

COACHELLA OPPORTUNITY ZONE CHALLENGE

March 2021

In partnership with:



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Introduction

In 2017, the Tax Cut and Jobs act established federally recognized Opportunity Zones (OZs) by which investors can receive preferred tax treatments for investing in designated census tracts, creating a new funding source for economic development at scale. The County of Riverside has 49 Opportunity Zone census tracts, the 3rd highest in the state of California. The City of Coachella and adjacent unincorporated areas of Thermal, Mecca, and the North Shore contains seven (7) OZ census tracts, the highest in the eastern Coachella Valley.

In 2018, the City of Coachella EDA received a grant of \$50,000 from Accelerator for America to use towards Opportunity Zone related efforts. The intended use of funds included the creation of a city prospectus, feasibility study, and entrepreneurship focused community engagement program. This proposal will focus on the execution of Opportunity Coachella, which will launch the Opportunity Zone prospectus to the public and run a citywide engagement and entrepreneurship competition, both intended to grow businesses and investments within our Opportunity Zone communities in the city and adjacent unincorporated areas.

Overview and Requirements

In August 2020, the City of Coachella Economic Development Department engaged several partners in discussions regarding the prospectus, marketing plan, and community engagement process for the City's Opportunity Zones. The parties included:

1. City Possible: Team within MasterCard to promote thought leadership, co-development, prototyping, and scaling of solutions emerging technologies among its partner cities, and advising on the best practices for community engagement.
2. MasterCard: Providing prepaid cards for distribution of prizes.
3. MySidewalk: Digital platform hosting the City's Opportunity Zone prospectus.
4. County of Riverside Economic Development Agency (EDA): Providing county information regarding OZ's.
5. Blended Impact, Inc.: Consulting services that include marketing, survey creation, Spanish translation services, update City's OZ website and final reporting.

From these discussions came two main priority areas in which the Opportunity Coachella competition would focus. The first goal of the competition is to engage and educate the residents of the community regarding the opportunity zones in the city and adjacent unincorporated areas, and provide a manner and incentives for them to submit their suggestions for input. The first 100 people to respond to the community survey will receive a \$50 prepaid MasterCard, announced at the end of the competition period, totaling \$5,000 in community prizes. To ensure prizes can be extended to all residents, documented and undocumented, the City will allow the prepaid MasterCard to be issued without the need for a social security number.

The second goal of the competition is to attract new businesses to the community in targeted areas. The target businesses should fall in the following categories:

1. Clean energy and Clean Technology
2. Manufacturing and Logistics
3. Recreation, Restaurants and Entertainment

Within these categories, three (3) businesses seeking to relocate, expand, or start within the area would be eligible for a 1st prize of \$5,000, 2nd prize of \$3,000, and 3rd prize of \$2,000 for a total of \$10,000 in business prizes chosen by a panel of judges. The anticipated panel of judges may consist of a City Official, City EDA, County EDA, SBDC, Chamber of Commerce, City Possible, Accelerator for America, or other relevant parties not to exceed ten.

Timeline

The competition will run for a total of three (3) weeks and the anticipated timeline is as follows:

- March 24, 2021 - City Council Approval
- April 5, 2021 - Opportunity Coachella announced
- Competition Open Dates - 2 weeks later
- Opportunity Coaches closes - 3 weeks after open
- Community Survey Prize Notifications - 2 weeks after competition closes
- Business Grant Review Period - 2 week period
- Recommendations for City Council Approval - 1 month after competition closes
- Business Grant Award Notifications - 1 month after competition closes

Community Survey Selection Criteria

Prizes for responses to the survey will be awarded to the first 100 residents that respond as logged by the online intake system and any mail in entries. Mail in entries will be logged as received at noon on the day of receipt for determination purposes.

Business Selection Criteria

Due to the anticipated number of submissions and limited funding, late application submissions will not be processed or considered. The competition does not obligate the City of Coachella to award a grant agreement. The City of Coachella reserves the right to waive minor irregularities or request additional information to further clarify or validate information submitted in the application, provided the application, as submitted, substantially complies with the requirements of this competition. There is, however, no guarantee that the City of Coachella will look for information or clarification outside of the submitted written application. Therefore, it is important that all applicants ensure that all sections of their application are complete to avoid the possibility of failing an evaluation phase or having their score reduced for lack of information.

Experience (40 points):

The applicant must demonstrate the business, administrative, financial, oversight, and management expertise to launch or grow a business in one of the designated funding priority categories that their proposed project or program falls under. The City will prioritize applications from for profit entities that can verify at least 6 months prior history and can demonstrate traction across revenue, profit, inventory, waiting lists, team or other indicators of growth or stability.

Needs Served and Job Creation (30 points)

The applicant must describe an organized proposal to relocate, expand, or start a small business in Coachella and adjacent unincorporated areas of Thermal, Mecca, or North Shore in either of the following categories:

- Clean energy and Clean Technology
- Manufacturing and Logistics
- Recreation, Restaurants and Entertainment

The applicant shall describe how their program will serve residents and patrons, why they would be successful, their approach to ensuring long-term sustainability, proposed number of individuals to be served and anticipated number of jobs to be created.

