



City Council Staff Report

Subject: COVID-19 Business Retention Grant Program

Date: April 11, 2023

Submitted By: Elizabeth Sorg, Management Analyst

Department: City Manager's Office

Recommendation:

Provide Direction to Staff Regarding a COVID-19 Business Retention Grant Program.

Background:

At the March 28, 2023 City Council meeting, the City Council directed staff to return with a proposal for a small business grant program that would provide funding for those businesses that opened shortly before the COVID-19 pandemic who would have been ineligible for the Restore Rocklin program. Because the Restore Rocklin program was funded with American Rescue Plan Act State and Local Fiscal Recovery Funds (ARPA), businesses who applied for grants had to demonstrate a revenue loss due to COVID-19. Because of this, businesses needed to be open in Rocklin as of January 1, 2019 to be eligible for the Restore Rocklin program.

The proposed COVID-19 Business Retention Program would be funded as part of the City's ARPA Revenue loss allocation, and therefore is less restrictive than ARPA funding. According to the ARPA Final Rule, Revenue loss funds may be used for the provision of government services. The proposed COVID-19 Business Retention Program is in alignment with the City's Economic Development Strategy and aims to support those businesses that were open before COVID-19 but who may otherwise not be eligible for ARPA-funded programs because they opened in 2019 or early 2020.

The COVID-19 Business Retention Program would provide \$15,000 grants for those businesses that opened immediately before COVID-19 and remain in business. To be eligible, businesses must have opened a Rocklin location from January 1, 2019 to March 1, 2020 and they must still be in operation. The total recommended allocation for the program is \$500,000 plus additional administrative fees from a third-party administrator. This would allow 33 businesses to receive \$15,000 grants.

Staff are proposing two options for providing funding to eligible businesses:

1. Applicants would be eligible to receive a flat grant amount of \$15,000, regardless of the

size of the business; OR

2. Applicants would be eligible to receive a grant amount that is 5% of their gross revenue from 2020 up to \$15,000.

The list of ineligible business types would be similar to the Restore Rocklin program and would follow best practices from the Small Business Administration. The following are examples of Ineligible Businesses:

- Businesses who have received a Restore Rocklin grant
- Nonprofit organizations
- Retail with only online offerings
- Real estate agents and independent brokers
- Independent vacation home businesses, such as Airbnb or Vrbo
- Financial businesses primarily engaged in lending, such as banks and finance companies

Staff is seeking direction from the City Council on the proposed Program. Based on City Council direction, staff will prepare formal documents for consideration at the next available City Council meeting.

Fiscal Impact:

There is no direct impact to the general fund. Funding would be available through the Revenue Loss allocation of ARPA funds, which are budgeted in Fund 266.