

Staff recommends the balance of the CARES Act funds, approximately \$267,000, be allocated to a small business grant program to support local business impacted by the Pandemic. The outline of the grant program is provided in the following sections and staff are seeking initial feedback and input from the City Council.

MERCER ISLAND COVID-19 RELIEF FOR SMALL BUSINESS GRANT PROGRAM

Staff are developing a small business grant program to provide direct support to small businesses on Mercer Island. Funds for small business grants are an eligible expenditure under the CRF program. The grant program scope includes:

- A transparent and accessible process;
- Clear eligibility criteria and a defined cap on award amounts;
- An application review committee comprised of City Council, City staff, and community members;
- An accelerated timeline for application, review, contract execution, and distribution of funds; and,
- Established measures for auditing and compliance.

The City of Mercer Island grant program is modeled after several other city grant programs in the Puget Sound region.

GRANT PROGRAM OVERVIEW

The Mercer Island COVID-19 Relief for Small Businesses Grant Program intends to assist organizations who have been significantly impacted by the Pandemic. The program will be funded entirely through the CRF program. The high-level framework for the program is outlined below:

- Grants will be awarded in amounts ranging from \$5,000 to a maximum of \$10,000. Staff anticipate the bulk of the grant awards will be at the \$5,000 amount.
- Applications will be reviewed by a City Council-appointed committee, who will review for eligibility requirements, COVID-19 impact, and intended use of funds. The committee will make recommendations to the City Council, and the City Council will determine final grant awards.
- Eligible expenses are those that occurred from March 1, 2020 to November 30, 2020 and must be directly related to addressing impacts from the Pandemic.
- Once awarded, grant recipients will be required to enter into a Subrecipient Agreement with the City.

The City will maintain the Subrecipient Agreement for future auditing needs. Grantees will be instructed to keep the appropriate documentation (receipts, rent invoices, etc.) for future auditing by the City and/or the State. Only one application will be accepted from each business or organization.

ELIGIBILITY CRITERIA

With limited available funds, the focus is on providing a grant program that will support Mercer Island businesses most impacted by the Pandemic. Staff drafted the following eligibility criteria:

- Be a for-profit business or nonprofit organization.
- Have a brick-and-mortar location within Mercer Island city limits (the grant program excludes home-occupancy organizations and national chains.)
- Have been in operation as of March 1, 2019.
- Have an active City of Mercer Island business license and be in good standing with the City of Mercer Island and the State of Washington.
- Have no more than 25 full-time equivalent employees (FTE) and gross 2019 receipts under \$2 million.

- Demonstrate hardship due to the Pandemic, such as revenue loss, requirement to purchase PPE etc.
- Describe how the grant award will be used in the immediate term to stabilize/sustain the business (ex. to pay rent, to purchase PPE to safely reopen location, etc.)

These criteria align with eligibility requirements included in similar grant programs in the region and attempt to narrow the applicant field to target the businesses most impacted by the Pandemic. Under these criteria, approximately 200 local retailers, restaurants, salons, service providers, and other businesses will be eligible to apply for a grant.

APPLICATION REVIEW PROCESS & COMMITTEE

A committee consisting of five to seven reviewers will be appointed by the City Council. Staff recommend this committee be comprised of the following:

- Up to two City Council members
- Up to two City staff members
- Up to three Mercer Island residents

Reviewers will be instructed to evaluate applications based on the grant criteria previously described. Priority will be given to businesses in general customer service categories (retail, food/beverage service, fitness, hair & beauty services, etc.), which serve as a draw to Mercer Island business districts and have been heavily impacted by the Pandemic.

The City aims to distribute funds equitably and to as many businesses as possible using the limited funds available.

TIMELINE & OUTREACH

Staff suggest the following schedule:

- October 20, 2020 – City Council approval of the grant program, criteria, and the evaluation committee
- October 21 - 26, 2020 – Application Period
- October 27 - 29, 2020 – Committee Review
- November 2, 2020 – City Council approval and authorization to fund the Grant Awards
- November 3, 2020 – Award Announcement

This is a very aggressive timeline as the funds must be spent by November 30, 2020 and the deadline for the City to submit the reimbursement request to Department of Commerce is December 15, 2020.

Once the grant program is approved by the City Council staff will immediately reach out to businesses directly using the City's business e-mail contact list (850+ businesses) and post the grant program and application on Let's Talk. Staff will also use the Mercer Island Chamber of Commerce and the *Mercer Island Reporter* to cross-promote the program.

RECOMMENDATION

Discuss and provide feedback and direction on the administration of a Small Business Grant program using Coronavirus Relief Funds. The City Council will have an opportunity to formally approve the grant program and accept the funds at the October 20, 2020 City Council meeting.