Resources (20 points):

The applicant must describe how the City EDA, SBDC, and other city/county resources could be most helpful to their business and outline a timeline for this assistance. This could entail detailing specific needs around permitting, licensing, business incentives, site selection, SBA loans, or business planning. A list of general questions or topics of confusion where assistance is needed would also be acceptable.

Budget (10 points):

Must outline a reasonable budget that identifies the type and amount of all costs to support the proposed award, including: 1) Itemized program operating budget; 2) Availability and/or potential leveraging of additional funds to support program objectives, including identification of funding sources and status of funding commitment; 3) Description of financial capacity and experience in award compliance.

Ineligible Expenses

Ineligible expenses include but are not limited to:

- Any expenses the IRS would not categorize as a business expense for the associated business

- Any expense related to “sin businesses” as defined by Opportunity Zone federal legislation including golf course, country club, massage parlor, racetrack, gambling facility, or liquor stores
- Expenses incurred prior to December 10, 2020
- Expenses incurred supporting locations operating outside of Coachella or the adjacent unincorporated areas of Thermal, Oasis, and North Shore
- Any expenses covered or reimbursable by another funding source
- Lobbyists, political contributions
- Food and Beverages (including alcohol)
- Cannabis related purchases
- Indirect costs
- Award Management Responsibilities

Award Agreement

Each first, second and third prizewinners must formally enter into a legal agreement with the City of Coachella. The agreement will address the conditions of the award, including implementation of the project. Once the agreement is signed, the awardee is expected to read and comply with all conditions of the agreement. The funded applicant will be legally responsible for assuring implementation of project activities and compliance with all applicable state and federal requirements including taxes, insurance, nondiscrimination, data privacy, budget compliance, and reporting. All awards over \$600 will be subject to federal and state taxes payable by the recipient and winners will be issued a 1099.

Documentation and Record Retention

The City of Coachella maintains City documents in accordance with the City’s Records Management Policy and record retention schedule. The City and any sub recipient of Accelerator for America Grant Funds must retain records for five years (5) after final payment is made and should be available on requests for audits. It should be noted that documents associated with the award could be subject to a Public Records Act request. If a request is made, the City will respond to the request in accordance with the City’s Public Records Request Policy.

Accountability and Reporting Requirements

It is the policy of the City of Coachella to monitor progress on grants by requiring recipients to submit written progress reports on grant activities and expenditures. Progress reports on approved grant project activities will be required on the following schedule:

- Report 1 - 90 days after awards disbursed
- Report 2 - 120 days after awards disbursed
- Report 3 - 365 days after awards disbursed

Reports provided by award recipients will need to provide sufficient supporting documentation to show that expenditures under this program meet all program requirements and satisfy sub-recipient monitoring guidelines as outlined above. Additional funds will not be provided by the City until City staff has verified program compliance.

Non-Discrimination Requirements for Grantees

The grantee agrees not to discriminate against any person seeking service or assistance because of race, color, creed, religion, national origin, sex, marital status, status concerning public assistance, immigration status, membership or activity in a local commission, disability, sexual orientation, age, physical or mental disability.

Ineligible Organizations and Businesses

Please note that the following organizations are not eligible to apply:

- “Sin businesses” as defined by Opportunity Zone federal legislation including golf course, country club, massage parlor, racetrack, gambling facility, or liquor stores
- K-12 schools including charter, public or private;
- College or universities
- Libraries
- Government entities/agencies
- Grant making organizations and charitable trusts
- Fraternal organizations
- Churches or religious organizations, except for specific programs with direct service offered to general public without regard to faith, affiliation, religious belief or practice, and that are provided in a non-discriminatory way that benefits the larger community
- Licensed cannabis businesses
- Businesses who are under bankruptcy protection

Application Instructions

Eligible Applicants: This competition is open to all individuals and small businesses that live in Coachella or adjacent unincorporated areas or desire to relocate, expand to, or start a business in the area.

No facsimile or in person submissions will be accepted. Applicant may apply ONLINE or via MAIL:

- ✓ To apply online visit: www.OpportunityCoachella.com
- ✓ To apply via mail:

- Individuals applying to the community input survey for prizes awarded to the 1st 100 should send a 1 page letter containing your name, address, phone number, and answer 1) what do you love the most about the city 2) what do you wish the city had 3) what employers or businesses would you love to see come to the city
- Businesses applying for the 1st, 2nd, or 3rd prize should submit 5 bound hard copies (no staples, single-sided; bound means in a 3-ring binder or comb/coil/thermal bound) of no more than 15 pages regarding the business deck
- Please have your packet DELIVERED (i.e. UPS or FedEx or Certified Mail) to:
Coachella Opportunity Zone Challenge
City of Coachella
53990 Enterprise Way Coachella, CA 92236
ATTN: Dr. Gabriel Martin, Economic Development Director

Questions? Please submit your questions in writing to Dr. Gabriel Martin, via email at gmartin@coachella.org. Submittal due date is 3 weeks after the competition opens by 5:00 PM.

Resources

California Opportunity Zones: <https://opzones.ca.gov/>



Riverside County Opportunity Zones: <https://www.opportunityriverside.com/home>

