



# CITY OF SANGER

## REPORT TO THE CITY COUNCIL

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**To:** Mayor and Councilmembers  
**From:** Tom Navarro, Community Development Director  
**Subject:** Approve an additional \$100,000 for business and community support in response to the ongoing COVID-19 pandemic  
**Attachments:** None

**CONFLICT OF INTEREST:**

Recusal is required of any member of City Council with a business in the City of Sanger.

**RECOMMENDATION:**

Staff respectfully recommends City Council approve an additional \$100,000 for a second round of business and community support funding, with changes, in response to the ongoing COVID-19 pandemic in the form of grants to businesses.

**EXECUTIVE SUMMARY:**

On October 1, 2020, the Council approved the Local Small Business Grant in the amount of \$100,000. The funding for this came from the General Fund via Cares Act Funding reimbursement request by the City of Sanger. Approval of the funds would allow for a total of twenty \$5,000 grants for local businesses with less than ten employees. Following the approval by Council, staff accepted applications from local small businesses between the dates of October 15, 2020 to November 16, 2020. As part of the Round One grants, staff was directed by Council to focus on businesses who had not received business assistance yet, with the hopes of providing additional grant opportunities to all small local businesses as part of a Round Two grant opportunity. With additional CARES Act reimbursement allocation now available, an additional \$100,000 is now available for a possible round two grant opportunity for Sanger businesses.

Prepared by: Tom Navarro

Approved by: \_\_\_\_\_

REVIEW: City Manager: \_\_\_\_\_

Finance: \_\_\_\_\_

City Attorney: \_\_\_\_\_

**TYPE OF ITEM:**

**COUNCIL ACTION:**  APPROVED  DENIED  NO ACTION

- \_\_\_\_\_ Consent
- \_\_\_\_\_ Info Item
- X   Action Item
- X   Department Report
- \_\_\_\_\_ Redevelopment Agency

- \_\_\_\_\_ Public Hearing
- \_\_\_\_\_ Matter Initiated by a Council Member
- \_\_\_\_\_ Other
- \_\_\_\_\_ Continued to: \_\_\_\_\_

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## **BACKGROUND:**

The CARES Act funding allocation is a reimbursement of eligible costs incurred between March 1, 2020 and Dec. 30, 2020. These costs must be for necessary expenditures incurred due to COVID-19 that were not accounted for in the budget approved as of March 27, 2020. The City received allotments of 1/6 in July, 1/6 in August, 1/6 in September, and 3/6 in October. Examples of what these costs have been utilized for include the following:

- Payroll expenses for public safety, public health, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency. The City may presume that payroll costs for public health and public safety employees (our sworn police officers, paramedics, EMTs, and fire fighters) are payments for services substantially dedicated to mitigating or responding to COVID-19. These costs are an exception to the not-in-the-budget rule.
- Payroll expenses for non-public safety, public health, and similar employees whose responsibilities have significantly changed in order to mitigate or respond to COVID-19. An example is payroll expenses for specific related training and leave for high-risk employees or to prevent contagion.
- Purchases of personal protective equipment (PPE), remote working costs, and related supplies and materials.
- Expenditures to provide meals, such as the Great Plates Program.
- Economic support to those suffering with employment interruption, business interruption, or homelessness.

In October, staff brought an item to Council to recommend use of \$100,000 of unbudgeted expenditures for a Local Small Business Grant. The proposed program was developed to be consistent with programs in jurisdictions such as the City of Fresno's Save Our Small Business Grant, County of Fresno Helping Underserved Business (HUB) Grant, City of Kingsburg's Small Business Grant Program. To be considered in Round One, business owners submitted an application to the City along with a copy of their business license and W-9 Form. The City accepted applications between October 15 and November 16, 2020 and required that businesses were currently operating to be considered. Over 100 applications were received in Round One, including applications from businesses who had received CARES Act funding or business assistant grants related to the pandemic from another source. For Round One, priority was given to businesses who had not received prior funding. In Round Two, staff is recommending award consideration to all who have applied during the Round One submittal process including the previous grant recipients.

As part of the Round One grants, twenty businesses were awarded \$5,000 each. Staff did receive several concerns during the process that should be considered if a second round is approved. The first concern included applicants who applied for businesses that were a second source of income or a side business. Several applications were received for businesses considered part time or secondary sources of income. To remedy this, staff recommends 1) that awards be granted to businesses that are full time businesses only. A second concern included businesses who had code enforcement violations, in particular violations that were Covid-19 related violations. Staff does recommend that 2) awards be granted to businesses that have not violated executive orders and/or do not have other active violations. Lastly, staff also received concerns that businesses with only one employee were considered for the grant. Round One required ten employees or less to be eligible and staff did receive several applications that included just an owner and operator. The City does have numerous businesses that have one owner operator and this is not a violation of the eligibility requirements, but staff does recommend that businesses be full time to be eligible as with the first concern to help remedy this concern. Council may also consider removing at home businesses by requiring applicants to have an off-site business address or can be specific about the type of at home businesses they'd like to consider.

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**REASON FOR RECOMMENDATION:**

Beyond what the City has already done in extending business licenses deadlines, waiving penalties for utilities, and foregone sales tax revenue through the state plan, the City Council proposed to provide additional direct support to its local business community. On October 1, 2020, the Council approved for \$100,000 to be distributed as grants to twenty applicants in the amount of \$5,000 each. At that time the City received over 100 applications. The additional \$100,000 now being proposed will be a second round of funding that will be distributed to those applications already received but were not awarded grants after the Round One funds were utilized.

**FISCAL IMPACT:**

The additional Round Two \$100,000 would be an unplanned expenditure from the general fund via Cares Act Funding. After adjustments for unbudgeted expenditures such as costs for the Great Plates program, personal protective equipment, COVID-related leave, equipment, etc., there is \$100,000 available for a Round Two grant to assist our local small businesses.

**ALTERNATIVES:**

- Revised the recommended qualifying requirements and provide staff with direction.
- Deny the request for additional funding for business assistance.

**ACTIONS FOLLOWING APPROVAL:**

Community Development and Administrative Services will work together to facilitate the program.