



# COUNTY OF SAN DIEGO

## AGENDA ITEM

### BOARD OF SUPERVISORS

NORA VARGAS  
First District

JOEL ANDERSON  
Second District

TERRA LAWSON-REMER  
Third District

NATHAN FLETCHER  
Fourth District

JIM DESMOND  
Fifth District

**DATE:** February 8, 2022

**04**

**TO:** Board of Supervisors

### **SUBJECT**

**ESTABLISHMENT OF THE CALIFORNIA MICROBUSINESS COVID-19 RELIEF GRANT PROGRAM AND APPROPRIATION OF GRANT FUNDING (DISTRICTS: ALL)**

### **OVERVIEW**

On October 11, 2021, the California Governor's Office of Business and Economic Development, through the California Office of the Small Business Advocate, announced the solicitation of applications from California's 58 county governments for the California Microbusiness COVID-19 Relief Grant (MBCRP) Program as eligible grantmaking entities to administer a program that would make grants available to eligible microbusinesses impacted by COVID-19 and related health and safety restrictions.

On November 16, 2021 (12), the Board of Supervisors (Board) authorized the Deputy Chief Administrative Officer/Chief Financial Officer, or their designee, to pursue grant funding that provides opportunities for economic prosperity, community development, and/or relief opportunities for the San Diego regional economy. Under this authority, the Finance and General Government Group applied for the MBCRP Program and was notified on December 22, 2021, that the County of San Diego (County) was awarded \$4,175,000. Through this grant, Auditor and Controller will work with contractors to provide outreach and technical assistance to grant applicants, making sure that this program reaches the businesses that need it most. In total, the County will be able to distribute 1,550 grants to eligible microbusinesses totaling \$3,875,000.

Today's action requests the Board to authorize the Auditor and Controller to take all necessary actions to establish the MBCRP Program consistent with grant requirements and establish appropriations.

### **RECOMMENDATION(S)**

#### **CHIEF ADMINISTRATIVE OFFICER**

1. Authorize the Auditor and Controller or designee to execute agreements with microbusinesses and take all necessary actions to establish the California Microbusiness COVID-19 Relief Grant Program consistent with grant requirements.
2. Establish appropriations of \$300,000 in Auditor and Controller (\$45,000 in Salaries & Benefits, \$255,000 in Services & Supplies for grant administration contracts) based on

**SUBJECT: ESTABLISHMENT OF THE CALIFORNIA MICROBUSINESS COVID-19 RELIEF GRANT PROGRAM AND APPROPRIATION OF GRANT FUNDING (DISTRICTS: ALL)**

California Office of the Small Business Advocate (CalOSBA) funds for the California Microbusiness COVID-19 Relief Grant Program. **(4 VOTES)**

3. Establish appropriations of \$3,875,000 in Countywide Finance Other, Services & Supplies, for the distribution of awarded grants, based on CalOSBA funds for the California Microbusiness COVID-19 Relief Grant Program. **(4 VOTES)**

**EQUITY IMPACT STATEMENT**

The Microbusiness grants will allow for the County to provide additional financial assistance to underserved small business groups that have negatively been impacted by the COVID-19 pandemic, and that have faced historic barriers to accessing capital, including businesses majority owned and operated by women, minorities or persons of color, veterans, undocumented individuals, and individuals living in rural or low-wealth areas on low income. The grant funds may be used towards the purchase of equipment, investments in working capital, applications for/or renewal of permits, payment of business debt accrued due to the COVID-19 pandemic, costs resulting from the COVID-19 pandemic and related health and safety restrictions, or business interruptions or closures incurred because of the COVID-19 pandemic.

**FISCAL IMPACT**

Funds for this request are not included in the Fiscal Year 2021-22 Operational Plan for Auditor and Controller or Countywide Finance Other. If approved, this request will result in costs and revenue of \$4,175,000 in Fiscal Year 2021-22. Of the total costs and revenue, \$300,000 will be in the Auditor & Controller for Salaries and Benefits and grant administration contracts while \$3,875,000 will be in Countywide Finance Other for the grant awards that will be disbursed to approved microbusinesses. The funding source is California Office of the Small Business Advocate grant funding for the California Microbusiness COVID-19 Relief Grant Program. Any funding not disbursed will be returned to the state by December 30, 2022. There will be no change in net General fund costs and no additional staff years.

**BUSINESS IMPACT STATEMENT**

The California Microbusiness COVID-19 Relief Grant Program will have a positive impact on qualified businesses within the region by providing \$2,500 grants to assist in the purchase of equipment, investments in working capital, applications for/or renewal of permits, payment of business debt accrued due to the COVID-19 pandemic, costs resulting from the COVID-19 pandemic and related health and safety restrictions, or business interruptions or closures incurred because of the COVID-19 pandemic.

