



City Manager – Economic Development Division

The Pasadena COVID-19 Micro-Enterprise Reimbursement Grant Program

Economic Development and Technology Committee
September 15, 2020





Business Grant Program

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- Covid-19 related health restrictions continue to have significant impacts on the economy
- Storefront retail and restaurant establishments have been particularly hard hit
- In an effort to augment support for the business community at the local level, some Cities initiated small grants programs
- The City recently completed a partnership with the Pasadena Community Foundation to implement a local program with 39 businesses receiving \$10,000 grants to help them stay in business and keep employees.

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CDBG Reimbursement Grant Program

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- This program involves CDBG funds and contains different requirements than our previous grant program
- Per CDBG guidelines this program will focus on micro-enterprises (5 or fewer employees) and will be a reimbursement grant program
- Today we will discuss the RFP process to select an administrator for the program and provide a brief description of the grant program and the eligibility requirements



City Council Action

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- In July, Council Authorize the City Manager to execute the Five-Year Consolidation Plan (2020-2024), the Annual Action Plan (2020-2021)
- Part of that action included approval of a second local business grant program which will be aimed to benefit micro businesses
- The grant program was allocated \$425,000 for grant funds and administration
- Business reimbursement grants will be \$7,500 maximum



Request for Proposal for Administration of Grant Program

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- HUD requirements support the utilization of a third party to administer the program
- Staff has prepared a draft RFP in order to seek qualified administrator for the grant program
- The selected agency will implement the grant review and selection process consistent with city and HUD specifications
- The selected agency will also be responsible for the reimbursement of the awarded funds
- It is anticipated that approximately 50-55 micro-enterprises will be assisted through this program.



Eligibility Requirements

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Existing for-profit business based in the City of Pasadena.

- Must have good standing with the City (permits, taxes).
- Must have established legal business entity; business license.
- Must be locally and independently owned (not part of a national or regional chain or a franchise).
- Demonstrated a stable track record of business operations under current ownership.

Small, street level storefront retail businesses

- Must be a for-profit micro-enterprise (5 or fewer employees including the owner) business
- Nonprofit organizations are not eligible businesses
- Other ineligible businesses include payday loan businesses, liquor and tobacco stores, pawn shops, firearm, or adult entertainment

Impacted by COVID-19

- Has experienced at least a 25% decline in revenues between 1/1/20-4/30/20.
- Has not received \$25,000 or more from either SBA Paycheck Protection Program (PPP) or SBA Economic Injury Disaster Loan (EIDL) or other SBA, government or other grant source related to COVID-19.

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Request for Proposal Timeline

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Release Project Date	Early October
Proposal Submission Deadline	Mid October
Application Process Opened	Mid November
Reimbursements	Reimbursements will occur on an ongoing basis as allowed expenses and documentation are verified



Scoring System

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- Applications submitted by the deadline will receive points for each of the following categories and ranked accordingly:
 - > Continuous business in the city of Pasadena for minimum of 5 years – **10 points**
 - > Business owner's annual household income does not exceed 80% AMI – **8 points**
 - > Each full time employee including owner – **1 point each**
 - > Each employee who lives in Pasadena including owner – **1 point each**



Scoring System

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In the event of a tie, the following system will be used:

- **1st Tier Tie-Breaker**

Business located in a CDBG-eligible census tract block group where more than 51% of households earn less than 80% Area Median Income (AMI)

- **2nd Tier Tie-Breaker**

Business owners with the lowest total household income

- **3rd Tier Tie-Breaker**

To be determined by lottery



Reimbursement Grant

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- Upon verification of the application package, a grant award will be made by the City through reimbursable payments directly to the business owner
- Awarded businesses will submit proof of payment (invoices/receipts, cancelled checks, bank statements) for eligible expenses incurred after the award for reimbursement by the City grant.
- The selected Administrator will oversee the application process, including evaluation, determination of eligibility and reimbursement payments