

SANTA CRUZ COUNTY CARES RECOVERY

SMALL BUSINESS ASSISTANCE GRANT PROGRAM – ROUND 2

I. INTRODUCTION

To mitigate the impact of COVID-19 on Santa Cruz County small businesses and their employees, the County of Santa Cruz has committed up to \$1,000,000 in one-time funds through the Coronavirus Aid, Relief, and Economic Security (CARES) Act to create a Small Business Assistance Grant Program. The first round of applications resulted in the awards totaling \$278,320.39. A total of \$721,679.61 remains for this second round of applications.

The objective of this program is to offer immediate financial assistance to reimburse COVID-19 related expenses small businesses located in Santa Cruz County (including the four incorporated cities of Capitola, Santa Cruz, Scotts Valley and Watsonville) to aid in maintaining their business and workforce.

The funding for this grant opportunity will enable a potential of 66 to 100 grants available throughout the county depending upon the amount requested for each grant, with a maximum of \$15,000 per request. The grants will be awarded through a lottery system with the county divided into three grant zones - South, Mid and North County. Fifty percent (50%) of the grants are dedicated to businesses owned by women and socially disadvantaged individuals as defined below.

Complete applications with all attachments (scanned and in pdf format) must be emailed to: scccaresrecovery@santacruzcounty.us no later than October 11, 2020 at 11:59 p.m.

II. OVERVIEW

1. Grant funds may only be used to reimburse the following items:
 - “Payroll expenses for public safety, public health, health, human services and other similar employees “substantially dedicated” to mitigating and responding to COVID-19” that are necessary and unreimbursed from another source of funding. (this may include additional staff hired to respond to the emergency to provide services.);
 - Payroll expenses due to business interruption;
 - Lease payments for business premises;
 - New Business telework equipment costs as a result of COVID-19;
 - Inventory Acquisition (inventory needed to re-open or maintain open status);
 - Personal Protective Equipment (PPE) purchase;
 - Facility readiness (social distancing preparedness, business modifications, outdoor dining, etc.); and
 - Other eligible expenditures included in the Department of Treasury Guidance.

All qualifying expenditures must be consistent with the Department of Treasury Guidance and Frequently Asked Questions (FAQ) provided below:

Guidance:

<https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Guidance-for-State-Territorial-Local-and-Tribal-Governments.pdf>

Frequently Asked Questions:

<https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Frequently-Asked-Questions.pdf>

2. Reporting & Records Retention Requirements. Further reports and records may be requested of the business at the time of application, prior to payment and up to five years after award for reporting and audit purposes. The following Department of the Treasury document provides the reporting and retention requirements and is further summarized below.

<https://home.treasury.gov/system/files/136/IG-Coronavirus-Relief-Fund-Recipient-Reporting-Record-Keeping-Requirements.pdf>

Records to support compliance with subsection 601(d) may include, but are not limited to, copies of the following, as applicable:

- a. General ledger and subsidiary ledgers used to account for (a) the receipt of Coronavirus Relief Fund payments and (b) the disbursements from such payments to meet eligible expenses related to the public health emergency due to COVID-19;
- b. Budget records for 2019 and 2020;
- c. Payroll, time records, human resource records to support costs incurred for payroll expenses related to addressing the public health emergency due to COVID-19;
- d. Receipts of purchases made related to addressing the public health emergency due to COVID-19;
- e. Contracts and subcontracts entered into using Coronavirus Relief Fund payments and all documents related to such contracts;
- f. Grant agreements and grant subaward agreements entered into using Coronavirus Relief Fund payments and all documents related to such awards;
- g. All documentation of reports, audits, and other monitoring of contractors, including subcontractors, and grant recipient and subrecipients;
- h. All documentation supporting the performance outcomes of contracts, subcontracts, grant awards, and grant recipient subawards;
- i. All internal and external email/electronic communications related to use of Coronavirus Relief Fund payments; and
- j. All investigative files and inquiry reports involving Coronavirus Relief Fund payments.

Records shall be maintained for a period of five (5) years after final payment is made using Coronavirus Relief Fund monies.