**ADVISORY BOARD STATEMENT**

N/A

**BACKGROUND**

Since March 2020, many small businesses have faced many hurdles and have continued to struggle during their reopening and comeback. Today, with California's COVID cases rising, small businesses are still facing financial hardship and limits on their operations. Hardest hit are those

**SUBJECT: ESTABLISHMENT OF THE CALIFORNIA MICROBUSINESS COVID-19 RELIEF GRANT PROGRAM AND APPROPRIATION OF GRANT FUNDING (DISTRICTS: ALL)**

microbusinesses that are in geographically dispersed counties or industries severely impacted by COVID-19 health and safety orders.

Existing law (Government Code 12100.83) establishes the California Small Business COVID-19 Relief Grant Program within the California Office of the Small Business Advocate (CalOSBA). The program requires CalOSBA to make grants to assist qualified small businesses negatively affected by the COVID-19 pandemic, in accordance with specified criteria, including geographic distribution based on COVID-19 restrictions and industry sectors most impacted by the pandemic.

The California Microbusiness COVID-19 Relief Grant (MBCRG) Program was created within CalOSBA to assist qualified microbusinesses, that have been significantly impacted by the COVID-19 pandemic with \$2,500 grants. On November 16, 2021 (12), the Board of Supervisors (Board) authorized the Deputy Chief Administrative Officer/Chief Financial Officer, or their designee, to pursue grant funding that provide opportunities for economic prosperity, community development, and/or relief opportunities for the San Diego regional economy. Under this authority, the Finance and General Government Group applied for the MBCRG Program and was notified on December 22, 2021, that the County of San Diego (County) was awarded \$4,175,000. Because of this grant, the County will be able to distribute 1,550 grants to eligible microbusinesses totaling \$3,875,000.

Eligible microbusiness are defined by CalOSBA as those that:

- Began operations prior to December 31, 2019;
- Are currently active and operating or have a clear plan to reopen;
- Were significantly impacted by the COVID-19 pandemic;
- Had less than \$50,000 in revenues in the 2019 tax year;
- Have fewer than five full-time equivalent employees and had fewer than five full-time equivalent employees in the 2019 and 2020 taxable years.

Grant administration, technical assistance with applications, and outreach to microbusinesses will be performed by contracted service providers with established networks and relationships throughout the region. Working together with the County, these service providers will leverage their networks to ensure this funding opportunity is accessible to microbusinesses that need this relief grant. To provide opportunities for all areas of the county, and to ensure that funding is available to microbusinesses that need relief most as prescribed by CalOSBA, round one of the funding opportunity will be distributed equally among the five supervisorial districts. In accordance with the grant agreement distribution terms, priority will be given to microbusinesses who have not previously received COVID relief funds and are located within a low-income area as defined by the Department of Housing and Urban Development's Community Development Block Grant. The applications for the first round of funding are expected to open in mid to late February 2022. If any funds remain after the first round, a second round of applications will begin to be accepted in May 2022, and if any funds remain after the second round, applications for a third and final round will be accepted in September 2022. The second and third rounds of funding will be distributed countywide rather than by supervisorial district.

**SUBJECT: ESTABLISHMENT OF THE CALIFORNIA MICROBUSINESS COVID-19 RELIEF GRANT PROGRAM AND APPROPRIATION OF GRANT FUNDING (DISTRICTS: ALL)**

The County will be working with the grant administrator (Southwestern College) and outreach organizations (East County Economic Development Council, Asian Business Association San Diego, South County Economic Development Council, Logan Heights Economic Development Corporation) to perform various outreach activities which may include physical outreach, direct emailing, flyers, and reaching out to various organizations including business groups. Additionally, the County will be creating a website to provide information on the program and provide instructions on how to complete an application.

Today's recommendations are to authorize the Auditor and Controller to take all necessary actions to establish the grant program consistent with grant requirements and establish appropriations of \$4,175,000 in Fiscal Year 2021-22, for work conducted to administer and award grant funds.

**LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN**

Today's proposed actions support the Sustainability and Equity Strategic Initiatives in the County of San Diego's 2022-2027 Strategic Plan by aligning the County's available resources with services to maintain fiscal stability and ensure long-term solvency and dismantling barriers to expand opportunities in traditionally underserved communities and businesses, especially communities of color and low income.

Respectfully submitted,



HELEN N. ROBBINS-MEYER  
Chief Administrative Officer

**ATTACHMENT(S)**

N/A