



Date: June 29, 2020

To: Thomas B. Modica, City Manager 

From: John Keisler, Director of Economic Development 

For: Mayor and Members of the City Council

Subject: **Rebuild Long Beach Relief Fund Update—Small Business Restart Grants**

On June 16, 2020, the City Council approved a [recommendation](#) to request the City Manager to establish a “Rebuild Long Beach Relief Fund” to assist Long Beach small businesses with repair and loss recovery from damages sustained during the evening of May 31st, to allocate these funds in a way that maximizes benefits paid to businesses; and, to partner with private programs. The purpose of this memorandum is to provide the City Council with details about how eligible business owners may begin to access the Small Business Restart Grant (SBR Grant) program, funded by the federal Community Development Block Grant (CDBG) program and one-time City Council District funds. This is the first of several programs that will be made available as part of the Rebuild Long Beach Relief Fund initiative.

BACKGROUND

On May 31st, an estimated 290 local small businesses were damaged, vandalized, or looted in Long Beach. Although staff continues to conduct targeted outreach to assess the extent of the damages, the precise extent and value of the damages are still unknown. To assist businesses to reopen and restart as soon as possible, the City Council directed the City Manager to identify resources that may be made available to business owners facing financial hardship.

On June 18, 2019, the City Council [approved](#) the Fiscal Year 2020 (FY 20) Action Plan for the expenditure of federal CDBG funds and authorized the City Manager to execute agreements necessary to implement and comply with related federal regulations. The City Council approved the use of CDBG funding for programs that benefit low-to-moderate income business owners, including programs like the SBR Grant to assist low-to-moderate income business owners impacted by the events of May 31st, when it approved the FY 20 Action Plan for the expenditure of CDBG funds. Staff have identified up to \$150,000 in CDBG funding that can be made immediately available for the SBR Grant program.

On June 16, 2020, the City Council [approved](#) a request to redirect \$100,000 of existing one-time City Council District funds to provide impacted business owners within Council Districts 1, 4, 6, and 7 with \$1,000 to \$2,000 SBR grants.

SMALL BUSINESS RESTART GRANT PROGRAM

The City of Long Beach SBR Grant is designed to provide emergency relief to help small businesses that were impacted by property damages related to the events that occurred on May 31, 2020. Approximately \$250,000 is currently available, which will provide \$1,000 to \$2,000 grants to businesses. This is a citywide program, as eligibility is primarily determined on (a) the business owner’s income for grants funded by CDBG, and (b) the Council District in which a

business is located in for grants funded by Council District one-time funds. The following section describes the eligible use of grant funds, income requirements, program eligibility, and application process for small businesses to participate in the SBR Grant program.

Use of Funds

SBR Grant funds may be used for the following purposes:

- Replacing lost inventory;
- Making repairs to the exterior/interior of a business;
- Replacing lost equipment;
- Repairing damaged equipment,
- Paying business interruption insurance deductibles; and,
- Working capital to continue operations.

Program Eligibility

To qualify for a CDBG-funded SBR Grant, applicants must meet the following criteria, including meeting the definition of micro-enterprise under U.S. Department of Housing and Urban Development (HUD) regulations:

- Must have incurred damages on May 31, 2020;
- Must be a for profit business with five Full-Time Equivalent (FTE) employees or less;
- Must have an active City of Long Beach business license;
- Must earn no more than 80 percent of the median area income (see Table A);
- Must have a business storefront; and,
- Must submit a complete application including all required documentation.

	Household Size (Persons in Household)							
	1	2	3	4	5	6	7	8
Income Limits	\$58,450	\$66,800	\$75,150	\$83,500	\$90,200	\$96,900	\$103,550	\$110,250

To qualify for a Council District-specific SBR Grant, applicants must meet the following criteria:

- Must be located in Council Districts 1, 4, 6, or 7;
- Must have an active City of Long Beach Business License;
- Must have a business storefront; and,
- Must submit a complete application including all required documentation.

Ineligible Businesses

Ineligible businesses include:

- Adult-oriented businesses;

- Cannabis-related businesses (may be eligible for Council District funding);
- Bail bonds;
- Check cashing facilities;
- Payday loan and other short-term loan operators; and,
- Nonprofit organizations (not eligible for CDBG funding but eligible for Council District funding).

Application and Award Process

The SBR Grant Program will be available on a first-come, first-served basis. The following is a general outline of the application and award process:

1. Applicant visits Rebuild Long Beach Fund [webpage](#);
2. Applicant completes City of Long Beach [Business Damage Assessment Form](#);
3. Applicant is contacted by City staff to confirm receipt of form response;
4. City staff will schedule orientation with applicant to review the application and required documentation;
5. Applicant submits application and required documentation for staff review;
6. Applicants selected to receive SBR Grant will review and sign Grant Agreement and other pertinent documents;
7. Grant fund disbursement may take up to three weeks from receipt of the completed application (including all required documentation) to funding; and,
8. Applicants may call or email the Economic Development Department Business Hotline with any questions at 562-570-4BIZ (4249) or 4Biz@longbeach.gov.

Required Documentation

A review of the SBR Grant application will be conducted after receipt of the following documents from the applicant:

- City of Long Beach SBR Grant application;
- Copy of City of Long Beach business license;
- Copy of photo identification;
- 2018 Business Tax Returns or other documentation showing proof of annual income (only for CDBG-funded grants); and,
- Supporting documentation verifying damages and/or losses, such as:
 - Pictures;
 - Bids for interior/exterior building repairs;
 - Quotes for equipment that needs to be repaired or replaced;
 - Police report;
 - Insurance claim documentation; and,
 - Other relevant documentation.

EQUITY LENS

Consistent with recommendations from the [Equity Toolkit](#), staff will implement a variety of communications and outreach strategies to reach the diverse small business owners of Long Beach, such as working closely with trusted business associations and community-based organizations and promoting this program through social media, e-newsletters, direct outreach, and more. Efforts will be made to make promotional materials and program materials available in multiple languages, including Khmer, Spanish, and Tagalog. Additionally, staff will collect demographic data on a voluntary basis to assess who is, and is not, benefitting from this program and use the data to inform staff outreach efforts for the duration of this program.

CONCLUSION

Many of the small businesses impacted by the events of May 31st serve the local community with employment opportunities, goods, and services that are important to the economic health and quality of life of the city. Additionally, the City relies on sales tax, property tax, and other revenue from the economic activity that these businesses create to pay for essential services such as public safety and infrastructure. It is in the best interest of the City and the community to invest in the rapid restart and reopening of these businesses.

While these \$250,000 in grant funding will be immediate assistance to many businesses, there are businesses that were affected that do not fit these funding criteria. As those applications are received, staff will advise them their application is pending, while the City secures an additional funding source. Staff will bring back a recommendation to the City Council on how to potentially fund this program per City Council's direction.

Thank you for your consideration of this important matter. Please contact me at (562) 570-5282, or by email john.keisler@longbeach.gov with additional questions.

CC: CHARLES PARKIN, CITY ATTORNEY
LAURA L. DOUD, CITY AUDITOR
LINDA F. TATUM, ASSISTANT CITY MANAGER
TERESA CHANDLER, DEPUTY CITY MANAGER
KEVIN J. JACKSON, DEPUTY CITY MANAGER
REBECCA GUZMAN GARNER, ADMINISTRATIVE DEPUTY CITY MANAGER
MONIQUE DE LA GARZA, CITY CLERK (REF. FILE #[20-0564](#))
DEPARTMENT DIRECTORS