

Agenda Report

August 17, 2020

TO: Honorable Mayor and City Council
FROM: City Manager
SUBJECT: SMALL BUSINESS RELIEF GRANT PROGRAM UPDATE

RECOMMENDATION:

This report is intended to provide information to the City Council, no action is required.

EXECUTIVE SUMMARY:

On June 15th acting on the recommendation of the Economic Development and Technology Committee, the City Council approved the Small Business Relief Grant Fund (Fund) with an appropriation of \$500,000 in direct support plus up to \$250,000 in matching funds, administered by the Pasadena Community Foundation (PCF).

The objective of the Fund is to augment Federal, State and local aid by financially supplementing Pasadena businesses in hopes of sustaining the local economic base. The Fund provided grants to street-level, storefront businesses.

A total of 94 applications for funds were received, of which 39 will receive awards. Of the remaining 55, 43 were disqualified for not meeting the program criteria and the remaining 12 scored below the award threshold. PCF intends to issue checks as soon as possible after August 17, 2020, and will proceed to do so absent other City Council direction.

BACKGROUND:

Community Outreach

Following City Council approval the following outreach efforts were taken to promote the Fund:

- PCF issued a press release about the Fund which was picked up by the Star-News and by Pasadena Now.
- Over 4,000 direct emails were sent to businesses.
- Promoted in the BID's and Chamber Newsletters.
- Pasadena Chamber of Commerce included the program in frequent email blasts and developed flyers and dropped them in the commercial districts.

- The application was translated into Armenian and Spanish.
- Both PCF and Chamber reached out to local nonprofits such as Armenian Relief Society, National Day Laborer Organizing Network (NDLON) and the NAACP to provide them with the information and ask that they promote the program to their constituents.
- City staff delivered grant information to open businesses on: North Lake, Lincoln Avenue, Fair Oaks, and Orange Grove Blvd.
- Councilmembers included the information on their respective webpages.

Committee

PCF and the Chamber recruited a Selection Committee to review the applications. The committee was made up of 26 individuals (and a few alternates) 17 of whom are Pasadena residents, while others have a connection to the City through business. The committee included a wide range of ethnicities and genders, with about half representing a minority population. Specifically, the professional backgrounds of the committee was made up as follows:

- 10 professionals including: tech entrepreneur, music industry and real estate
- 6 small business owners
- 6 finance professionals
- 4 accountants

All reviewers signed confidentiality agreements and submitted a conflict of interest disclosure.

Application Review Process

PCF developed a scoring rubric to provide weight in the evaluation process in accordance with the City Council adopted eligibility criteria such as: whether the business is minority or woman owned, if the owner demonstrates the wherewithal to survive, and if the business owner or employees live in Pasadena, etc. PCF solicited input from committee members regarding the metrics and user tested it with a few applications. PCF submitted the list of recommended businesses names and license numbers to the City for verification of current licensing.

Applications Submitted and Screened

In total, 94 applications were submitted by the July 10 deadline. Forty-three applications were disqualified and screened out for three reasons:

- not a storefront, retail business or restaurant
- have only 1 employee
- received more than \$10,000 in PPP funds

Fifty-One applications were included in the database to be reviewed. Reviewers were randomly assigned an average of 8 applications to score. Each application was scored by four reviewers.

Scoring Process

Any application with a score of 60 or above was categorized as "recommend for funding." The threshold of 60 was determined from the pilot test review of applications wherein a score of 60 was deemed to be a strong application. Any application with a

score of 40-59 was categorized as “marginal.” Applicants with marginal score were reviewed using the following criteria:

- 5 points if the owner lives in Pasadena
- 5 points for overall 2 positive comments from reviewers
- 5 points for more than 2 positive comments

