



Monterey County

Item No.27

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

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- a. Authorize the spending of the unexpended allocation of FY 2020-21 American Rescue Plan Act (ARPA) funds allocated to the Monterey County Workforce Development Board in the amount of \$154,658.35 in FY 2021-22 for the Monterey County Small Business Relief Program
- b. Receive an update on the 2022 Microbusiness COVID Relief Grant Program grant from CalOSBA

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Authorize the spending of the unexpended allocation of FY 2020-21 American Rescue Plan Act (ARPA) funds allocated to the Monterey County Workforce Development Board in the amount of \$154,658.35 in FY 2021-22 for the Monterey County Small Business Relief Program
- b. Receive an update on the 2022 Microbusiness COVID Relief Grant Program grant from CalOSBA

SUMMARY:

On February 9, 2021, the Board of Supervisors of the County of Monterey approved the appropriation of \$900,000 of American Rescue Plan Act (ARPA) funds for implementation of a third round of the Monterey County CARES Small Business Relief Program (SBRP), administered by the Monterey County Workforce Development Board (MCWDB). The SBRP had been launched in October 2020 with the aim of preventing the permanent closure of businesses during the COVID-19 pandemic that had spurred a public health crisis and subsequent economic crisis. Through the SBRP, small businesses were provided financial assistance in the form of grants of up to \$10,000, assistance that was critical to the ability of many businesses to remain open, keep workers employed, and continue providing products and services through the pandemic. In Round 3, made possible with the \$900,000 allocation of ARPA funds, \$703,499.14 was awarded to 101 small businesses. Administrative expenditures (staff salaries/benefits, outreach and marketing, and supplies) totaled \$41,843.51 (only 4.6% of the allocation). After Round 3, \$154,658.35 remained unspent, in part due to the number of eligible businesses that were funded and in part because the MCWDB kept administrative costs to a minimum to provide more funding to small businesses. The MCWDB had begun planning for a fourth round, which was going to focus on supporting sole proprietors; however, the allocated funds were only approved through June 30, 2021.

Small businesses in Monterey County continue to struggle in the face of ongoing barriers: fewer customers than they had pre-pandemic; difficulty finding workers; and increased expenses (PPE and other health and safety-related expenses, and higher inventory and shipping costs, rent, and cost of living). The small business grant recipients who participated in the follow-up survey approximately one

month after receiving the funds responded that their biggest need is more financial assistance (59%). Other needs included recruitment of new employees (31%), guidance on effective business strategies (16%), and clarity on COVID-19 health and safety regulations for employers (15%). The \$154,658.35 will go towards the MCWDB's efforts to help address the current needs of our small businesses.

In addition to the \$154,658.35 of ARPA funding, the MCWDB will receive \$551,251 in January 2022 from the California Office of the Small Business Advocate (CalOSBA) to administer the Microbusiness COVID Relief Grant Program on behalf of the County of Monterey, which will further help meet the needs of our county's most vulnerable businesses. The intent of the Microbusiness COVID Relief Grant (MBCRG) Program is to provide relief to the hardest to reach microbusinesses and entrepreneurs and those who face systemic barriers to access capital, including but not limited to, businesses owned by women, minorities, veterans, individuals without documentation, individuals with limited English proficiency, and business owners located in low-wealth and rural communities. Grants awarded to eligible microbusinesses will be in the amount of \$2,500 each. With its allocation, which expires at the end of November 2022, the MCWDB will provide grants to at least 180 microbusinesses. And a portion of the unspent ARPA funds will be used to provide additional grants of up to \$2,500 for at least 48 of those microbusinesses.

DISCUSSION:

At its December 16, 2021, meeting, the Budget Committee approved support of the MCWDB's request to spend the \$154,658.35 of its remaining ARPA funds.

The MCWDB requests authorization by the Board of Supervisors to use the unexpended balance of \$154,658.35 in FY2021-22 to support a variety of initiatives providing ongoing support to small businesses in Monterey County through the SBRP. These initiatives will include:

1. Supplementary funding for the new California Microbusiness COVID-19 Relief Grant Program (MBCRG), which the MCWDB will administer on behalf of the County of Monterey in 2022. The ARPA funds will be used to award grants to microbusinesses who apply but do not qualify for the MBCRG Program grants (e.g., those who previously received grants through the California Small Business Relief Grant Program this past year, who are not eligible for a MBCRG Program grant) and/or microbusinesses approved to receive a MBCRG Program grant and request additional funding. Budget: \$95,000 (additional grants of up to \$2,500 for at least 38 microbusinesses)
2. Stipends for small businesses to host interns from an upcoming 12-week Facebook training program that will include paid internships for participants who will provide free digital marketing support to local small businesses. Funds would be used to provide stipends to the businesses for their time and effort spent hosting an intern. Budget: \$45,000
3. Training and resources (including workshops and webinars) for small businesses to help them build capacity, sustain operations, and even expand. The trainings will be offered in partnership with the Cal Coastal Small Business Development Center and other partners. Budget: \$14,658

OTHER AGENCY INVOLVEMENT:

The MCWDB will work with multiple community and industry partners to serve small businesses in Monterey County. Partner agencies include (but are not limited to) Cal Coastal Small Business Development Center (SBDC), the Salinas United Business Association (SUBA), El Pájaro Community Development Corporation, the Monterey County Business Council, and the county's Chambers of Commerce.

FINANCING:

The action will result in an authorization to spend the unexpended ARPA funds in the amount of \$154,658.35 in the County Administrative Office's FY2021-22 Adopted Budget (021-1050-8478-CAO030).

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The Monterey County CARES Small Business Relief Program is consistent with the following Strategic Initiatives:

- √ Economic Development: Through collaboration, strengthen economic development to ensure a diversified and healthy economy.
- √ Administration: Promote an organization that practices efficient and effective resource management and is recognized for responsiveness, strong customer orientation, accountability, and transparency.
- √ Health & Human Services: Improve health and quality of life through County-supported policies, programs, and services; promoting access to equitable opportunities for healthy choices; and healthy environments in collaboration with communities.

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