

UPDATED GRANT PROGRAM SCOPE

The Mercer Island COVID-19 Relief for Small Businesses Grant Program will assist organizations who have been significantly impacted by the Pandemic. Based on City Council feedback, staff and City Council Liaisons amended the program framework to the following:

- Grants will be awarded in a flat amount. The final award amount will be determined based on available funding and number of eligible applicants and will be no less than \$5,000 per recipient.
- Grant recipients will be selected via a lottery system. All eligible applications will be sorted into three prioritization pools (described below). A committee comprised of City staff and City Council members will review the lottery selection and prepare a recommendation to the City Council for approval at its November 2, 2020 regular meeting.
- Eligible expenses are those occurring from March 1 through November 30, 2020, must be directly related to the COVID-19 Pandemic, and have not been paid for by other COVID-19 relief grant/loan programs.
- Once awarded, grant recipients will be required to enter a Subrecipient Agreement with the City.

The City will maintain the Subrecipient Agreement for future auditing needs. Grant recipients 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.

UPDATED ELIGIBILITY CRITERIA

Following City Council direction on October 6, staff and City Council Liaisons streamlined the eligibility criteria. Eligible applicants must:

- Be a small business or 501(c)(3) nonprofit organization, other than regional/national chain businesses and home-based businesses;
- Have a customer-facing, physical location within Mercer Island city limits;
- Have been in operation as of January 1, 2020;
- 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;
- Demonstrate hardship due to the Pandemic, such as revenue loss, requirement to purchase PPE, etc.; and
- Describe how the grant award will be used in the immediate term to stabilize/sustain the business (e.g. to pay rent, to purchase PPE, to safely reopen, etc.).

These criteria align with eligibility requirements included in similar small business grant programs in the region. More local businesses will be eligible to apply for a grant under these new criteria than originally proposed by staff. However, the proposed structure for the lottery selection process will ensure that the businesses that have been most impacted by the Pandemic will still be prioritized.

ADDITIONAL DETAILS ABOUT THE LOTTERY SELECTION AND AWARD PROCESS

Staff initially proposed creating a grant review committee to evaluate applications and recommend awards to the City Council. To simplify the evaluation process at the direction of the City Council, the recommendation has changed to a lottery selection process. The process, which is modeled on successful processes used by other communities, is as follows:

- City staff evaluate applications based on the established eligibility criteria.
- All eligible applicants will be sorted into one of three pools according to the following priorities:

- Pool 1: Businesses and nonprofits such as Food & Drink Establishments (restaurants, bars, etc.); Retail Establishments (boutiques, bookstores, specialty shops, florists, etc.); Personal Service Providers (hair salons, nail salons, estheticians, dry cleaners, etc.); Fitness Studios; Education/Childcare Services (daycare, preschool, etc.); and Entertainment/Arts/Recreation Service Providers
- Pool 2: Other businesses and nonprofits such as Professional Service Providers (financial services, real estate, architects, etc.) and Health & Wellness Providers (doctors, dentists, physical therapists, etc.)
- Pool 3: All other eligible applicants
- Funds will be allocated based on the priorities outlined above, with awardees selected in the following order:
 - Select from Pool 1 by lottery until all funds are allocated or all Pool 1 applicants are awarded
 - Select from Pool 2 by lottery until all funds are allocated or all Pool 2 applicants are awarded
 - Select from Pool 3 by lottery until all funds are allocated or all Pool 3 applicants are awarded
- Once the lottery selection is complete, a committee comprised of City staff and City Council liaisons will conduct a final review of the awards to ensure eligibility.
- The internal committee will present the outcome of the lottery process to the City Council for review and approval on November 2, 2020.

The City aims to distribute the grant funds in accordance with the priorities listed above and to as many businesses as possible within the timeframe prescribed by the CARES Act.

UPDATED TIMELINE & OUTREACH

Shifting to a lottery selection process provides more time to promote the grant program and administer the application process. Staff suggest the following updated timeline for the program:

- October 20, 2020 – City Council approval of the grant program, criteria, and lottery selection process
- October 21-29, 2020 – Application and promotion period
- October 30-November 1, 2020 – Lottery selection and internal review by City Staff/City Council liaisons
- November 2, 2020 – City Council approval and authorization to fund the Grant Awards
- November 3, 2020 – Award Announcement

This timeline extends the application period while still accommodating the deadlines to spend the funds (November 30, 2020) and submit the reimbursement request to the Department of Commerce (December 15, 2020).

Once the grant program is approved by the City Council, staff will immediately reach out to businesses using the City’s business e-mail contact list (850+ businesses), Let’s Talk, the City e-newsletter/social media, and partner channels such as the Mercer Island Chamber of Commerce and the *Mercer Island Reporter*.

RECOMMENDED ALLOCATION OF ADDITIONAL CARES ACT FUNDS

In addition to allocating funds to create a small business grant program, staff recommend allocating the remaining \$97,050 for ongoing and future emergency response functions through November 30, 2020, related to the Pandemic. Expenses include technology supplies and software fees; Personal Protective Equipment (PPE); ongoing facility modifications to comply with Health Department directives; and payroll expenses for staff dedicated to the City’s Pandemic response.

RECOMMENDATION

1. Authorize the City Manager to accept CARES Act Coronavirus Relief Funds from Washington State in the amount of \$367,050.
2. Appropriate \$270,000 to fund the Mercer Island COVID-19 Relief for Small Businesses Grant Program.
3. Appropriate \$97,050 to support the City's emergency operation in response to the Pandemic.