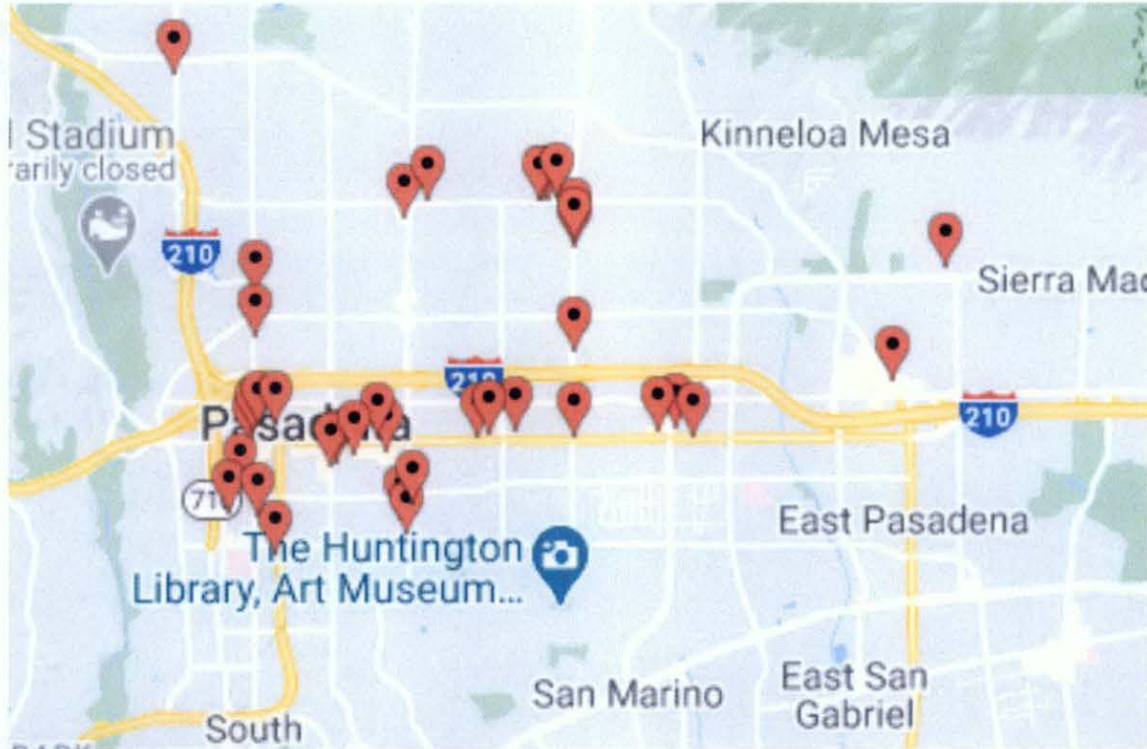
Any application with 39 or below was not recommended for funding. A final independent review was conducted to ensure applications with both low scores and overall negative comments from reviewers was not recommended for funding.

There are a total of 39 applications recommended for funding including the amount as follows:

No.	Organization Name	WMBE & Veteran Status	Amount
1	1202 Salon and Spa	M; W	\$ 10,000
2	5 Star Foot Massage	Not Applicable	\$ 10,000
3	Ace Cleaners LLC	M	\$ 10,000
4	American Dental and Medical Institute	V	\$ 10,000
5	April Blooms	M	\$ 10,000
6	Arroyo Cleaners	M	\$ 10,000
7	Art & Science Cafe	W	\$ 10,000
8	Cerveceria Del Pueblo LLC	M	\$ 10,000
9	Clothes Heaven	W	\$ 10,000
10	Contessa Collections LLC	W	\$ 10,000
11	Curative Yoga, LLC	M; W	\$ 10,000
12	DanceStreet LLC	NA	\$ 10,000
13	Express Smog Test Only Center	M; W	\$ 10,000
14	EyeDazzle Inc.	M; W	\$ 10,000
15	F. Suie One Co.	M; W	\$ 10,000
16	Garos Basturma	NA	\$ 10,000
17	Get Fit By MJ, LLC/ MUV	M; W	\$ 10,000
18	Hye-Kenpo Karate LLC	M	\$ 10,000
19	Jackie's Nails	NA	\$ 10,000
20	Jade & Myrrh Aesthetics	M; W	\$ 10,000
21	Joyous Assurance Dance dba Fred Astaire Dance Studio	W	\$ 10,000
22	Lumina Academy of Dance	M;W	\$ 10,000
23	M&R Art Inc. dba The Art Studio	M;W	\$ 10,000
24	Massage Plus Company Pasadena	M	\$ 10,000
25	Mercadito Monarca	M;W	\$ 10,000
26	Mi Casa Mexican Food	W	\$ 10,000
27	Old Towne Pub	M	\$ 10,000
28	Perry's Joint	M	\$ 10,000
29	Picante Mexican Restaurant	M	\$ 10,000
30	Printing and Digital Copy	NA	\$ 10,000
31	ProNails	NA	\$ 10,000
32	Salon Figaros	NA	\$ 10,000
33	The Original Whistle Stop	V	\$ 10,000
34	The Pumpnickel Deli, LLC	NA	\$ 10,000
35	The Soap Kitchen	M;W	\$ 10,000
36	Torino Cafe	NA	\$ 10,000
37	Vivia Studios LLC	NA	\$ 10,000
38	Whimsy Pasadena, LLC	M;W	\$ 10,000
39	Wok Master	M	\$ 10,000
	Total		\$ 390,000

Profile of Small Businesses Recommended for Funding

The small businesses owners self-reported that they are minority (56%), women (44%) and veteran (5%). Businesses are located across all zip codes in Pasadena and represent a wide range of geographic areas.



Summary of Business Category

Eight businesses classified as Repair and Maintenance (nails, laundry, beauty, salon, hair) were among the highest of the 39 earmarked to receive funding followed by Educational Services (7) and then Food Services and Drinking Places with 6. The remainder of the selected businesses types are summarized in the following chart:

Summary of Business Category	Response
Food and Beverage Stores	5
Clothing and Clothing Accessories Stores	2
Miscellaneous Store Retailers (florist, gift, used, art, pet, tobacco)	5
Educational Services (trade school, sport instruction, misc schools)	7
Amusement and Recreation Industries (Fitness, Gyms, and Recreational Sports Centers)	2
Food Services and Drinking Places	6
Repair and Maintenance (nails, laundry, beauty salon, hair)	8
Other	4
Total	39

Years in Business

35 out of 39 applicants answered this question that sought information on how long the applicant was in business. Fifteen were established between the years 2000-2015; 11

were older than 20 years; 5 were opened between 2016-2018 and 4 were opened less than a year in 2019.

Fundraising/Next Steps

The City provided \$500,000 in initial funding for grants and committed up to an additional \$250,000 as matching funds to assist PCF in their fundraising efforts. Out of the initial \$500,000 funding, there is a remaining balance of \$110,000. Additionally, PCF has raised \$23,950 to date. The City's pledge of \$23,950 to match the PCF funds will be deducted from the existing \$110,000 leaving a balance of \$86,050 that will be returned to the general fund.

In addition to this grant program, on July 20, 2020, Council took action to authorize the City Manager to execute the Five-Year Consolidated Plan (2020-2024), the Annual Action Plan (2020-2021) for Community Development Block Grant (CDBG) funding. This includes up to \$425,000 of new CDBG funds for a Micro-Grant Program to be implemented later this year. This next phase program will provide up to \$7,500 in individual business support grants. Targets and criteria will be fine-tuned by lessons learned from the Pasadena Community Foundation partnership and emerging federal programs.

FISCAL IMPACT:

Funds this grant program were appropriated from the General Fund reserve as part of the City's efforts to ease the economic impact associated with COVID-19.

Respectfully submitted,



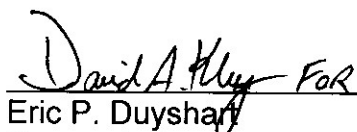
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