal protective equipment, health and sanitation equipment, and/or costs for business adaptation including interior and exterior physical changes or digital technology equipment.

As noted above, applications were accepted from November 17, 2020 through November 30, 2020 at 11:30 p.m. Applications were accepted by the East Bay Economic Development Alliance (East Bay EDA), the organization designated by the County to run the program, through an online portal at www.eastbayeda.org/grants. The program flyer (Attachment 1) was distributed by staff to San Leandro businesses via email, shared widely on social media, and distributed by local and regional

news and business partners, including the San Leandro Chamber of Commerce. Program information and application materials were available in multiple languages.

Legal Analysis

The Resolution authorizing the transfer of funds to Alameda County for distribution to small businesses through the Alameda County CARES Grant Program was reviewed and approved by the City Attorney.

Fiscal Impacts and Budget Authority

The transfer of \$150,000 of budgeted funds was reviewed and approved by the Finance Department and the funds are included in the 2020-2021 Adopted Budget in Account 010-41-003-5890 - Economic Development Miscellaneous Funds.

ATTACHMENT(S)

Attachment to Staff Report

- Alameda County CARES Grant Program Flyer

PREPARED BY: Katie Bowman, Economic Development Manager, Community Development Department



OVERVIEW

The **Alameda County CARES grant program** was authorized by the Alameda County Board of Supervisors on November 10, 2020 when the Board redirected \$5 million in CARES Act funds for a small business grant program in response to the economic, health and safety impacts of the COVID-19 pandemic. Grants are intended to assist small businesses with covering necessary costs due to the COVID-19 public health emergency incurred between March 17, 2020 and December 30, 2020. Eligible businesses can receive a one-time grant of up to \$5,000.

The program prioritizes grants for small, local and emerging businesses within Alameda County to assist with the costs of business interruption caused by COVID-19. The grant does not require a matching contribution from the applicant and will not require repayment. Funds are limited and not everyone who applies is guaranteed to receive funding.

ELIGIBILITY

- Businesses physically located in Alameda County (excluding the unincorporated areas) that have been negatively impacted by COVID-19
- Must agree to follow State of California & Alameda County Public Health Department COVID-19 guidelines to maintain a safe workplace
- Employ between 1 and 25 employees (self-employed individuals are also eligible)
- Valid business license for the location
- Must upload a business IRS Form W-9
- Business has been negatively impacted by one of these measures
 1. Closure of any length due to COVID-19;
 2. Layoff of one or more staff due to COVID-19

Exclusions: Alameda County CARES grants excludes all chain businesses not headquartered in Alameda County, financial institutions, banks, lenders, landlords of residential or commercial businesses, publicly traded companies, and non-profit entities.

USE OF FUNDS

Funds from Alameda County CARES grants may only be used for unreimbursed costs incurred from March 17, 2020 to December 30, 2020 for the following items:

- Rent/lease/mortgage and utility payments for business facilities
- Payroll
- Operating Expenses such as supplies, materials, insurance, etc.
- Personal Protective Equipment (PPE), sanitation or health & safety equipment
- Reimbursement for digital technology equipment and/or platforms
- Interior & exterior physical adaptations (e.g., partitions, signage, outdoor seating, etc.)

**For details, FAQ, and online application, please
visit: <https://eastbayeda.org/grants>**

**Deadline to Apply:
Monday, 11/30 at 11:30 PM**



City of San Leandro

Meeting Date: December 14, 2020

Resolution - Council

File Number: 20-569

Agenda Section: CONSENT CALENDAR

Agenda Number:

TO: City Council

FROM: Jeff Kay
City Manager

BY: Tom Liao
Community Development Director

FINANCE REVIEW: Susan Hsieh
Finance Director

TITLE: RESOLUTION of the City of San Leandro City Council Authorizing Transfer to Alameda County of One Hundred Fifty Thousand Dollars (\$150,000) of Budgeted Business Incentive Funds to be Administered as Small Business Grants to San Leandro Businesses as Part of the County of Alameda CARES Act Grant Program During the COVID-19 Pandemic

WHEREAS, international, national, state, and local health and governmental authorities are responding to an outbreak of respiratory disease caused by a novel coronavirus, “SARS-CoV-2,” and the disease it causes which has been named “coronavirus disease 2019,” abbreviated COVID- 19, (‘COVID-19’); and

