

City of Sacramento

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Title: City Council COVID-19 Response: CARES Act Framework and Funding Priorities; Small Business Recovery Program: Augment Forgivable Loan Funding and Establish Technical Assistance Component

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Date	Ver.	Action By	Action	Result
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Title:

City Council COVID-19 Response: CARES Act Framework and Funding Priorities; Small Business Recovery Program: Augment Forgivable Loan Funding and Establish Technical Assistance Component

File ID: 2020-00764

Location: Citywide

Recommendation:

1) Review, discuss, and take action regarding the Coronavirus Aid, Relief and Economic Security (CARES) Act Small Business Recovery Program's Loan Program and Technical Assistance (Technical Assistance) Component; and 2) adopt a Resolution: a) establishing the Technical Assistance Component; b) establishing a \$5 million revenue and expenditure budget in the CARES Act Program (G02610100) in the Federal CARES Act Fund (Fund 2704) for the Small Business Recovery Program - Technical Assistance Component; c) directing the City Manager or City Manager's designee to develop recommendations for appropriation of the technical assistance funding and return to City Council for approval after the City Council's July 2020 recess; and d) increasing the revenue and expenditure budget in the CARES Act Program (G02610100) in the Federal CARES Act Fund (Fund 2704) by \$5 million for the Small Business Recovery Program's Forgivable Loan.

Contact: Howard Chan, City Manager, (916) 808-7488; Michael Jasso, Assistant City Manager, (916) 808-1380, Office of the City Manager; Susana Alcala Wood, City Attorney, (916) 808-5346, Office of the City Attorney

Presenter: Michael Jasso, Assistant City Manager, (916) 808-1380, Office of the City Manager; Leslie Fritzsche, (916) 808-5450, Economic Investment Manager, Office of Innovation and Economic Development

Attachments:

- 1-Description/Analysis
- 2-Coronavirus Relief Fund Programs
- 3-Resolution

Description/Analysis

Issue Detail: On March 13, 2020, the City declared a local emergency in response to the spread of the COVID-19 pandemic. Several actions were taken by the City to provide immediate economic relief to city businesses and residents, including the funding of small business loans of \$1.1 million to City businesses, procurement of emergency supplies for the homeless (estimated at \$250,000), emergency meal programs, and lodging for essential City staff.

Framework and Funding Priorities: On May 12, 2020, Council held a workshop to discuss a CARES framework and funding priorities. During the workshop, Council expressed overall interest in funding programs and projects that provide small business assistance, get people back to work, offer opportunities for youth enrichment, address homelessness and housing issues, and support families impacted by this pandemic. The deadline for expending CARES funds is December 30, 2020. Given this short time frame, Council requested staff identify projects and programs for immediate CARES funding and implementation.

On May 26, 2020 Council committed \$28 million in CARES to support immediate local economic relief services and programs for residents and businesses. As we continue to prepare CARES Act funding recommendations, staff will review funding suggestions for eligibility and alignment with identified Council priority areas as well as the results of the City Auditor's community survey for residents and businesses:

- **Small Business Assistance:** Financial, technical, and entrepreneurship assistance to small businesses, non-profits, and community-based organizations (CBOs).
- **Workforce Training:** Fund programs and partner with workforce development providers, CBOs, and educational partners at all levels to retrain and uptrain workers dislocated due to the pandemic.
- **Youth Enrichment:** Implement robust programs, curriculum, and service for youth, including providing the necessary transportation and technology to support these programs.
- **Family Services:** Funding to support additional services for Sacramento families, including the expansion and availability of childcare services, food access, and programs that address domestic violence exacerbated by the stay-at-home orders.

- **Homeless Services & Rapid Re-Housing:** Services to place unhoused individuals into permanent housing and implement homeless aversion programs.
- **Arts, The Creative Economy & Tourism:** Financial and technical assistance directly to support the arts, tourism, and creative economy that have been devastated by the current pandemic.

Additionally, Council expressed a commitment to equity and inclusion. Each program and project will be screened through an equity lens to ensure CARES spending benefits our entire community, particularly those communities most impacted.

