



STAFF REPORT TO THE CITY COUNCIL

DATE: Regular Meeting of September 13, 2022

TO: Members of the City Council

VIA: Dante Hall, City Manager

SUBMITTED BY: Edwin Gato, Director of Finance

SUBJECT: Business Grant Assistance and the Business Rental Assistance ARPA Programs (American Rescue Plan Act of 2021)

Recommendation

Approve the Business Grant Assistance and the Business Rental Assistance program components and implementation measures.

Fiscal Impact

The Business Assistance Programs will be funded through the American Rescue Plan Act of 2021 ("ARPA") funds.

Executive Summary

On June 28, 2022, the City Council adopted the FY 22-23 Annual Budget including \$150,000 for a Business Assistance Program and \$150,000 for a Business Rental Assistance Grant program utilizing ARPA funds.

HdL Companies, collaborating with City staff, and based upon their experience with other similar programs in other communities has developed an outline of proposed components of the two programs. Tonight, staff seeks Council's acceptance of the overall elements of the two programs.

Background

On June 29, 2021, the City entered into an Agreement with HdL to provide assistance with developing a strategy for COVID-19 relief and the use of federal stimulus funding coming from the American Rescue Plan Act of 2021 ("ARPA"). On June 28, 2022, the City

entered into the First Amendment to the Agreement with HdL to assist in the overall administrative oversight of Hercules' ARPA programs targeted at assisting Hercules businesses. As indicated above, on June 28, 2022, the City Council adopted the FY 22-23 Annual Budget including \$150,000 for a Business Assistance Program and \$150,000 for a Business Rental Assistance Grant program utilizing ARPA funds.

On August 16, 2022, HdL presented the overall elements of the two programs to the City Council's Economic Development Subcommittee who recommended approval to the City Council.

The following is an outline for each of the two programs with general criteria and funding limits.

Business Assistance Grants - \$150,000

Grants of up to \$10,000 per business to provide individualized assistance to businesses in a variety of areas including employee training, rehiring, COVID-19 grant and loan application processing and financial training.

Criteria includes:

- Eligible businesses must be located within incorporated Hercules.
- The business must demonstrate a reduction in workforce and/or loss of business revenue from March 16, 2020, to December 31, 2021, and that they received little to no financial assistance in response to the pandemic.
- Some business types, including corporate-owned chains or non-local based franchises are not eligible for the program.
- Funding availability is limited, and award of funds is contingent on availability of funds.

Business Rental Assistance Grants - \$150,000

Grants of up to \$15,000 will be made available to qualified small businesses to be paid directly to their landlords to cover rent that the business owes. Criteria includes:

- Eligible businesses must be located within incorporated Hercules.
- The program is aimed at brick-and-mortar, for-profit businesses in operation prior to March 16, 2020, with fewer than 25 employees.
- The business must lease/rent their commercial property directly from a landlord.
- The business must demonstrate a delinquency in rent payments at any time from March 16, 2020, to December 31, 2021.
- Landlords must agree to and consent to this program.

- The business must demonstrate a reduction in workforce and/or revenue loss from March 16, 2020, to December 31, 2021, and that they received little to no financial assistance in response to the pandemic.
- Some business types, including corporate-owned chains or non-local based franchises, investment and insurance companies, and commercial and residential landlords, are not eligible for the grant program.
- Funding availability is limited, and award of funds is contingent on available funds.

Implementation

HdL has significant experience working with several cities on designing small business grant and business rent assistance programs. When the overall design of the programs is approved by the City Council, HdL will be responsible for the administration of the programs including: 1) set up of software applications, 2) creating a custom landing page, 3) pre-screen application form, 4) program application form and 5) staffing & management of call center for questions with the on-line application process and submitting required documents. Additionally, HdL will manage the rollout of the program, screening & evaluating applications and overall management of the programs including a survey to measure the impact of the grants.

HdL shall work closely with the Bayfront Chamber of Commerce and City staff to market the two grant programs to Hercules businesses (similar to what was recently done with the Yiftee e-Gift Card program in Hercules which presently has 25 participating businesses). Additionally, possible businesses can receive one-on-one counseling support from HdL customer service representatives via a call center, in the preparation of the pre-application, application and submittal of required documentation.

Attachments

Attachment 1 - Resolution

Attachment 2 - Draft City of Hercules' Small Business Assistance Grant Program Guidelines

Attachment 3 - Draft City of Hercules' Small Business Assistance Grant Program Application.

Attachment 4 - Draft City of Hercules' Small Business Rent Assistance Grant Program Guidelines

Attachment 5 - Draft City Hercules' Small Business Rent Assistance Grant Program Application

Attachment 6 – Business Assistance Programs Presentation