

MONTEREY COUNTY BOARD OF SUPERVISORS

MEETING:	December 9, 2020	AGENDA NO.:
SUBJECT:	Adopt a resolution authorizing and directing the Auditor-Controller to: a. Amend the FY2020-21 County Administrative Office Adopted Budget (021-1050-8478-CAO030) to increase appropriations by \$800,000 for the Monterey County Small Business Relief Program (administered by the Monterey County Workforce Development Board), financed by a release of Coronavirus Aid, Relief, and Economic Security Act (CARES Act) funds through an operating transfer from CAO Other Financing Uses (001-1050-8038-CAO017) (4/5 th vote required); b. Increase appropriations in the County Administrative Office's Other Financing Uses (001-1050-8038-CAO0017) in the FY2020-21 Adopted Budget by \$800,000, financed by an increase in Non-Program Revenue (001-1050-CAO019-8041) (4/5 th vote required); and c. Authorize the operating transfer of \$800,000 from CAO Other Financing Uses (001-1050-8038-CAO0017) to the Workforce Development Board Fund (021-1050-CAO030-8478) for the FY2020-21 (4/5 th vote required).	
DEPARTMENT:	Monterey County Workforce Development Board	

RECOMMENDATION

It is recommended that the Board of Supervisors:

Adopt a resolution authorizing and directing the Auditor-Controller to:

- a. Amend the FY2020-21 County Administrative Office Adopted Budget (021-1050-8478-CAO030) to increase appropriations by \$800,000 for the Monterey County Small Business Relief Program (administered by the Monterey County Workforce Development Board), financed by a release of Coronavirus Aid, Relief, and Economic Security Act (CARES Act) funds through an operating transfer from CAO Other Financing Uses (001-1050-8038-CAO017) (4/5th vote required);
- b. Increase appropriations in the County Administrative Office's Other Financing Uses (001-1050-8038-CAO0017) in the FY2020-21 Adopted Budget by \$800,000, financed by an increase in Non-Program Revenue (001-1050-CAO019-8041) (4/5th vote required); and
- c. Authorize the operating transfer of \$800,000 from CAO Other Financing Uses (001-1050-8038-CAO0017) to the Workforce Development Board Fund (021-1050-CAO030-8478) for the FY2020-21 (4/5th vote required).

SUMMARY

The County Health Department was allocated CARES Act funds at the August 18, 2020 Board meeting, a portion of which has gone to the Great Plates Program and now a collaborative initiative with United Way to distribute \$621,714 worth of stipends to individuals having to self-isolate due to COVID-19, but it does not foresee being able to spend all of its CARES Act allocation by the December 31, 2020 expiration date. The anticipated surplus is \$800,000. This presents an opportunity to repurpose the unspent funds to support Monterey County small businesses, which are expected to experience ongoing

economic hardship due to the COVID-19 pandemic, particularly due to shelter-in-place restrictions and barriers that will be exacerbated during the winter months.

The Monterey County Workforce Development Board (MCWDB) is in the process of awarding grants to 135 small businesses through the Monterey County Small Business Relief Program (SBRP) with \$425,000 of CARES Act funding and \$878,643 from the Cannabis Tax Assignment. With the adoption of this resolution, the MCWDB can easily expedite the expenditure of the repurposed \$800,000 of CARES Act funding by December 31, 2020 because the awardees and payment process are already in place. The funds from the Cannabis Tax Assignment can instead be used to administer a second round of 85-90 grants for small businesses in early 2021.

BACKGROUND/DISCUSSION

On October 13, 2020, the Board of Supervisors tasked the Monterey County Workforce Development Board (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 office. 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 COVID-19-related inventory expenses, retroactive to March 18, 2020, the date of the original shelter-in-place order.

On November 17, 2020, the Board agreed that supporting Monterey County's small businesses is imperative and that additional funding should be allocated to the small business relief program to fund all eligible applicants (all 135 rather than only 40-45 of them). On December 1, 2020, the Board voted to increase appropriations in the County Administrative Office's FY2020-21 Adopted Budget by \$878,643 to be transferred to the Monterey County Workforce Development Board to award grants to an additional 90-95 eligible small businesses that had submitted applications in November.

If the additional \$800,000 of CARES Act funds from the Health Department are used to fund approximately 80 small businesses that have been approved for funding in this current round of grants, the funds from the Cannabis Tax Assignment can be used to conduct a second round of small business grants in early 2021, providing much needed financial assistance to an additional 90 or so small businesses in Monterey County that have experienced economic hardship due to the COVID-19 pandemic.

The MCWDB is in the process of disbursing the \$425,000 of CARES Act funding to 40-45 eligible SBRP applicants; checks will be sent to awardees by December 31, 2020. Upon approval of this resolution, an additional 80-85 eligible SBRP applicants can be paid with the additional \$800,000 of CARES Act funds within the same timeline, resulting in the expenditure of all CARES Act funds reallocated to the MCWDB. The MCWDB will provide a detailed report on the Monterey County CARES Small Business Relief Program to the Board in the first part of 2021, including awardee demographics and other grant data.

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; some SBRP expenditures may not be considered directly COVID-related.

OTHER AGENCY INVOLVEMENT

Monterey County Health Department

FINANCING

If authorized, the requested action will result in:

1. An appropriations increase of \$800,000 in the County Administrative Office's FY2020-21 Adopted Budget (021-1050-8478-CAO030), financed by a release of CARES Act funds through an operating transfer from CAO Other Financing Uses (001-1050-8038-CAO017);
2. An appropriations increase of \$800,000 in the County Administrative Office's Other Financing Uses (001-1050-8038-CAO0017), financed by an increase in Non-Program Revenue (001-1050-CAO019-8041); and
3. An operational transfer of \$800,000 ~~out of~~ from CAO Other Financing Uses (001-1050-8038-CAO0017) ~~and into~~ to the Workforce Development Board Fund (021-1050-CAO030-8478).

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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