Proposed Small Business Recovery Program - Technical Assistance

To mitigate the impacts of COVID-19 on Sacramento businesses and their employees, Council approved \$10 million in CARES to create a small business program and approved eligibility criteria for that program on June 16th. This funding was in addition to the \$1.1 million in small business emergency relief loans authorized by the Council in March.

To compliment this funding, staff is recommending an allocation of \$5 million in CARES for small business technical assistance to mitigate the impacts of COVID-19 on small businesses. This funding would be used for a wide range of “wrap-around” services to help small businesses adapt to the new operational realities they face in a COVID-19 economic and public health landscape. These programs will focus on mitigating the impacts of COVID-19 by increasing business resiliency, assisting with repositioning strategies, and developing new business plans to aid in business recovery.. In addition, this health crisis has highlighted the fact that many of the city’s businesses are not operationally prepared to take advantage of funding opportunities should they become available through programs like the Small Business Administration’s Paycheck Protection Program and Economic Disaster Investment Loan fund. This leaves these businesses even more vulnerable, less likely to weather changes in both market and economic conditions and potentially critically impacted by the pandemic.

The program elements are envisioned to include the following:

- Business planning including repositioning
- Sales/marketing
- Digital and technological improvements to assist online business activity
- Space and facility planning to accommodate new public health standards
- Operational capacity such as financial and records management
- Data Collection for identifying COVID-19 business impacts

Because of the federal nature of the funding, staff will be required to follow federal procurement standards which will involve advertising and noticing the opportunities through the City’s Planet Bids system. Staff has already received a number of proposals for technical assistance such as those presented by the collaboration of chambers and PBIDs and have previously received proposals through the City’s portal for inclusive economic development projects. Staff will be reviewing these

proposals along with others that may come forward through the required procurement process. Staff is proposing to return to Council after the Council's recess with specific technical assistance contracts.

Forgivable Loan Augmentation

Because of expected demand for the Small Business Recovery Program's Forgivable Loan approved by Council on June 16th, staff is recommending an allocation of an additional \$5 million for the loan program. If approved, these additional funds would be made available through the same process as the original allocation with applications accepted from June 29th - July 13th.

Policy Considerations: The City has been impacted by the global pandemic. Establishing programs and budgets that include federal CARES Act funding is consistent with City Council action relative to state and federal grant awards.

Economic Impacts: CARES Act funds and other eligible federal and state grants will assist the City in providing economic relief to residents and business that have been impacted by COVID-19. Additionally, CARES Act spending will support and advance inclusive economic growth, improve the health of neighborhoods and support people, places, and actions that promote overall economic recovery and impacts immediately and well beyond this pandemic.

Environmental Considerations:

California Environmental Quality Act (CEQA); National Environmental Policy Act

(NEPA): The proposed action is not a project under CEQA because it relates to government fiscal activities that do not involve any commitment to a specific project which may result in a potentially significant physical impact on the environment. (Cal. Code Regs., tit. 14, §§15060 (c)(3), 15378(b)(4)). The proposed action involves activities that are exempt from NEPA under title 24, section 58.34, of the Code of Federal Regulations.

Sustainability: None.

Commission/Committee Action: None.

Rationale for Recommendation: Accepting the federal CARES Act funding and establishing COVID programs and budgets will allow the City to provide economic relief to its residents and businesses that have been impacted by COVID-19. The establishment of a Small Business Recovery Program will bring much needed resources to the business community that has been dramatically impacted by COVID-19. Because of the public health orders to shelter in place many businesses have had to close temporarily, impacting their revenues and resulting in significant loss in employment. The resources provided through the Small Business Recovery Program Technical Assistance will bring

economic relief to these businesses, assist in the rebuilding of their financial strength, aid in their return to former employment levels and strengthen Sacramento's economy so affected by the pandemic.

Financial Considerations: The \$5 million proposed for the Technical Assistance component and the additional \$5 million of the Small Business Recovery Program will be funded by CARES. These amounts along with the previously approved funding for the Farm to Fork AI Fresco for \$1 million and the forgivable loan program of \$11.1 million will bring the total allocated for small business COVID 19 relief to \$22.1 million. A current coronavirus relief fund program schedule is included in Attachment 2.

Local Business Enterprise (LBE): Not applicable.