3. **Supporting documentation for eligible expenditures consistent with the above must be submitted in pdf format (other formats, including photographs will not be accepted) with the application for reimbursement.**

4. Submission of an incomplete or inaccurate application will result in ineligibility for program funding. Santa Cruz County is committed to timely review and processing to ensure award recipients can apply this resource to the successful continuation of business operations.
5. Grants of up to \$15,000 will be issued to qualified small businesses with not more than 25 full-time employees.
6. A minimum of 50% of the total award will be reserved for businesses that are owned by women and socially disadvantaged individuals as defined below:

Socially disadvantaged individuals-owned businesses are defined as: socially disadvantaged individuals are those who have been subjected to racial or ethnic prejudice or cultural bias within American society because of their identities as members of groups and without regard to their individual qualities. The social disadvantage must stem from circumstances beyond their control. Socially disadvantaged individuals are those who have been subjected to racial or ethnic prejudice or cultural bias within American society because of their identities as members of groups and without regard to their individual qualities. The social disadvantage must stem from circumstances beyond their control.

For more information please see the following link:

<https://www.law.cornell.edu/cfr/text/13/124.103>

Woman-owned businesses are defined as: women-owned business means that at least 51 percent owned by one or more women; or in the case of any publicly owned business, at least 51 percent of its stock is owned by one or more women; and whose management and daily business operations are controlled by one or more women.

For more information please see the following link:

<https://www.law.cornell.edu/cfr/text/48/52.204-5>

7. There is a maximum of one application per business owner. If the applicant owns multiple businesses within the county, the Principal Place of Business (the address on the W-9) must be located within Santa Cruz County. Applications are for the entire business no matter how many locations are located within the county.

III. ELIGIBILITY

Please carefully review the eligibility requirements below:

- Applicants must submit a current copy of its W-9 form.
- Applicants must have been in operation within Santa Cruz County for at least one year as of March 1, 2020 and have no more than 25 full-time employee equivalents (FTE).
- The business must remain in operation at least 30 days after receiving grant funding, otherwise the business must return the Small Business Grant Program funds to the County of Santa Cruz within ten days of closure.
- If the applicant's business resides in one of the four incorporated cities (Capitola, Santa Cruz, Scotts Valley or Watsonville), you must have an active business license, a copy of which is

required at submission and be in good standing with the local jurisdiction and State. Applicants who are involved or have been involved in legal or financial issues may not qualify.

- Applicant cannot have received either SBA Paycheck Protection Program (PPP) or SBA Economic Injury Disaster Loan (EIDL) or other SBA, government, or other grant source related to COVID-19.
 - For this second round, both essential and non-essential businesses are eligible to apply.
 - If Applicant has multiple locations, the principal place of business will be used to enter the lottery.
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SMALL BUSINESS ASSISTANCE GRANT APPLICATION

TO BE COMPLETED BY APPLICANT

Name of Business: _____

Name of Business Owner(s): _____

Business Address: _____

Contact Person Name and Title: _____

Contact Person E-Mail: _____

Contact Person Phone: _____

If selected, you will receive a check in the mail in the Business' name. Please provide full mailing address below:

Address: _____

City: _____ Zip Code: _____

Amount Requested (not to exceed \$15,000 - supporting documentation required): _____

Business Type (Select One):

- Sole Proprietor
- Partnership
- Limited Partnership
- Corporation
- Limited Liability Entity
- Non-Profit Corporation
- Cooperative Corporation

ELIGIBILITY VERIFICATION

1. What type of business do you operate? _____

2. Is your business a small business with no more than twenty-five (25) full-time equivalent employees?

YES _____

NO (Your business is not eligible for this grant)

