



Staff Reports

File #: 349-2020, **Version:** 1

To: Honorable Mayor and Members of City Council

From: Vin Smith, Community Development Director

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TITLE:
City of Napa COVID-19 Microenterprise Grant Program

RECOMMENDED ACTION:

Adopt a resolution authorizing the Community Development Director or City Manager to establish administrative regulations to implement and administer a COVID-19 Microenterprise Grant Program.

DISCUSSION:

The City of Napa's COVID-19 Microenterprise Grant program's aim is to provide micro-grants of \$5,000 to small businesses owners that meet CDBG eligible income requirements (80% or less of Area Median Income (AMI)). Following Council approval, the Community Development Director will establish administrative regulations that outline the structure of the program and inform applicants on how to access this vital resource to help sustain their business. A total allocation of \$185,344 was approved for this program by City Council on August 18, 2020.

In contrast to the SBA definition of a small business (one with 500 or less employees), microenterprises are defined by HUD as a commercial enterprise that has 5 or fewer employees, 1 or more of whom owns the enterprise. In 2019, the "City of Napa Economic Development Strategy" noted that businesses with fewer than 10 employees represented nearly 72% with the city's jobs (page 2). For economic development purposes, the City of Napa's small business sector is vital to success of our local economy.

By focusing this funding on small business owners that meet the 80% AMI income requirement, the COVID-19 Microenterprise Grant program is specifically addressing the needs of socio-economically disenfranchised entrepreneurs, that may not have other access to resources or cannot rely on traditional financing during this challenging economic period.

The grant funds may be used for the following purposes: (1) to pay costs associated with e-commerce (delivery services, website creation or enhancements, updated point of sales system, online marketing costs, etc.); (2) pay rent for commercial property (3) pay utilities associated with commercial rental space; (4) purchase business inventory; (5) purchase of safety materials such as partitions, hand sanitizer, face masks, gloves, etc.; and (6) payroll.

Timeline of Funding

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law providing approximately \$2T for emergency assistance and health care response for individuals, families, and businesses affected by the COVID-19 pandemic. One of many funding allocations included in the CARES Act was funding to the U.S. Department of Housing and Urban Development (HUD) for various programs administered by HUD including the Community Development Block Grant (CDBG) Program.

On April 2, 2020, HUD awarded the City a total of \$347,340 in CDBG CARES (CDBG-CV) funding. The funding is required to be spent in accordance with CDBG regulations which includes serving low- and moderate-income individuals while targeting coronavirus response.

The CDBG Citizens' Advisory Committee, at their August 13, 2020 public meeting, approved the following recommendations for CDBG -CV funding:

- Administration - \$11,996
- Business Microenterprise Program - \$185,344
- On The Move: Housing Emergency Financial Assistance - \$60,000
- Community Action Napa Valley (CANV): Meals on Wheels - \$30,000
- NEWS: Hotel Shelter Response - \$20,000
- ParentsCAN: Meal Delivery - \$6,448
- Salvation Army: Meal Program - \$33,552

The action taken to authorize the establishment of the COVID-19 program guidelines will allow the Economic Development Division, in coordination with the Housing Division, to launch this program.

FINANCIAL IMPACTS:

City Council approved City's Fiscal Year 2019-2020 Amended Annual Action Plan and associated budget adjustments on August 18, 2020. This committed \$185,344 to the COVID-19 Microenterprise Grants Program. This program will not financially impact the City's General Fund.

CEQA:

The Community Development Director has determined that the Recommended Action described in this Agenda Report is not subject to CEQA pursuant to CEQA Guidelines Sections 15060(c), as the activities funded by the grant program will not result in a direct or reasonably foreseeable indirect physical effect on the environment.

DOCUMENTS ATTACHED:

ATCH 1 - Resolution

NOTIFICATION:

None