



AGENDA STAFF REPORT

Agenda Item
Clerk's Use Only _____

MEETING DATE: 05/26/20
LEGAL ENTITY TAKING ACTION: Board of Supervisors
BOARD OF SUPERVISORS DISTRICT(S): All Districts
SUBMITTING AGENCY/DEPARTMENT: County Executive Office
DEPARTMENT HEAD REVIEW: Frank Kim (Approved)
DEPARTMENT CONTACT PERSON(S): Frank Kim (714) 834-6200
 Dylan Wright (714) 480-2788

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 2020 MAY 22 PM 1:23
 CLERK OF THE BOARD
 ORANGE COUNTY
 BOARD OF SUPERVISORS

SUBJECT: COVID-19 CARES Act Economic Support

CEO CONCUR Concur	COUNTY COUNSEL REVIEW No Legal Objection	CLERK OF THE BOARD Discussion 3 Votes Board Majority
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Budgeted: Yes **Current Year Cost:** \$75,000,000 **Annual Cost:** N/A
Staffing Impact: N/A **# of Positions:** N/A **Sole Source:** N/A
Current Fiscal Year Revenue: N/A
Funding Source: Federal: 100% (CARES Act) **County Audit in last 3 years:** N/A

Prior Board Action: 5/19/2020 #S68A

RECOMMENDED ACTION(S)

1. Allocate \$75 million in CARES Act funding equally between the five supervisorial districts for economic support initiatives in response to the Coronavirus Disease 2019 (COVID-19).
2. Authorize the Board of Supervisors' members to allocate their districts' designated funding in accordance with the CARES Act and economic needs in their districts.
3. Confirm County of Orange Local Small Business Preference definition of "small business" and authorize Board of Supervisors' members to establish definitions by region or supervisorial district related to COVID-19 economic response.
4. Authorize the County Executive Officer to enter into negotiations and execute a contract as needed with the Orange County Small Business Development Center to act as a Third-Party Administrator to manage county operated small business program, if implemented.
5. Provide further direction to the County Executive Officer and other County Officers related to the COVID-19 emergency and response, as necessary.

SUMMARY:

Allocating \$75 million in federal CARES Act funding for economic support in Orange County will provide much needed resources for response and recovery efforts related to the COVID-19 emergency.

BACKGROUND INFORMATION:

On May 19, 2020, the Orange County Board of Supervisors voted to allocate \$75 million in federal CARES Act funding for economic support for Orange County businesses that must be expended by December 30, 2020, and directed the County Executive Office to return with a definition for "small business" and options for use of the funding related to small business recovery for consideration by the Board of Supervisors.

Small Business Definitions

The Small Business Administration defines small businesses (which have numerous classifications based on industry, size, and revenue). A complete table can be found in Attachment A.

The County of Orange Local Small Business Preference (Attachment B), adopted by the Board as part of the 2019 Contract Policy Manual uses the State of California definition of small business which is generally 100 or fewer employees, an average annual gross receipts of \$15 million or less over the last three tax years, and has both "Local" and "Small" business requirements as outlined below:

Local Business Requirements:

- i. maintains their principal center of operations (i.e. headquarters) within Orange County, and;
- ii. has: 1) a business address located in the County of Orange that is not a post office box, or 2) a valid business license or certificate of occupancy issued by the County of Orange or by an Orange County city, or other documentation acceptable to the County of Orange.

Small Business Requirements:

- i. must be certified as a Small Business by the State of California Department of General Services (DGS); and,
- ii. DGS Small Business requirements must be valid at the time of bid/proposal submittal.

Economic Support Programs

Based on equal distribution of the \$75 million CARES Act allocation, each supervisorial district may direct the application of the economic recovery funding using all or a portion of the funding for small business support or other community programs allowable under the CARES Act.

The following are options for consideration for Economic Support for Small Businesses:

1. Economic support initiatives including but not limited to business recovery programs and city-administered efforts as determined by each Supervisorial District and as allowed by the CARES Act.
2. Small business grants to be distributed through a third-party administrator. County contracts with single third-party grant administrator; OC Small Business Development Center (OCSBDC) working through Cal State Fullerton, to include a principal with expertise in grant administration/management.

3. Loans administered in conjunction with a commercial lending institution.

The OCSBDC has a proven track record of helping to stimulate economic growth across the county by providing small business owners and entrepreneurs with no-cost consulting services, a wide variety of training opportunities, and access to an extensive network of resources. Every year they assist more than 1,000 clients and provide business workshops to thousands of attendees across Orange County. They are also currently assisting Riverside County and the cities of Anaheim and Buena Park on their COVID-19 related economic recovery plans.

If directed, OCSBDC will administer the small business recovery grant program on behalf of the County, which may include online/paper marketing materials (bilingual included), a dedicated website, assistance with reviewing applications, processing of grant awards, generating grant checks, and all auditing/monitoring requirements as identified by the CARES Act. To reflect the specific business needs in each supervisorial district, application and eligibility criteria may vary by district. OCSBDC will assist in development of district-specific criteria and other customized program details.

FINANCIAL IMPACT:

On May 19, 2020, the Board of Supervisors appropriated \$554 million to the Miscellaneous Fund to be expended in accordance with CARES Act requirements and Department of Treasury Guidance. The \$75 million allocated for Economic Support is part of the \$554 million appropriation.

STAFFING IMPACT:

N/A

ATTACHMENT(S):

Attachment A – U. S. Small Business Administration Table of Small Business Size Standards

Attachment B – Orange County Local Small Business Preference