3. Have you enclosed a current copy of the W-9?
YES _____ NO (Your business is not eligible for this grant)
4. Has the business been in operation in the Santa Cruz County for at least one year as of March 1, 2020?
YES _____ NO (Your business is not eligible for this grant)
BUSINESS START DATE: _____
5. Has the applicant received SBA Paycheck Protection Program (PPP) or SBA Economic Injury Disaster Loan (EIDL) or other SBA, government or other grant source related to COVID-19 in the past?
NO _____ YES (Your business is not eligible for this grant)
6. Is the business and applicant in good standing with the County of Santa Cruz and/or the city in which it resides?
YES _____ NO (Your business is not eligible for this grant)
7. Has the business or the applicant ever been involved in a bankruptcy or insolvency proceeding?
NO _____ YES _____ (Enter date below)
BANKRUPTCY DATE: _____
8. Does the business or applicant have any outstanding judgments, tax liens, or pending lawsuits against them?
NO _____ YES (Your business is not eligible for this grant)
9. In the past year, has the business or the applicant been convicted of a criminal offense committed during and in connection with a riot or civil disorder or other declared disaster, or ever been engaged in the production or distribution of any product or service that has been determined to be obscene by a court of competent jurisdiction?
NO _____ YES (Your business is not eligible for this grant)
10. Is the business or applicant delinquent on any federal taxes, direct or guaranteed federal loans (SBA, FHA, VA, student, etc.), federal contracts or federal grants?
NO _____ YES (Your business is not eligible for this grant)
11. Is the applicant currently suspended or debarred from contracting with the federal government or receiving federal grants or loans?
NO _____ YES (Your business is not eligible for this grant)
12. Is the applicant presently subject to an indictments, criminal information, arraignment or other means by which formal criminal charges are brought in any jurisdictions; been arrested in the past six months for any criminal offense; or any other criminal offense – other than a minor vehicle violation been convicted, plead guilty, plead nolo contendere, been placed on pretrial diversion or been placed on any form of parole or probation (including probation before judgment)?
NO _____ YES (Your business is not eligible for this grant)

13. May we share your contact information with our local business organizations providing services and advocating on behalf of the business community?

YES _____ NO _____

14. Is this business at least 51 percent owned by women and/or socially disadvantaged individuals? (See page three for a definition of socially disadvantaged individuals)

YES _____ NO _____

GRANT APPLICATION PROCESS AND TERMS

Grant applications must be emailed directly scccaresrecovery@santacruzcounty.us no later than October 11, 2020. In the event that you or your business have been directly impacted by the Lightning Complex Fire and may require special dispensation on the application deadline, please send an email to the above address with questions.

1. Applicants must include the following:

- This application
- Copy of a valid business license, if applicable
- Current copy of W-9
- Copies of all receipts and proof of payment of all allowed reimbursable items consistent with Section II. Overview, Section 1 up to \$15,000.

2. If application is found complete, application will be reviewed for eligibility and if eligible will be placed in the lottery which will be conducted on October 23, 2020 at 3:00 p.m. The lottery is divided into three grant zones – South County, Mid County and North County. Funds are divided based on percentage of positive COVID-19 cases in each area as of August 18, 2020 (program adoption by the Board of Supervisors). If any grant zone has funding remaining at the end of this application period, the remaining balance will be distributed to eligible applicants, by lottery, on a county-wide basis.

a. Grant distribution will be as follows at the maximum \$15,000 request (percentages rounded):

- I. North County (Zip Codes 95005, 95006, 95007, 95017, 95018, 95033, 95041, 95060, 95061, 95064, 95065, 95066, 95067) will be 15.9%, which equates to approximately 7 grants available.
- II. Mid County (Zip Codes 95001, 95003, 95010, 95062, 95073) will be 21.8%, which equates to approximately 10 grants available.
- III. South County (Zip Codes 95019, 95063, 95076, 95077) will be 65.6%, which equates to approximately 31 grants available.
- IV. If any grant zone has funding remaining at the end of this second round application period, the remaining balance will be distributed to eligible applicants, by lottery, on a county-wide basis.
- V. If additional funds become available for this program, the same percentages will be used to guide any subsequent lottery.

