



Monterey County

Item No.

Board Report

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

Legistar File Number: 21-887

November 02, 2021

Introduced: 10/14/2021

Current Status: Agenda Ready

Version: 1

Matter Type: General Agenda Item

Receive a report from the Monterey County Workforce Development Board (MCWDB) on the Monterey County CARES Small Business Relief Program (SBRP), through which 341 grants were awarded to 290 small businesses in Monterey County

RECOMMENDATION:

It is recommended that the Board of Supervisors:

Receive a report from the Monterey County Workforce Development Board (MCWDB) on the Monterey County CARES Small Business Relief Program (SBRP), through which 341 grants were awarded to 290 small businesses in Monterey County

SUMMARY:

In October 2020, the Board of Supervisors of the County of Monterey (“the Board”) approved the creation of a small business relief program to be administered by the Monterey County Workforce Development Board (MCWDB), with the aim of saving jobs and preventing the permanent closure of businesses during the COVID-19 pandemic that had spurred a public health crisis and subsequent economic crisis. Round 1 of the Monterey County CARES Small Business Relief Program (SBRP) was immediately launched with Coronavirus Aid, Relief, and Economic Security (CARES) Act funding (using \$468,000 reallocated from the County’s District Attorney’s Office), and by mid-November 152 applications had been received for small business grants through the program. Noting the large number of applications received and emphasizing the importance of helping the county’s small businesses, the Board allocated an additional \$878,643 to fund all eligible businesses that had applied in the first round. Because this financial assistance was critical to the ability of many businesses to remain open, keep workers employed, and continue providing products and services through the pandemic, the Board went on to approve two more rounds of funding for the SBRP (\$800,000 for Round 2 allocated in December, which were CARES Act funds reallocated from the County Health Department, and \$900,000 for Round 3 allocated in February). In all, \$3,046,643 was provided to the MCWDB for the administration of three rounds of grants between fall 2020 and summer 2021, funded with CARES Act funding, Cannabis Tax Assignment funds, and American Rescue Plan Act (ARPA) funding.

Monterey County Allocations for the Small Business Relief Program

| | <u>Round 1(A)</u> | <u>Round 1(B)</u> | <u>Round 2</u> | <u>Round 3</u> |
|-----------------------------------|--|----------------------------|---|---|
| Date of Approval | 10/13/20 | 12/1/20 | 12/9/20 | 2/9/210 |
| Monterey County Funding Source | CARES Act Funds - Reallocated from District Attorney's Office | Cannabis Tax Assignment | CARES Act Funds - Reallocated from Health Dept. | American Rescue Plan Act (reallocated from Cannabis Tax Assignment) |
| Allocation Amount | \$468,000 | \$878,643 | \$800,000 | \$900,000 |
| TOTAL | \$3,046,643 | | | |

Although the eligibility requirements and priorities were adjusted slightly in each round, all applicants had to meet the following criteria to be eligible for grants of up to \$10,000: fewer than 50 full-time equivalent employees; owned, operated, and headquartered in Monterey County; and negatively impacted by the COVID-19 pandemic, demonstrated by loss of revenue, layoffs, temporary closures, or the burden of extra expenditures for equipment/supplies needed to continue operating safely. Those in especially hard-hit industries, such as Hospitality and Tourism, were prioritized, as were businesses in unincorporated areas of Monterey County and those who had not received any COVID-19-related financial assistance before (such as Payroll Protection Plan loans, city/county/state grants, etc.). The SBRP grant funds were distributed on a reimbursement basis. Expenses eligible for reimbursement were payroll expenses, business rent/lease payments, utility payments, Personal Protective Equipment (PPE) expenses, and purchases of other equipment or supplies needed to operate safely during the COVID-19 pandemic.

By the end of June 2021, a total of 341 grants totaling \$2,696,476 were awarded to 290 small businesses in Monterey County through three rounds of the Monterey County CARES Small Business Relief Program administered by the MCWDB. (In Round 3, grant recipients from Rounds 1 and 2 were eligible to apply for a second grant, thus 51 businesses received more than one grant through the program.) A total of 409 applications were submitted by 355 businesses, with funding requests totaling \$4,009,401. The majority of awards were amounts between \$9,000 and \$10,000 (173 awards, or 51%), followed by \$7,000-\$8,999 (22%), \$5,000-\$6,999 (16%), and under \$5,000 (11%).

Businesses Awarded - By District

| | <u>District 1</u> | <u>District 2</u> | <u>District 3</u> | <u>District 4</u> | <u>District 5</u> | <u>TOTAL</u> |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|--------------|
| Round 1 | 24 | 3 | 34 | 7 | 61 | 129 |
| Round 2 | 39 | 6 | 13 | 13 | 40 | 111 |
| Round 3 (previous recipients) | 8 | 1 | 8 | 12 | 22 | 51 |
| Round 3 (new recipients) | 12 | 5 | 7 | 7 | 19 | 50 |
| TOTAL | 83 | 15 | 62 | 39 | 142 | 341 |

Award Totals - By District

| | <u>District 1</u> | <u>District 2</u> | <u>District 3</u> | <u>District 4</u> | <u>District 5</u> | <u>TOTAL</u> |
|----------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| Round 1 | \$223,220 | \$30,000 | \$291,179 | \$69,785 | \$545,008 | \$1,159,192 |
| Round 2 | \$243,442 | \$50,000 | \$109,584 | \$113,097 | \$317,662 | \$833,785 |
| Round 3 | \$131,000 | \$51,205 | \$98,737 | \$135,826 | \$286,731 | \$703,499 |
| | \$597,662 | \$131,205 | \$499,500 | \$318,708 | \$1,149,401 | \$2,696,476 |

