



DISCUSSION ITEM

Agenda Item # 9

AGENDA REPORT SUMMARY

Meeting Date: June 9, 2020

Subject: Small Business Relief Fund Update and Next Steps

Prepared by: Anthony Carnesecca, Economic Development Coordinator

Reviewed by: Jon Biggs, Community Development Director

Approved by: Chris Jordan, City Manager

Attachment(s):

1. Small Business Relief Fund Program Guidelines and Application

Initiated by:

City Council

Previous Council Consideration:

April 28, 2020

May 12, 2020

Fiscal Impact:

The following program will cost \$250K that has already been allocated by the City Council at their April 28, 2020 meeting.

- Breakdown of funds to be used :
 - o \$250K General Fund
- Amount already included in approved budget: Y
- Amount above budget requested: 0

Environmental Review:

Not applicable

Policy Question(s) for Council Consideration:

- Does the Council wish to hold the lottery once staff has reviewed the applications against the objective eligibility criteria or wait until the Small Business Relief Fund reaches a larger pool of money?

Summary:

- Staff is providing Council with an update on the program and requesting input on next steps.

Reviewed By:

City Manager

CJ

City Attorney

JH

Finance Director

SE



Subject: Small Business Relief Fund Update and Next Steps

Staff Recommendation:

Allow staff to conduct the lottery with the current pool of approved applicants and distribute funding to those initial grantees.



Subject: Small Business Relief Fund Update and Next Steps

Purpose

This report is to provide an update on the Small Business Relief Fund Program and identify next steps.

Background

At their April 28, 2020 meeting, the Los Altos City Council committed up to \$250,000 in one-time funds to create a Small Business Assistance Grant Program. The Los Altos Community Foundation and Los Altos Chamber of Commerce have worked to raise additional matching funds in order to increase the size of the fund.

At their May 12, 2020 meeting, the Los Altos City Council unanimously approved the program guidelines and application. They provided considerations for staff regarding eligibility requirements and gave the City Manager authority to adjust the program with the committee to meet the needs of the business community.

As of Monday, June 1, 2020 at 3 pm, the City has received 50 applications.

Discussion/Analysis

Here is an updated timeline of the program outreach since the May 12 City Council meeting:

- On Wednesday, May 13, 2020, the City Manager hosted a meeting with the committee to discuss the eligibility questions raised from the Council meeting. He received feedback from the members and provided direction for staff to design the program.
- On Thursday, May 14, 2020, City staff posted about the program approval on social media, sent out information through the City Manager Weekly Update, and provided information on the program to key stakeholders in the business community.
- On Tuesday, May 19, 2020 at 9 am, the City sent out the press release announcing that the application was now posted to the website along with an informational video about the process and application.
- On Tuesday, May 19, 2020, the Los Altos Village Association sent out an email to their business members with information about the program.
- On Tuesday, May 19, 2020, City staff sent out an email to all retail, restaurant, and personal service business license holders with information about the program and the latest County Public Health guidelines.
- On Wednesday, May 20, 2020, the Los Altos Town Crier had a feature article on the program on the front page with information about the program, how to donate to the fund, and where to find more information.
- On Thursday, May 21, 2020, the Los Altos Chamber of Commerce sent out an email to their business members with information about the program.
- Application window will be open between Tuesday, May 26, 2020 at 8 am and Tuesday, June 9, 2020 at 5 pm.



Subject: Small Business Relief Fund Update and Next Steps

- On Wednesday, May 27, 2020, the Los Altos Town Crier ran an advertisement that announces the application window is open.
- On Thursday, May 28, 2020, City staff hosted a business webinar co-sponsored with the Los Altos Chamber of Commerce, Los Altos Property Owners Downtown, and the Los Altos Village Association.
- On Wednesday, June 3, 2020, the Los Altos Town Crier ran a community letter from the City of Los Altos, Los Altos Chamber of Commerce, and Los Altos Community Foundation soliciting donations to the Small Business Relief Fund.
- We have posted on social media about the application and fundraising campaigns with plans to continue doing so for the coming weeks.

Here is a proposed timeline moving forward:

- June 9, 2020 – Application window closes at 5 pm.
- June 9-14, 2020 – City staff reviews applications based upon objective criteria and prepares documents for payment.
- June 15, 2020 – City staff conducts public lottery online utilizing double random number generation. Staff will conduct a lottery with all approved applications to use for order preference of funds moving forward.
- June 29, 2020 – City staff starts issuing checks to approved businesses.
- Early July 2020 – Chamber of Commerce will host a raffle and silent auctions with items donated from small businesses through the Los Altos Community Foundation. This has been delayed due to restrictions on online raffles through the state of California.
- Late July/Early August 2020 – City of Los Altos issues checks to more approved businesses from the previous lottery.
- July 31, 2020 – Grant recipients provide documentation to City as to how the funds have been spent.
- August 3, 2020 – City staff reviews initial documentation to verify funds were spent appropriately.

Options

- 1) Hold the lottery for all eligible applicants, award current Small Business Relief Fund allocation, and eventually award more funds as they become available from donations.

Advantages: Provide money to businesses as quickly as possible.

Disadvantages: Potentially impact matching donations.



Subject: Small Business Relief Fund Update and Next Steps

-
- 2) Wait to hold lottery for all eligible applicants until we have more money in the Small Business Relief Fund.

Advantages: Use the existing fund amount to try to solicit donations from large donors.

Disadvantages: Do not provide money to businesses as quickly as possible.

