

Agenda Report

December 14, 2020

TO: Honorable Mayor and City Council

FROM: City Manager's Office

**SUBJECT: APPROVAL OF COMMUNITY DEVELOPMENT BLOCK GRANT
EMERGENCY BUSINESS GRANT PROGRAM FUNDING AGREEMENT
TO PASADENA COMMUNITY FOUNDATION**

RECOMMENDATION:

It is recommended that City Council take the following actions:

- 1) Find that the recommended action is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines per Section 15061 (b)(3), the General Rule that CEQA only applies to projects that may have an effect on the environment;
- 2) Authorize the City Manager to execute Community Development Block Grant Program Reimbursement Agreement #31919 with Pasadena Community Foundation, a California non-profit corporation for an amount not to exceed \$425,000 to administer the Emergency Business Grant Program.

BACKGROUND:

On July 20, 2020, the City Council approved the Community Development Block Grant Five-Year Consolidated Plan (2020-2024) and PY20-21 Annual Action Plan. As part of that Action Plan approval, \$425,000 was designated as an "urgent need" COVID-19 response for an Emergency Business Grant Program.

On September 15, 2020, the Economic Development and Technology Committee (EDTech) discussed the parameters of the proposed Micro-Enterprise Business Grant Program and provided further direction to staff.

Micro-enterprise Grant Program

A Notice of Funding Availability (NOFA) was prepared in September 2020. Through this NOFA, the City sought a nonprofit organization to administer the business micro-grant program. The grant program is specifically designed to support "micro-enterprises". Federal regulations define micro-enterprise as a business with no more than five employees, including the owner(s). The program will provide reimbursement grants not to exceed \$7,500 to each qualifying micro-enterprise needing financial assistance in overcoming the temporary loss of revenue due to the COVID-19 outbreak. The grant can be used for reimbursement of day-to-day business operating expenses such as payroll, rent/lease payments, mortgage payments, utility expenses, inventory, Personal Protection Equipment (PPE) or other similar expenses that occur in the ordinary course of operations. It is anticipated that approximately 50 micro-enterprises will be assisted through this program. This program supplements a previous business grant program sponsored by the City's General fund, which provided \$10,000 grants to eligible businesses in August of 2020.

Eligibility Criteria for Micro-Enterprise Program:

Eligible business owners must meet all of the following criteria at time of application submission:

- Operate out of street-level store front in the City of Pasadena and be legally operating under all local, state and federal laws and current with any and all taxes/fees/license owed to the City of Pasadena and not have a current lawsuit pending against the City of Pasadena;
- Have experienced an economic hardship due to the COVID-19 pandemic and can demonstrate at least 25% decline in revenues due to COVID-19 between January 1, 2020 and April 30, 2020;
- Have a current Pasadena business license;
- Be a for-profit micro-enterprise (5 or fewer employees including the owner);
- Applicant must own 51%+ of business (majority owner);
- Must not have received past City grant program funds and must disclose receipt of any federal PPP or EIDL. Previous federal support will not make the business ineligible, however, priority will be given to those who did not.
- Demonstrate a stable track record of business operations under current ownership; and
- Provide the dedication and wherewithal to remain open for a period of 12 months after receipt of the relief funds.

Ineligible Applicants

- Do not meet the eligibility criteria listed above;
- Non-profit organizations are not eligible businesses, and will not be considered for funding;
- Other ineligible businesses include payday loan businesses, liquor and tobacco stores, pawn shops, firearm or other weapons dealers, life insurance companies,

- adult entertainment, passive real estate investments, home-based businesses, and national or regional chains; and/or
- Businesses currently in bankruptcy.

The NOFA was released on October 8, 2020 and was open to public or private non-profit organizations only. The NOFA was advertised on October 8, 2020 in the Pasadena Press and the Pasadena Journal. A non-mandatory pre-proposal meeting was held on October 22, 2020.

The NOFA process was completed on October 29, 2020 and the City received one proposal from Pasadena Community Foundation (PCF). PCF's proposal was evaluated and received an average score of 96.67. PCF was determined qualified by reason of experience, preparation, organization, staffing and facilities to provide the services and implement the project as described in the NOFA. The City of Pasadena recently completed a partnership with PCF to implement a local program with 39 businesses receiving \$10,000 grants to help them stay in business and keep employees. PCF's proposal included an amount not to exceed \$50,000 for reimbursable personnel costs and \$375,000 for business grants.

ENVIRONMENTAL ANALYSIS:

The action proposed herein is exempt from CEQA, pursuant to State CEQA Guidelines Section 15061 (b)(3), the "General Rule" provision of CEQA which applies to projects which may have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. The approval of the subject Substantial Amendment to the Annual Action Plan is a funding mechanism only and is excluded from the definition of "project" pursuant to State CEQA Guidelines Section 15378(b)(4). Furthermore, the action proposed herein will not have a significant effect on the environment and, hence, is not subject to CEQA.

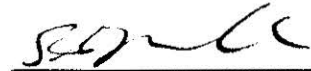
COUNCIL POLICY CONSIDERATION:

This proposed action supports the City Council Strategic Planning Three-Year Goals in the areas of improving, maintaining, and enhancing public facilities and infrastructure; improving mobility and accessibility throughout the City of Pasadena; and supporting and promoting the quality of life and the local economy.

FISCAL IMPACT:

The Approval of the Annual Action Plan (2020-2021) by the City Council and subsequent approval by HUD included the approval of \$425,000 for the Emergency Business Grant (EBG) program therefore there is no additional fiscal impact to the City.

Respectfully submitted,



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