- b. In all cases, the County reserves the right to reject any and all applications in the event the County identifies an application incomplete or a potential conflict of interest or the appearance of a conflict of interest.
 - c. Submission of an application in no way obligates the County to award a grant and the County reserves the right to reject any or all applications wholly in part, at any time, without penalty.
3. If awarded, this application becomes a binding contract between the applicant and the County of Santa Cruz.
- 4. If awarded, funds may only be used for applicant's payroll expenses, lease payments or rent, business telework equipment costs, inventory acquisition (inventory needed to reopen or maintain open status), Personal Protective Equipment (PPE) purchase, and Facilities Readiness (social distancing prepares, business modifications, etc.). Supporting documentation of these expenditures must be included as part of the application submittal.**
5. Businesses receiving funding are required to:
 - a. Allow the County to audit the recipient's books and records for compliance with terms in this Agreement, as requested.
 - b. Adopt and follow federal and State guidance for operation their businesses (social distancing, clean down procedures and services to seniors and vulnerable populations).
 - c. Register on the General Services Department (GSD) website as a vendor.
6. Businesses receiving funding are encouraged to log onto the County's Office for Economic Development website at sccvitality.org and sign up for the BLUE CHECK PROGRAM.

Please direct any questions to scccaresrecovery@santacruzcounty.us with "Small Business Grant" in the title line.

SMALL BUSINESS ASSISTANCE GRANT PROGRAM CERTIFICATION

TO BE COMPLETED BY APPLICANT AND SUBMITTED WITH APPLICATION

CERTIFICATION FOR RECEIPT OF FUNDS PURSUANT TO PARAGRAPHS (2) OR (3) OF SUBDIVISION (d) OF CONTROL SECTION 11.90 OF THE BUDGET ACT OF 2020

I, (Name) _____, am the business owner or authorized designee of the
(Business Name) _____, and I certify that:

1. I have the authority on behalf of (Business Name) _____ to request payment from the County of Santa Cruz pursuant to the applicable provisions of subdivision (d) of Control Section 11.90 of the Budget Act of 2020.
2. I understand the County will rely on this certification as a material representation in making a direct payment to (Business Name) _____.
3. The (Business Name) _____ proposed uses of the funds provided as direct payment under the applicable provisions of subdivision (d) of Control Section 11.90 of the Budget Act of 2020 will be used only for costs that:
 - a. Are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19); and
 - b. Were incurred during the period that begins on March 1, 2020 and ends on August 31, 2020.
4. The (Business Name) _____ agrees to do all of the following as a condition of receipt of funds:
 - a. Adhere to federal guidance and the County and State's stay-at-home requirements and other health requirements as directed in gubernatorial Executive Order N-33-20, any subsequent Executive Orders or statutes, and all California Department of Public Health orders, directives, and guidance in response to COVID-19 emergency.
 - b. Use the funds in accordance with all applicable provisions of subdivision (d) of Control Section 11.90 of the Budget Act of 2020 identified above.
 - c. Retain records to support reported COVID-19 eligible expenditures and participate in audits as outlined by the County of Santa Cruz, federal government and State.

CERTIFICATION FOR RECEIPT OF FUNDS PURSUANT TO PARAGRAPHS (2) OR (3) OF SUBDIVISION (d) OF CONTROL SECTION 11.90 OF THE BUDGET ACT OF 2020

By my signature below, I have read and understand the Small Business Assistance Grant Program, and I declare under penalty of perjury under the laws of the State of California that the information contained in this application is true and correct. I further make the following representations and acknowledge agreement to the following terms and conditions:

- Upon approval of award, as evidenced by award of grant funds, this application becomes a binding contract between the applicant and the County of Santa Cruz (Agreement).
- I am duly authorized representative of the entity named above and can bind the entity to the terms of this Agreement.
- If funds are provided by the County, the funds will be used for the purposes set forth above.
- In no event shall the County's financial responsibility exceed the approved amount set granted.
- Applicant shall defend and indemnify the County and its employees from and against any claim, injury, liability, loss, cost and/or expense or damage including all costs and reasonable attorney's fees, arising from or alleged to arise from the activity or event.
- The representations made by applicant in this Application are material terms of the Agreement, as is compliance with the Small Business Assistance Grant Program. The County may cancel this Agreement at any time upon discovery that any of the information set forth above is inaccurate, that these terms have been violated, or any provision of the Small Business Assistance Grant Program has been violated.

By: (Business Name) _____

Signature: _____

Title: _____

Date: _____