



Board Report

File #: RES 21-032, **Version:** 1

Adopt 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 \$900,000 for the Monterey County Small Business Relief Program (administered by the Monterey County Workforce Development Board), financed by a release of Cannabis Tax Assignment funds (001-3132) or other funds identified by the Board (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 \$900,000, financed by an increase in Non-Program Revenue (001-1050-CAO019-8041) (4/5th vote required); and
- c. Complete an operational transfer of \$900,000 out of CAO Other Financing Uses (001-1050-8038-CAO0017) and into the Workforce Development Board Fund (021-1050-CAO030-8478) for the FY2020-21 (4/5th vote required).

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 \$900,000 for the Monterey County Small Business Relief Program (administered by the Monterey County Workforce Development Board), financed by a release of Cannabis Tax Assignment funds (001-3132) or other funds identified by the Board (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 \$900,000, financed by an increase in Non-Program Revenue (001-1050-CAO019-8041) (4/5th vote required); and
- c. Complete an operational transfer of \$900,000 out of CAO Other Financing Uses (001-1050-8038-CAO0017) and into the Workforce Development Board Fund (021-1050-CAO030-8478) for the FY2020-21 (4/5th vote required).

SUMMARY:

The Board of Supervisors has supported the Workforce Development Board (WDB) to provide financial assistance grants of up to \$10,000 to eligible small businesses affected by the pandemic in Monterey County through its Small Business Relief Program. Because this assistance is critical to the ability of many businesses to continue providing products and services through the pandemic, the WDB is requesting an additional \$900,000 in Cannabis Tax Assignment funds or other funding to provide 90 to 100 additional grants to eligible local businesses.

In fall 2020, the County of Monterey Board of Supervisors allocated a total of \$1,268,000 in CARES Act funding to the Monterey County Workforce Development Board to administer the Small Business Relief Program (SBRP). The Board approved \$425,000 of CARES Act funding from the District Attorney's Office, an additional allocation of \$878,642 of Cannabis Tax Assignment funding, and an allocation of \$800,000 in unspent CARES funding from the Health Department in support of SBRP grants.

Over 150 small businesses applied for grants of up to \$10,000 through the Monterey County CARES SBRP, 136 of which were eligible. By the end of December 2020, a total of \$1,149,051 was distributed to 130 small

businesses. Ten percent of the CARES Act funds was allocated for Administrative Costs and the remainder will be rolled over into the SBRP's Round 2 in February 2021. Follow-up with the grant recipients will allow staff to evaluate the impact of the funding on the individual businesses and to inform them of additional support and resources available through the MCWDB.

The application period for Round 2 of the Small Business Relief Program grants will be February 8 - 22, 2021. \$825,000 will be distributed to 83 or more eligible businesses in the form of grants of up to \$10,000, which are paid to awardees on a reimbursement basis (retroactive to July 1, 2020). Funding can be used for rent, utilities, COVID-19-related equipment, employee wages, and expenditures associated with outdoor seating and dining.

Eligible businesses must be owned and operated in Monterey County and have been open prior to October 1, 2020. The program is targeted to small businesses with up to 25 employees in hard-hit sectors such as Hospitality, Accommodations (small hotels), Food Service (restaurants, pubs, wine bars), and Tourism.

The WDB has allocated \$137,161 from its Program Year 20-21 Rapid Response Layoff Aversion funds to provide grants to small businesses of up to \$2,500. The WDB has only \$39,000 of these funds remaining with half of the remainder incumbered. The WDB will not receive additional Layoff Aversion funding from the State until July 2021.

DISCUSSION:

Many of Monterey County's surviving small businesses are in crisis. The unemployment rate in Monterey County for November 2020 was 7.7%, or 14,500 individuals affected. Due to the December 2020 shelter-in-place order, the unemployment rate in Monterey County jumped up to 11.4%.

Opportunity Insight (OI), a nonpartisan, nonprofit organization based at Harvard University, provides a tool to track the economic impacts of COVID-19 on individuals, businesses, and communities at www.tracktherecovery.org. The tracker's data shows that, between January and December 2020, California experienced a 33.9% decrease in total small business revenue. During that same period, Monterey County's small businesses suffered a 64.6% decrease in total revenue due to shelter-in-place orders, business closures, and wildfires, with a nearly 47% decrease in the number of small businesses that were open as of December 31, 2020, as compared to a statewide decrease of nearly 37%.

In addition, California's Leisure and Hospitality sector, a major regional economic driver, has been severely impacted, with a decrease in total small business revenue of 72.2% for this sector as of December 31, 2020 compared to January 2020, and 27.2% fewer individuals employed in that sector as of November 15, 2020 compared to January 2020. While the OI tracking tool does not show county-level employment data broken out by sector, Monterey County's significant decrease in revenue and the closure of nearly half of the small businesses that were open in January 2020 provide clear evidence of the strong and ongoing need for economic assistance to the approximately 18,600 small businesses in Monterey County with 50 or fewer employees, of which 968 are eating and drinking establishments, 60 are wineries and breweries, 323 are hotels and 2,159 are retail stores.

OTHER AGENCY INVOLVEMENT:

None

FINANCING:

If authorized, the requested action will result in:

1. An appropriations increase of \$900,000 in the County Administrative Office's FY2020-21 Adopted

Budget (021-1050-8478-CAO030), financed by an allocation of Cannabis Tax Assignment or other funds;

2. An appropriations increase of \$900,000 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 \$900,000 out of CAO Other Financing Uses (001-1050-8038-CAO0017) and into 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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Approved by: Christopher Donnelly, Executive Director, 6644

ATTACHMENTS:

Resolution