Recommendation

The staff recommends Option 1.



Program Objectives

To mitigate the impact of COVID-19 on Los Altos small businesses and their employees, the Los Altos City Council committed up to \$250,000 in one-time funds to create a Small Business Assistance Grant Program. The Los Altos Community Foundation and Los Altos Chamber of Commerce will work to raise additional funds in order to provide funds to more businesses. The objective of this program is to offer immediate financial assistance to small businesses located in Los Altos to aid in maintaining their business and workforce.

Program Overview

1. Grants of \$5,000 for qualified small businesses (restaurants, retail, and personal service) with at least one and no more than 25 full-time employees.
2. Grant funds from the City's Small Business Relief Program can be used for any business expenses.
3. Grants will be awarded on a lottery basis for qualified applicants who have submitted a complete application between Tuesday, May 26, 2020 at 8 am and Tuesday, June 9, 2020 at 5 pm. Incomplete applications will not be considered.
4. The lottery will be held virtually online.

Eligibility Requirements

- Applicants must be a small business with at least one and no more than 25 full-time employees.
- Qualifying business are exclusively restaurants, retail, and personal service businesses as defined in the Los Altos Municipal Code 14.02.070.
- Applicants must operate out of a physical commercial storefront within the city limits of Los Altos.
- Applicants must pay sales tax to the City of Los Altos.
- Applicants must submit a current copy of its Sales Tax Permit.
- Applicants must submit a current copy of its W-9 form.
- Applicants must have an active City of Los Altos Business License.
- Applicants must be in good standing with the City.
- Applicants who are involved or have been involved in legal or financial issues may not qualify.
- Applicants must have been in operation in the City of Los Altos as of March 1, 2020.
- Business owners who own 3 or more locations of the same business will not be eligible for award.
- Grant recipients will be required to provide documentation as to how the funds are spent within one month of receiving the grant.



Tentative Program Timeline

- April 28 – City Council approves initial \$250,000 funding
- May 12 – City Council ratifies program guidelines and application
- May 13-18 - City staff conducts outreach notifying businesses about program
- May 18 – City staff releases program application and guidelines on website
- May 26 at 8 am – City staff opens application window
- June 9 at 5 pm – City staff closes application window
- June 9-14 – City staff reviews applications based upon objective criteria
- June 15 – City staff conducts public lottery online
- June 29 – City staff starts issuing checks to approved businesses
- July 31 – Grant recipients provide documentation to City as to how the funds have been spent
- August 3 – City staff reviews initial documentation to verify funds were spent appropriately



6. Has the business been in operation in the City of Los Altos since March 1, 2020?

Yes

No

7. Is the business or the applicant in good standing with the City of Los Altos?

Yes

No

8. Does the business owner own a chain with three or more locations?

Yes

No

9. Has the business or the applicant ever been involved in a bankruptcy or insolvency proceeding?

Yes

No

10. Does the business or the applicant have any outstanding judgments, tax liens, or pending lawsuits against them?

Yes

No

11. In the past year, has the business or the applicant been convicted of a criminal offense committed during and in connection with a riot or civil disorder or other declared disaster, or ever been engaged in the production or distribution of any product or service that has been determined to be obscene by a court of competent jurisdiction?

Yes

No

12. Is the business or the applicant delinquent on any federal taxes, direct or guaranteed federal loans (SBA, FHA, VA, student, etc.), federal contracts or federal grants?

Yes

No

13. Is the applicant currently suspended or debarred from contracting with the federal government or receiving federal grants or loans?

Yes

No

14. Is the applicant presently a) subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction; b) been arrested in the past six months for any criminal offense; c) or for any criminal offense - other than a minor vehicle violation - 1) been convicted, 2) plead guilty, 3) plead nolo contendere, 4) been placed on pretrial diversion, or 5) been placed on any form of parole or probation (including probation before judgment)?

Yes

No



Grant Process and Terms

1. Grant applications must be emailed directly to econdev@losaltosca.gov between Tuesday, May 26, 2020 at 8 am and Tuesday, June 9, 2020 at 5 pm with the following attachments:
 - Current copy of a W-9
 - Current copy of Sales Tax Permit
2. If application is found complete, application will be reviewed for eligibility and applicants will receive a notice of award or no-award by June 18 through email. In all cases, the City reserves the right to reject any and all applications in the event the City identifies a potential conflict of interest or the appearance of a conflict of interest. Submission of an application in no way obligates the City to award a grant and the City reserves the right to reject any or all applications, wholly or in part, at any time, without penalty.
3. Awards will be made on a lottery basis to complete, qualified applications received in the application window.
4. If awarded, the application becomes a binding contract between the applicant and the City of Los Altos.
5. If awarded, funds must be used exclusively for applicant's business.
6. Businesses receiving funding are required to:
 - a. Submit evidence (invoices and receipts, cancelled checks, etc.) that the grant funds have been spent in the manner and for the purposes stated in the application within thirty (30) days of the payment date. Evidence provided must be to the satisfaction of the City or its entities.
7. The City reserves the right to audit the applicant's books and records for compliance with terms in the agreement.
8. Businesses receiving funding are encouraged to:
 - a. Comply with State and County orders for operating their businesses (social distancing, clean down procedures, limiting in-store occupancy, etc.)
 - b. If applicable, prioritize delivery of food and services to seniors and economically vulnerable populations.
9. Grant funds will be issued upon execution of the agreement.
10. The program will remain in effect during the City of Los Altos' declared state of local emergency and while funds are available.