WHEREAS, on March 4, 2020, the Governor of the State of California declared a state of emergency to make additional resources available, formalize emergency actions already underway across multiple state agencies and departments, and to help the State prepare for a broader spread of COVID- 19; and

WHEREAS, on March 13, 2020, the President of the United States of America declared a national emergency and announced that the federal government would make emergency funding available to assist state and local governments in preventing the spread of and addressing the effects of COVID-19; and

WHEREAS, on March 16, 2020, the City Council of the City of San Leandro (“City”) ratified the Director of Emergency Service’s Proclamation of Local Emergency due to the outbreak of a novel coronavirus in the City (COVID-19); and

WHEREAS, on March 16, 2020, the Health Officer of Alameda County issued an Order directing all individuals to shelter in place and requiring essential businesses to implement Social Distancing Protocols (‘Shelter In Place Order’); and

WHEREAS, the Health Officer of the County of Alameda has issued revised Shelter In Place Orders on March 31, 2020, May 18, 2020, June 5, 2020, June 18, 2020, October 21, 2020, and November 18, 2020 extending restrictions on activities and requiring individuals to shelter at home, while allowing for certain specified activities; and

WHEREAS, on November 19, 2020 the California Department of Public Health issued a Limited Stay At Home Order, imposing a curfew on counties in the Purple Tier of the State's Tier program; and

WHEREAS, the City of San Leandro, pursuant to its police powers, has broad authority to maintain the public peace, health, and safety of its community and preserve quality of life; and

WHEREAS, due to restrictions on business operations enacted by the State, County, and City in order to promote public health and safety during the COVID-19 pandemic, local small businesses are struggling financially; and

WHEREAS, on November 10, 2020, the County of Alameda authorized the use of Five Million Dollars (\$5,000,000) in CARES Act funds for the County of Alameda CARES Act Grant Program; and

WHEREAS, the County of Alameda has also pledged to contribute up to Three Million Dollars (\$3,000,000) in additional CARES Act funds to match contributions made by Alameda County Cities to the program; and

WHEREAS, in order to assist and receive matching funds, the City of San Leandro must authorize the transfer of One Hundred Fifty Thousand Dollars (\$150,000) in budgeted business incentive funds to the County of Alameda for the Alameda County CARES Grant Program; and

WHEREAS, such funds will be matched by Alameda County CARES Act funds, with all funds contributed by the City of San Leandro and matched by the County going to San Leandro businesses; and

WHEREAS, City of San Leandro businesses will also be part of the general selection pool for the Five Million Dollars (\$5,000,000) allocated by the County of Alameda for grants; and

WHEREAS, small businesses located in an incorporated city in the County of Alameda that have been negatively impacted by COVID-19 and that have twenty-five (25) or fewer employees and are not part of a chain are eligible, subject to the restrictions and limitations outlined in the program; and

WHEREAS, the City of San Leandro proposes utilizing One Hundred Fifty Thousand Dollars (\$150,000) in budgeted business incentive funds from account no. 010-41-003-5890; and

NOW, THEREFORE THE CITY OF SAN LEANDRO CITY COUNCIL RESOLVES that the above recitals are true and correct and made a part of this resolution.

BE IT FURTHER RESOLVED by the City Council that the City of San Leandro will contribute funds in the amount of One Hundred Fifty Thousand Dollars (\$150,000) to the County of Alameda CARES Act Grant Program to support San Leandro small businesses.

BE IT FURTHER RESOLVED by the City Council that it is hereby proclaimed and ordered that the City of San Leandro utilizes One Hundred Fifty Thousand Dollars (\$150,000) in budgeted business incentive funds from account no. 010-41-003-5890.

BE IT FURTHER RESOLVED by the City Council that:

1. Grant awardees will be selected in keeping with the parameters of the County of Alameda CARES Act Grant Program, and not all who apply will receive a grant.
2. Funds awarded must be spent on eligible business expenses paid or incurred between March 17, 2020 and December 30, 2020, as defined by the program.
3. More information about the program may be found at www.eastbayeda.org/grants <https://protect-us.mimecast.com/s/9tTQCBBnMgs7V5m3S6-naU?domain=eastbayeda.org>.
4. During the existence of the declared local emergency, the powers, functions, and duties of the City Manager, acting as Director of Emergency Services, and the emergency organization of this City, shall be those prescribed by State law and by ordinances and resolutions of the City of San Leandro.

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