



**SMALL BUSINESS
RELIEF GRANT PROGRAM
GUIDELINES
ROUND 3**

Program Overview

About the Program

The City of Seal Beach Small Business Relief Grant Program was established provide one-time funding to small businesses located within the city needing financial assistance in overcoming the temporary loss of revenue due to the COVID-19 outbreak. The program is based on the availability of funds, program guidelines and submission of all required information and supporting documentation.

The County of Orange's Second Supervisorial District originally allocated more than \$560,000 of federal Coronavirus Relief funds, made available through the Coronavirus Aid Relief and Economic Security Act (CARES Act), to the City to specifically provide grants to small businesses "to reimburse the costs of business interruption caused by required closures and unemployment insurance costs related to the COVID-19 public health emergency," if such costs are not otherwise reimbursed by the federal government. These funds were distributed to qualifying businesses in 2020.

Additional funding in the amount of \$77,000 was recently allocated by Orange County to the City of Seal Beach for the same purpose. The Seal Beach City Council has decided to allocate these grant funds to Seal Beach Businesses most impacted by the State's Regional Stay at Home Order that was put into place in early December 2020 and concluded January 25, 2021.

As a result, Seal Beach small businesses within the restaurant, personal care and gym/fitness center business sectors with 30 or less employees (full or part time) may be eligible to receive a working capital grant of three thousand five hundred dollars (\$3,500). The grant may be used for working capital to cover the day-to-day business operating expenses such as rent/lease payments, mortgage payments, utility expenses, inventory, Personal Protection Equipment (PPE) or other similar expenses that occur in the ordinary course of operations.

The City's Community Development Department will be responsible for oversight of the Small Business Relief Grant Program and disbursement of funds will take place through the City's Finance Department. The City's Program Partner, the Orange County/Inland Empire Small Business Development Center (OCIE SBDC) will be responsible for program administration, marketing, application processing, underwriting, and review and approval of financial and business documentation for disbursement approval. City staff is obligated to fulfill the terms and conditions of the funds as established by the City Council, these program guidelines, and Federal, State, and local rules and regulations.

Please *carefully review these guidelines* as successful applicants must submit complete applications before the deadline; provide documentation that they meet the eligibility requirements, terms and conditions; explain how the grant monies would be used toward

necessary COVID-19 related business expenses; and later provide documentation demonstrating that the grant funding was used toward those expenses.

If the number of applications submitted exceeds the amount of funding that is available for disbursement, the City will implement a lottery system for all eligible small businesses.

City Reserved Rights

The City reserves the unqualified right, in its sole and absolute discretion at any time: (1) to amend or terminate this program with no recourse for any proposing applicant; (2) to choose or reject any or all applications received in response to this program; (3) to modify the application deadlines; (4) to request additional information of the applicants as deemed necessary and appropriate by the City; (5) to conduct further due diligence with applicants or any third party; (6) to modify the City's objectives or the scope of the program; (7) to modify program requirements, general terms and conditions, or eligible activities; and/or (8) to disqualify any proposing applicant on the basis of any real or perceived conflict of interest that is disclosed or revealed by materials submitted or by any data available to the City.

Eligibility

To be eligible to apply for the Small Business Relief Grant Program, a business must demonstrate the need for financial support due to the temporary loss of revenue resulting from the impact of the COVID-19 pandemic and the Stay at Home Order. An applicant will need to prove that their business has been affected by COVID-19 in one of the following ways:

- The business was deemed non-essential and was forced to shut down by the state or local government;
- Sales from the business are down more than 25 percent compared to the previous three months (Prior to March 1, 2020) or a comparable 3-month period in 2019;
- The business has had to lay off at least one of its employees (full- or part-time employee); or
- One or more of the employees in the business have contracted COVID-19, while at work.

Terms and Conditions

The business applicant must meet the following minimum requirements to be considered for grant funding:

- The business must be a restaurant, personal care service (hair salon, nail salon, massage, or similar) or gym/fitness center as identified by the State of California Blueprint for a Safer Economy; and
- The business must be a for-profit business and physically located within Seal Beach city limits; and
- The business must be located in a commercial or industrial space; and
- The business must have an active City of Seal Beach business license for a minimum of six (6) months as of December 1, 2020; and
- The business must have thirty (30) or fewer full time, or an equivalent combination of full and part-time employees (e.g. two part-time employees equal one full-time employee), including the owner; and

- The business must be in good standing with the City (current on any city accounts, no liens or judgements, no existing municipal code violations, etc.), unless directly correlated to COVID-19 impacts; and
- The business must follow the State’s and County of Orange’s re-opening guidance for their industry; and
- The business must submit a complete small business relief grant application and provide all required supporting documentation.

* *City employees and elected and appointed officials are not eligible to participate in this program.*

Grant Amounts

Applicants are eligible to receive a grant of \$3,500 if the business has no more than 30 employees.

Eligible Activities

The grant may be used for working capital to cover the business’s day-to-day business operating expenses such as rent or lease payments, mortgage payments, utility bills, payroll, inventory, technology, marketing/communication, or other similar expenses that occur in the ordinary course of operations. Grant monies may also be used toward the cost of obtaining personal protective equipment for staff and customers as well as devices intended to enhance safety of staff and customers.

- Applicants shall be prepared to provide documentation upon request that will detail how the funds will be spent within their business.
- Applicants must sign and verify that the use of funds will be spent on business expenses, such as those listed above.
- Applicants shall be prepared to provide documentation verifying that the grant funds were used toward credible business expenses related to COVID-19. Any use of funding other than that to support the business is strictly prohibited. The business must reimburse the program for any expenses found to be not in compliance with the program’s list of eligible activities.

