

BACKGROUND:

As a designated entitlement jurisdiction, the City receives annual federal funding to support projects and programs that provide decent and affordable housing, sustain suitable living environments, and expand economic opportunities for low- and moderate-income persons. On March 27, 2020, the Coronavirus, Aid, Relief and Economic Security (CARES) Act was signed into law. Through the CARES Act, the City was allocated \$1,870,896 in addition to its traditional HUD CDBG entitlement grant for coronavirus response. On May 25, 2020, the City Council agreed to allocate \$1,496,717 in CDBG-CV funding to the UWIV to administer the Microenterprise Business Grant Assistance Program.

On June 15, 2021, City Council approved the first amendment to the CDBG-CV agreement with the United Way of the Inland Valleys (UWIV) allowing for the agreement to allow payment of administrative costs. Following this action, a standard second amendment took place to allow for additional time on the agreement to the date of June 1, 2023, as well as adjust the scope to allow for a minor budget modifications. Standard amendments do not require City Council action as they do not affect the overall funding amount or purpose of the program. The amendment proposed in this report will be the third and final amendment to the project.

DISCUSSION:

The current CDBG-CV agreement authorized the United Way of the Inland Valleys to administer the Microenterprise Grant Assistance Program on behalf of the City. The program functions to assist local small businesses with five or fewer employees which are owned and operated by low-moderate income individuals that were impacted by the Coronavirus Pandemic with one-time grants not to exceed \$7,500. The proposed amendment would allow for 150 eligible businesses who previously received the one-time grant to receive an additional \$2,500 in grant funding if needed. If awarded the additional grant funding, businesses could potentially receive a total of \$10,000 in Microenterprise Business Grant funding. UWIV will re-review all previously approved applicants for the opportunity to provide the additional \$2,500.

For continued activity, delivery of an adjustment to the administrative fees, not to exceed 20% of the original total allocation \$1,496,717, would be required. Total administration costs will be \$299,343. This administrative funding will be utilized to cover UWIV staff costs.

STRATEGIC PLAN ALIGNMENT:

This action contributes to **Strategic Priority 3 – Economic Opportunity**; Champion a thriving enduring economy that provides opportunity for all.

This item aligns with each of the five Cross-Cutting Threads as follows;

1. **Community Trust** – The community was notified of this program through social media, the city website, etc.; the program was originally discussed and considered at City Council on May 25, 2020

2. **Equity** – The outcomes of this program benefit the entire community; the program provided relief to local businesses with five or fewer employees. The businesses that received assistance provide services citywide.
3. **Fiscal Responsibility** – The program was designed with strict eligibility requirements to ensure that grant funds were utilized responsibly. The scope of the program also included post funding reporting requirements.
4. **Innovation** – This program utilized innovative strategies to ensure simplified online application processes for businesses in need of assistance; a partnership was leveraged with another local entity; the United Way of the Inland Valleys.
5. **Sustainability & Resiliency** – The Microenterprise Business Grant program was proposed to provide relief to local businesses from the impact of COVID-19 and to ensure the sustainability and longevity of our local business community. In doing so the program also helped businesses stabilize and prepare for their future.

FISCAL IMPACT:

There is no fiscal impact to this action. The proposed third amendment will allow for staff to amend the Scope of Work to provide additional funds to businesses. The original funding amount allocated to the UWIV Microenterprise Business Grant Program on May 25, 2020, will remain the same at \$1,496,717.

Prepared by:	Chris Christopoulos, Acting Community & Economic Development Director
Certified as to availability of funds:	Edward Enriquez, Interim Assistant City Manager/Chief Financial Officer/City Treasurer
Approved by:	Rafael Guzman, Assistant City Manager
Approved as to form:	Phaedra A. Norton, Deputy City Attorney

Attachment:

1. Third Amendment to the CDBG-CARES Act Allocation (CDBG-CV) Subrecipient Agreement-United Way of the Inland Valleys
2. Presentation