



# Monterey County

**Item No.17**

## Board Report

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

**Legistar File Number: RES 20-212**

**December 01, 2020**

**Introduced:** 11/24/2020

**Current Status:** Scheduled PM

**Version:** 1

**Matter Type:** BoS Resolution

Adopt Resolution to:

- a. Authorize the Auditor-Controller to increase appropriations by \$878,643 in the County Administrative Office's FY2020-21 Adopted Budget (021-1050-8478-CAO030) for the Monterey County Small Business Relief Program (administered by the Monterey County Workforce Development Board), financed by the reallocation of Cannabis Tax Assignment funds (001-3132). An alternative funding source is the Contingencies budget. (4/5 vote required); and
- b. Approve and authorize the Auditor-Controller to increase appropriations by \$878,643 in the Workforce Development Board FY 2020-21 Adopted Budget to fund the Workforce Development Board's response to the pandemic COVID-19 as follows: \$878,643 (021-1050-CAO030-8478), financed by an increase in operating transfers in.
- c. Authorize and direct the Auditor-Controller to increase appropriations in the County Administrative Office's Other Financing Uses (001-1050-8038-CAO0017) in the amount of \$878,643 in the FY 2020-21 Adopted Budget, where the financing source is a release from Assignments (4/5ths vote required);
- d. Authorize and direct the Auditor-Controller to complete an operational transfer of \$878,643 out of 001-1050-8038-CAO0017 and transfer into the Workforce Development Board Fund, 021-1050-CAO030-8478 for the FY2020-21

RECOMMENDATION:

It is recommended that the Board of Supervisors:

Adopt Resolution to:

- a. Authorize the Auditor-Controller to increase appropriations by \$878,643 in the County Administrative Office's FY2020-21 Adopted Budget (021-1050-8478-CAO030) for the Monterey County Small Business Relief Program (administered by the Monterey County Workforce Development Board), financed by the reallocation of Cannabis Tax Assignment funds (001-3132). An alternative funding source is the Contingencies budget. (4/5 vote required); and
- b. Approve and authorize the Auditor-Controller to increase appropriations by \$878,643 in the Workforce Development Board FY 2020-21 Adopted Budget to fund the Workforce Development Board's response to the pandemic COVID-19 as follows: \$878,643 (021-1050-CAO030-8478), financed by an increase in operating transfers in.
- c. Authorize and direct the Auditor-Controller to increase appropriations in the County Administrative Office's Other Financing Uses (001-1050-8038-CAO0017) in the amount of \$878,643 in the FY 2020-21 Adopted Budget, where the financing source is a release from Assignments (4/5ths vote required);
- d. Authorize and direct the Auditor-Controller to complete an operational transfer of \$878,643 out of 001-1050-8038-CAO0017 and transfer into the Workforce Development Board Fund, 021-

1050-CAO030-8478 for the FY2020-21

SUMMARY:

Per the motion passed and adopted by the Board at its November 17, 2020 meeting, the Monterey County Workforce Development Board (MCWDB) and County Administrative Office (CAO) have determined the amount of additional funding needed to provide grants to all eligible small businesses that have applied for funding through the Monterey County CARES Small Business Relief Program (SBRP) as well as possible sources for the additional funding. MCWDB requests an additional \$878,643 to provide relief to approximately 95 additional applicants (in addition to the 40 applicants likely to be awarded grants with CARES Act funding). Funding source options for these additional grants are the Cannabis Tax Assignment and Contingency funds, with Cannabis funds preferred.

DISCUSSION:

On October 13, 2020, the Board tasked the MCWDB with the administration of a small business grant program utilizing \$468,000 in unspent Coronavirus Aid, Relief, and Economic Security Act (CARES Act) funding reallocated from the District Attorney's department. The Board determined that grants up to \$10,000 would be awarded to 40-50 small businesses that are headquartered, owned, and operated in Monterey County, have no more than 50 employees, and can demonstrate economic hardship due to the COVID-19 crisis. The Board agreed that priority would be given to businesses that (a) had not previously received COVID-19-related financial assistance, (b) are located in unincorporated areas of the County, and (c) are in those industry sectors disproportionately impacted by the COVID-19 crisis, such as the Hospitality & Tourism sector. It was agreed that the funding would be granted to eligible businesses to reimburse costs incurred during and due to the COVID-19 crisis, including payroll, rent/lease, and inventory expenses, retroactive to March 18, 2020, the date of the original shelter-in-place order.

On November 17, 2020, the MCWDB reported to the Board that, as of that morning, 144 applications had been received, with funding requests totaling \$1,383,742. Given that only \$425,000 was available, there would be a shortage of \$958,742 if all requests were to be fulfilled. The Board agreed that supporting Monterey County's small businesses is imperative and that additional funding should be allocated to the small business grant program. It was understood that the total amount of needed funding had yet to be finalized due to ongoing receipt and review of applications by the MCWDB, and that a formal decision to reallocate funds could not be made until the December 1, 2020 Board meeting to allow time to identify potential sources of additional funding.

On November 19, 2020, the MCWDB completed the processing and review of all small business grant applications submitted by the November 15, 2020 deadline for the Monterey County SBRP and was thus able to confirm the amount of additional funding needed to award grants to all eligible applicants.

The total of grant requests is \$1,303,643 from the 135 applicants deemed eligible out of 150 applications received. With \$425,000 of CARES Act funding available to provide grants for 40-45 small businesses, an additional \$878,643 is needed to provide relief to the remaining 90-95. (It should be noted that, because payments to grantees will depend on the submittal of required documentation for reimbursements, there may be a surplus if not all payments are made.) The funding source options

determined by the CAO and Budget Office are (a) Cannabis Tax Assignment funds (first choice) and (b) Contingency funds (second choice). It should be noted that the Federal Emergency Management Agency (FEMA) can only reimburse the County for actions that reduce the spread of COVID-19, since the majority of SBRP expenditures may not be COVID-related.

The MCWDB will continue to disburse the \$425,000 of CARES Act funding to grant-awarded Monterey County small businesses, who will have until December 15, 2020 to submit all documentation required for payment. The MCWDB will provide a detailed report on the Monterey County CARES Small Business Relief Program to the Board in January 2021, including awardee demographics and other grant data.

OTHER AGENCY INVOLVEMENT:

None

FINANCING:

If authorized, the requested action will result in a transfer of \$878,643 from the Cannabis Tax Assignment (001-3132) to the County Administrative Office (CAO) budget (021-1050-8478-CAO030). Alternatively, the full amount or a portion thereof may be transferred from the Contingencies budget to the CAO budget.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The Monterey County Workforce Development Board's proposal to provide a Small Business Relief program to the residents of Monterey County using CARES funding 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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Approved by: Christopher Donnelly, Executive Director, 6644



ATTACHMENTS:

Board Report

Resolution