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Staff Report for a City of San Leandro City Council Resolution Approving Appropriation of Four Hundred Thousand Dollars (\$400,000) of General Fund Reserves to Address Business Needs During the COVID-19 Pandemic

**SUMMARY AND RECOMMENDATIONS**

Staff recommends that the City of San Leandro City Council adopt a Resolution approving appropriation of four hundred thousand dollars (\$400,000) of General Fund Reserves to address urgent business needs during the COVID-19 pandemic.

**BACKGROUND**

Following the initiation of the Alameda County Shelter-in-Place Order on March 17, 2020 in order to protect employees and customers from transmission and limit the spread of the COVID-19 virus, many San Leandro businesses, including specialty retail, restaurants, personal services (hair, nails, etc.), and health and fitness were required to close, or limited to pick up service only. The initial and subsequent orders and their restrictions devastated local businesses, particularly small service, food, and other direct customer serving businesses. Even as certain businesses were permitted to reopen for a time during the fall, small businesses continued to suffer from reduced customer traffic due to work from home arrangements and customer reluctance for person-to-person contact. With reduced sales, increased costs of operations due to required personal protective equipment and physical protective measures, and the cost of ongoing and past overhead, businesses continue to have significant operations and financial challenges.

In recognition of the continued operational and financial stress on small businesses, the Alameda County Board of Supervisors authorized the implementation of the Alameda County CARES Grant Program, funded by Federal Coronavirus Aid, Relief and Economic Security ("CARES") Act funds on November 10, 2020. The program provided grants of up to \$5,000 to eligible small businesses impacted by the COVID-19 pandemic. Alameda County allocated \$5 million to businesses within incorporated cities in Alameda County, and up to \$3 million in additional funds to match contributions to the grant program made by individual cities. The funds provided by cities and

matched by the County were distributed directly to small businesses within that city. The program opened on November 17, 2020 and accepted applications from businesses until November 30, 2020. Approximately 660 San Leandro Businesses applied to the County program.

On December 14, 2020, the San Leandro City Council voted to allocate \$150,000 in budgeted business incentive funds towards the Alameda County CARES Grant Program. Per the program, the County matched these local funds, with a total of \$300,000 in funds distributed as \$5,000 grants to 60 San Leandro businesses. An additional 134 businesses were also awarded \$5,000 grants from the \$5 million county-wide pool. Therefore, about 466 businesses who applied did not receive a grant. Because the number of grants awarded by the County to San Leandro businesses is only a small proportion of the approximately 660 applicants, the City Council directed staff to evaluate the amount of City reserve funds to provide grants to additional businesses in need who were not able to be funded under the County program. The City Council also directed staff to evaluate whether there are additional unmet community needs that were not otherwise addressed by the City and may need immediate assistance from reserve funds.

## ANALYSIS

Following the City Council's direction on December 14, 2020, City staff evaluated the status of available reserve funds, budget projections, current and expected community and business needs, and overall community assistance provided during the COVID-19 pandemic.

Since the onset of the pandemic, City staff have worked continuously to adapt programs and allocate assistance and resources to the most pressing needs in the community. With businesses required to close or reduce operations in order to promote public health and safety, many individuals have lost their jobs or have experienced drastically reduced pay. To bolster the assistance provided to individuals at the federal level, such as expanded unemployment benefits and economic impact payments, the City of San Leandro has provided the following assistance programs during the pandemic. Unless otherwise indicated, the following services/program were funded with General Fund:

### Housing Assistance:

- Local Eviction Moratorium - providing protection from eviction for residential and commercial renters who are not able to pay rent due to COVID-19 related loss in income.
- Tenant Assistance - \$45,000
  - Landlord/Tenant Counseling & Renter Legal Assistance
- Emergency Rental Assistance Program - \$1.2 million (federal CDBG-Covid-19 stimulus funding)

### Business Assistance:

- San Leandro Small Business Continuity Grant - \$250,000 (+\$50,000 from East Bay Community Energy)
- Alameda County CARES Small Business Grant - \$150,000 (+ \$150,000 County match)
- Limit on Third-Party Food Delivery Fees - fees charged to restaurants by delivery companies capped at 15%
- Outdoor Facilities Program - temporarily waived requirements to set up a free and streamlined program for businesses to operate outdoors

