



Staff Report

File #: 20-179

Version: 1

Date: 5/26/2020

Item #: 2.3h.

TO: Mayor and City Council

THROUGH: Steve Powers, City Manager

FROM: Urban Development Department Director, Kristin Retherford

SUBJECT:

Small Business Grant Program for businesses impacted by COVID-19

Ward(s): All Wards

Councilor(s): All Councilors

Neighborhood(s): All Neighborhoods

Result Area(s): Strong and Diverse Economy; Welcoming and Livable Community

ISSUE:

Shall the City Council authorize creation of a Small Business Grant Program for businesses impacted by COVID-19?

RECOMMENDATION:

Authorize creation of a Small Business Grant Program (Grant Program) for businesses impacted by COVID-19.

SUMMARY:

Small businesses have been significantly impacted by Governor's Executive Order (Order) 20-12, issued on March 23, 2020, requiring many businesses to close or change their operations to slow the spread of Coronavirus. The City estimates that a minimum of 2,300 Salem businesses have been impacted by the Order. Many businesses have not been able to access financial assistance through the CARES Act or other sources due to the high demand for assistance. Marion County received more than 800 applications for its business grant program, many within the first hour of accepting applications. The City's Small Business Grant Program (Attachment 1) is expected to provide funding to approximately 100 local businesses for help with re-opening, staffing, inventory, protective equipment, rent, and utilities.

FACTS AND FINDINGS:

The Grant Program is expected to be available to eligible businesses in two phases. The City will partner with Willamette Workforce Partnership, a regional 501.c3, to administer the Grant Program. Priority will be given to businesses that have not accessed other COVID financial assistance programs and need assistance preparing to re-open. Significant outreach will be completed prior to making grants available to ensure Salem's diverse small business owners are aware of the program.

Phase I - Small businesses, with between 6-40 employees

Funding: \$188,000 in FY 19-20 General Fund, Enterprise Zone fines, and Marion County grant

Phase II - Micro-enterprise businesses, with 0-5 employees

Funding: \$200,000 in FY 19-20 City Community Development Block Grant

Funding for Phase I is expected to come from a combination of sources including \$100,000 in General Fund, \$73,000 in Enterprise Zone funds repaid to the City by non-performing businesses, and \$15,000 in Marion County grant through the Community Prosperity Initiative. Additional related actions are on the Council's agenda tonight seeking budget authority including amending the FY 19-20 Annual Action Plan and authorizing an Intergovernmental Agreement with Marion County. Funding for Phase II will be presented to City Council as an amendment to the City's 2019-20 Annual Action Plan and will be subject to the requirements of the US Department of Housing and Urban Development.

BACKGROUND:

The Willamette Workforce Partnership (WWP) has experience administering grants to businesses utilizing federal, state, and regional funding sources. The WWP reviewed and processed a portion of Marion County's COVID business grant applications as well as regional layoff aversion grants. They have a grant application template and staff and processes in place to administer the City's grant program in both Spanish and English.

Annie Gorski
Economic Development Manager

Attachments:

1. Small Business Grant Program Draft Guidelines