The U.S. Department of Treasury has issued guidance on the use of funds and the following is a nonexclusive list of expenditures that shall not constitute Eligible Expenses payable from the grant amount:

- (1) Damages covered by insurance.
- (2) Payroll or benefits expenses for employees whose work duties are not substantially dedicated to mitigating or responding to the COVID-19 public health emergency.
- (3) Expenses that have been or will be reimbursed under any federal program, such as the reimbursement by the federal government pursuant to the CARES Act of contributions by States to State unemployment funds.
- (4) Reimbursement to donors for donated items or services.
- (5) Workforce bonuses other than hazard pay or overtime.
- (6) Severance pay.
- (7) Legal settlements.

Equal Opportunity Policy

The City of Seal Beach and the OCIE SBDC shall not discriminate upon the basis of sex, age, race, creed, color, religion, national origin, marital status, ancestry or physical handicap in accepting applications and processing program application.

Marketing and Outreach

The City of Seal Beach and the OCIE SBDC will establish and release marketing and outreach pieces to promote the Small Business Relief Grant Program. The goal will be to inform small businesses throughout the City about the grant program and bring awareness to those small businesses that need this financial support. This effort will also be coordinated with the Seal Beach Chamber of Commerce.

The Small Business Relief Grant Program outreach and marketing will include use of the City's website and social media channels and issuance of a press release.

Grant Application and Award Process

The grant application and award process will be as follows:

1. The program will be advertised and promoted from February 3 to February 19, 2021. OCIE SBDC will offer a video to help small business owners better understand the program and complete their applications, which will be posted on the City's website.
2. The application period will be open from Wednesday, February 10th at 8 a.m. to Friday, February 19th at 5:00 p.m. Late applications will not be accepted. Applications will only be received electronically and are to be filed [HERE](#)
3. OCIE SBDC will review all applications received during the application period. If the number of qualifying applications received exceeds the amount of grant monies available, preference will be given to businesses who have not previously received COVID-19 related small business grant funding from the City of Seal Beach. OCIE SBDC will use a lottery system to randomly select and rank all other qualifying applications received. Once applications and eligibility have been approved, each application will be assigned a number and entered into the lottery.
4. Potential grant recipients will be contacted by email, phone and/or letter starting March 3, 2021.
5. An OCIE SBDC representative will work with the selected applicants, in the order they are ranked, to collect the required documentation. A two week time period will be provided for completion and submission of all required paperwork.
6. Once all required documentation is received and a grant agreement is completed, the City will release payment to the grant recipient.
7. The grant recipient must agree to an inspection by the City and/or provide any requested documents identified in the document requirements section, which is intended to verify that the grant monies are being used in accordance with the program requirements.

Documentation Requirements

An OCIE SBDC representative will contact each selected applicant to discuss and collect all required documentation. The documentation will be used to verify the business meets the program eligibility requirements, terms and conditions as provided in these guidelines. Grantees shall provide all necessary documentation within 14 days of receiving notification of grant awarding.

Documentation requirements will vary depending upon how the business chooses to demonstrate revenue loss due to the COVID-19 pandemic (as described in the Eligibility section). Documentation of receipts provided for qualifying expenses post March 1, 2020 shall be equal to or exceed the grant awarding amount. Applicants shall *be prepared to provide* the following documentation upon request:

- Demonstrate a decline in sales of more than 25 percent compared to the previous three months (Prior to March 1, 2020) or a comparable 3-month period in 2019 will be asked to provide:
 - Monthly financial records (P&L, Balance Sheet) for the three months ending May 2020 (Mar 2020, April 2020, May 2020) and the prior three months, ending February 2020 (Dec 2019, Jan 2020, Feb 2020).
- OR*
- Monthly financial records for the three months ending May 2020 (Mar 2020, April 2020, May 2020) and for the three months ending May 2019 (Mar 2019, Apr 2019, May 2019).
- Demonstrate that the business has had to lay off at least one of its employees (full- or part-time employee) will be asked to provide:
 - 2019 and 2020 – Form 940 and Form 941 report for employment verification.
- Be able to prove that the business was considered non-essential by the Federal or State Government and was forced to shut down.
- Be able to prove that one or more employees contracted COVID-19 while at work.
- Be able to provide documentation identifying there are not more than 30 full-time or full-time equivalent employees.

All applicants *shall provide* the following with their application:

- Proof that the business has had an active Seal Beach business license for a minimum of six (6) months prior to December 1, 2020; and
- Copy of latest bank statement; and
- Copy of lease/lease payment or grant deed demonstrating proof of commercial/industrial business address.

Please be aware that the application and any documentation submitted may be considered a public record under the California Public Records Act.

Post Grant Follow Up

The OCIE SBDC will continue to work one-on-one with each grantee, throughout the next 12 months. All awardees will be required to update the City on their business and if additional employees have been hired or employees retained. A six-month and twelve-month report will be created by the OCIE SBDC and the City of Seal Beach, to document the success of the program.

Program Complaint and Appeal Process

Complaints concerning the Small Business Emergency Grant Program should be made to the City of Seal Beach Community Development Department. If unresolved in this manner, the complaint or appeal shall be made in writing and filed with the City Manager's Office.

Contact Information

If you have any questions about the Small Business Relief Grant Program, please contact:

Les Johnson, Community Development Director
City of Seal Beach
(562) 431-2527 x1313
ljohnson@sealbeachca.gov

For questions about the guidelines and application or assistance in completing the Small Business Emergency Grant application and to set up a one-on-one consultation (at no cost), please contact:

Manal Richa, Regional Director
Orange County Small Business Development Center
(800) 616-7232
(657) 256-3874
manal.richa@ociesbdc.com