Among the small business applicants there was wide representation across industry sectors, geographic locations, size, and other demographics. Small businesses in the Hospitality & Tourism Industry made up nearly half of all applicants at 43%, followed by Other Services (including salons, daycares, dry cleaners, and others) at 17% and Retail at 14% - a total of 14 industry sectors were represented. Only 14% of applicants were from unincorporated areas of Monterey County. District 5 saw the most representation with 41% of applicants, followed by District 1 (27%), District 3 (17%), District 4 (10%), and District 2 (5%). Almost all applicants (85%) were businesses with 10 or fewer employees. 28% of applicants had received no prior COVID-19 financial assistance (this percentage decreased with each round, starting at 30% in Round 1 and ending up at 22% in Round 3 of applicants who had not received a grant through the SBRP in prior rounds). The majority of applicants were minority-owned businesses (59%) and over half were women-owned businesses (51%). Only 5% were veteran-owned businesses.

Part of the success of the SBRP has been due to the diversified methods of outreach and marketing to small businesses throughout Monterey County and the high-level of technical assistance provided to the applicants by the MCWDB. Outreach strategies included in-person outreach, email communications, social media, press releases and public service announcements, and communications via community and industry partners. All collateral, including flyers, social media posts, a dedicated webpage on the MCWDB website, and the application and guidance, were made available in English and Spanish. Informational webinars were offered, and instructional videos posted on the webpage in English and Spanish to provide clear instructions to applicants. MCWDB staff provided assistance to applicants needing help understanding the eligibility and documentation requirements, and those missing required documentation were contacted multiple times by email and phone. Some partners were also able to help promote the program and provide technical assistance to business owners wanting to apply; for example, the Salinas United Business Association (SUBA), El Pájaro Community Development Corporation, and the City of Gonzales relayed the information to businesses in their areas and assisted dozens of them with the completion of their applications (particularly those who did not have the access to technology or digital literacy skills to complete the application). The Monterey Peninsula Chamber of Commerce, the Salinas Valley Chamber of Commerce, and industry associations disseminated the information to their members. Several pop-up events dedicated to the SBRP were held at libraries in Marina, Prunedale, Seaside, and Soledad, thanks to collaboration with the Monterey County Free Libraries.

A survey was sent to grant recipients after each round of the SBRP to assess initial impact of the funds on the small businesses and to collect feedback on the process for program improvement purposes. The response rate was high (48%), and the feedback was overwhelmingly positive, both in terms of award impact and applicant experience. 95% of survey respondents said that the grant funding helped their businesses remain open (none reported being permanently closed at the time of the survey) and 85% said that the funding helped them prevent employee layoffs or reduction of employee hours. Survey results indicated that most grant recipients spent the funds on payroll (67%), rent (62%), and utilities (50%); some funds were also spent on Personal Protective Equipment (PPE) (20%) and paying outstanding balances or debts (13%).

Attachment A provides a list of businesses that received grants in Rounds 1-3 of Monterey County CARES Small Business Relief Program.

DISCUSSION:

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%).

Out of the \$3,046,643 allocated to the SBRP, nearly 89% went to the grants for small businesses (\$2,696,476) and only 6% of funds went to administrative costs (\$192,509 for staff time processing and reviewing applications and issuing checks, materials for outreach and technical support, webpage and online application tool, and supplies). After Round 3, the SBRP had a remaining balance of \$154,658.35, in part because 17% of applicants were not awarded for grants due to ineligibility and incomplete applications, 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 Round 4, which was going to focus on supporting sole proprietors; however, the allocated funds were only approved through June 30, 2021.

The MCWDB will send a request to the Budget Committee for authorization of the reappropriation of the remaining \$154,658.35 of ARPA funds to support a variety of initiatives providing ongoing support to small businesses in Monterey County through the SBRP. These initiatives may include a fourth round of small business grants; training and resources for small businesses to build capacity and sustain operations, in collaboration with partner organizations; and/or stipends for small businesses to host interns from the MCWDB's programs. The ARPA funds may also be leveraged to augment a round of grants for Monterey County microbusinesses funded by the California Governor's Office of Business and Economic Development, which is currently accepting applications from counties to administer the California Microbusiness COVID-19 Relief Grant Program (MBCRG).

OTHER AGENCY INVOLVEMENT:

The Monterey County Workforce Development Board worked with multiple community and industry partners to conduct outreach to small businesses and to provide technical support to applicants. Partner agencies included (but were not limited to) the Salinas United Business Association (SUBA), El Pájaro Community Development Corporation, SBDC CalCoastal, the city of Gonzales, the Monterey Peninsula Chamber of Commerce, and the Salinas Valley Chamber of Commerce.

FINANCING:

The Board of Supervisors of the County of Monterey allocated a total of \$3,046,643 to the Monterey County Workforce Development Board for the administration of the Small Business Relief Program from the following sources: Coronavirus Aid, Relief, and Economic Security (CARES) Act funds (\$1,268,000); Cannabis Tax Assignment funds (\$878,643); and American Rescue Plan Act (ARPA) funds (\$900,000).

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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ATTACHMENTS:

Board Report

Attachment A - Final Report