### Human Service Assistance:

- Homelessness Emergency Aid Program - \$372,000
  - Portable showers, case management, hotel vouchers, rental assistance, and free groceries
  - Referred many homeless to Operation Safer Ground and Operation Comfort resulting in care, immediate and permanent housing for vulnerable individuals experiencing homelessness, including women and children
- Domestic Violence Assistance - \$105,000

- Rental assistance, resource referral (211), emergency shelter and food program
- SL Community Assistance Program - \$150,000
  - Food access, counseling, legal aid, family support services, health services for youth, food access for seniors, and shelter services
- Mental Health, Domestic Violence and Food Distribution - \$490,000 (federal CDBG)
- Food Assistance Programs - doubled the amount of food provided
  - Food for San Leandro Families - 14.4 tons of produce/dried goods and over 2,700 pounds of meat provided
  - Provided grants to SL food access groups and pantries to increase food supply
  - Expanded Mercy Brown Bag and Spectrum Senior Meals programs
- Expanded and adapted existing programs to meet growing needs, including virtual Senior Center, community education, aquatics center, and camps.
- Free COVID-19 Testing - in partnership with State, County and Eden Health District
- Assisted with the creation of the first language Warm Line (multilingual referral line for brief emotional support and connection with resources)
- Assisted Alameda County/San Leandro Police with the soft opening of the CATT Program (Community Assessment Treatment and Transport)
- Revamping FLEX RIDES free shuttle and ride program

### Business Assistance

With the onset of the coronavirus pandemic and its damaging business impacts, Economic Development Division staff have worked to focus business incentive funds where they are the most needed. In May 2020, the City utilized \$250,000 in FY 2019-2020 available business incentive funds, coupled with \$50,000 in funds from East Bay Community Energy, to provide \$5,000 grants to 60 San Leandro small businesses through the San Leandro Small Business Continuity Grant Program. With the most recent City allocation of \$150,000 in available FY 2020-2021 business incentive funds plus the equivalent County match, a total of \$300,000 in funds became available as \$5,000 grants to an additional 60 businesses through the Alameda County CARES Grant Program. An additional 134 businesses received grants from the overall \$5 million Alameda County pool. However, the 660 business applicants from San Leandro for the County program highlights the large unmet need in the City.

Staff recommends that an additional \$400,000 in General Fund Reserves be allocated for additional business grants. This amount would provide 80 additional grants of up to \$5,000 to impacted San Leandro businesses. Cumulatively, the City grant efforts since March 2020 will assist up to 200 San Leandro businesses.

It is recommended that the proposed \$400,000 be distributed to businesses that have applied to the Alameda County CARES Small Business Grant program and did not previously receive a grant from the San Leandro Small Business Continuity Grant Program. Businesses would then be selected via lottery, in the same manner as the Alameda County grants, due to the high volume of applications and in order to expedite and more efficiently distribute the grants. More information about the Alameda County CARES Small Business Grant program, including business eligibility, may be found in the attached program flyer or at [www.eastbayeda.org/grants](http://www.eastbayeda.org/grants).

### **Legal Analysis**

The Resolution authorizing the allocation of four hundred thousand dollars (\$400,000) from the General Funds Reserves to address business and community needs during the COVID-19 pandemic was reviewed and approved by the City Attorney.

### **Fiscal Impacts and Budget Authority**

With sufficient General Fund Reserves available, staff finds the utilization of such reserves for this emergency business assistance program to be in keeping with the goals of the reserve funds. Such funds are designed to be available in times of emergency and economic uncertainty. The required closures, safety restrictions, and changes in consumer behaviors are significantly impactful on small businesses. Many have closed or are at real risk of closing, which will have a negative impact on the local economy, increase unemployment, and damage the personal finances and future opportunities for small business owners, many of which are women and disadvantaged individuals. With the vaccines bringing new hope to an end to the pandemic, the goal of the assistance is to help businesses be able to make it through 2021 and move toward recovery.

## **ATTACHMENT(S)**

### **Attachment to Staff Report**

- Alameda County CARES Grant Program Flyer

**PREPARED BY:** Katie Bowman, Economic Development Manager, Community Development Department