



COUNCIL REPORT

DATE: May 9, 2023

CATEGORY: New Business

DEPT.: Community Development

TITLE: **American Rescue Plan Act Funding for Small Businesses**

RECOMMENDATION

1. Authorize use of the American Rescue Plan Act Funding for small businesses in the form of a \$200,000 facade improvement grant program, a \$200,000 outdoor equipment grant program and a \$25,000 social media training program.
2. Authorize the City Manager or designee to execute an amendment to the agreement with Clean Water Fund for technical assistance for the ReThink Disposable program to increase the amount by \$75,000 and extend the contract through Fiscal Year 2023-24 for a total not-to-exceed contract amount of \$149,497.

BACKGROUND

At the June 14, 2022, meeting, Council discussed American Rescue Plan Act (ARPA) funding for small businesses as part of the Fiscal Year 2022-23 Budget. Feedback from the City Council on potential uses of funding included:

- Provide direct financial assistance in the form of grants to small businesses;
- Grant assistance to aid in providing access improvements consistent with the Americans with Disabilities Act (ADA); and
- Support Castro Street businesses as well as businesses beyond downtown.

Direction from Council was to return with a plan on the use and allocation of the \$500,000 in ARPA funds to support small businesses in Mountain View. A “small business” in Mountain View is defined as a firm that has an average of 100 employees or less over the most recent 12-month period.

ANALYSIS

Based upon Council feedback, staff is proposing four programs to provide direct support to the Mountain View small business community. The programs align with the City's Strategic Priorities on Economic Vitality and Sustainability and Climate Resiliency as it focuses funds on enhancing small businesses and supporting environmental sustainability.

Table 1: Small Business ARPA Programs

Strategic Priorities	Program	Funding
Economic Vitality	Facade Grant Program	\$200,000
Economic Vitality	Outdoor Furnishing Grant Program	200,000
Economic Vitality	Social Media Training Program	25,000
Sustainability and Climate Resiliency	Rethink Disposable	<u>75,000</u>
TOTAL		<u>\$500,000</u>

Facade Grant Program (\$200,000)

Reports conducted for downtown Mountain View by Seifel Consulting, Inc., and the Urban Land Institute Technical Assistance Panel identify low retail rents as discouraging or reducing investment into exterior upgrades or improvements at commercial properties. Financial investments that do not provide a favorable return can impact the fabric of a retail business district with greater vacancy or deteriorating building facades, resulting in vibrancy decline. Feedback from stakeholder and community outreach conducted for the City's Economic Vitality Strategy identified the growing concern about empty storefronts. Implementation of a building facade grant program can help support existing and new businesses with improvements to their tenant building facades and be a tool to support the re-tenanting of vacant commercial spaces by improving curb appeal and activity.

Staff is proposing a tiered facade grant program with matching funds ranging from \$5,000 to \$15,000 for various improvements identified in Table 2 that would be awarded on a lottery basis. The Citywide program would provide 50% matching City grant funds, in an amount not to exceed \$15,000, to the work proposed by a small business or property owner. A business or owner can pursue a one-time, one-tier grant for a single improvement project. For example, a business or property owner with a \$40,000 facade improvement (inclusive of materials, construction, and permits costs) could apply for a maximum \$15,000 grant from the City through this program.

Table 2: Facade Grant Program

Tier	Type of Improvements	Maximum Grant Matching Amount
Tier 1	Nonarchitectural improvements: • Awnings, parapets, new signs, sign removal	\$5,000
Tier 2	Painting: • Exterior painting, murals/art	\$10,000
Tier 3	Architectural improvements: • Window or door refurbishment/replacement, historic features	\$15,000

Eligibility Criteria

- A commercial storefront property in Mountain View serving a retail use, food service use, or personal service use; and
- The applicant is a Mountain View small business owner or Mountain View commercial property owner.

Staff is proposing the establishment of a facade grant program in the amount of \$200,000 to be made available in matching grants to Mountain View based property owners or small businesses over the next fiscal year. Grants could be used to assist with activating vacant storefronts as well as support facade enhancements for existing businesses. Any facade improvements would require the appropriate City permits. Grant funds would be issued through reimbursement based upon an approved scope of work, including cost estimate(s), and issued City permit(s), if required, associated with each grant application approved.

Outdoor Furnishings and Equipment Grant Program (\$200,000)

Staff is proposing to develop an outdoor furnishing and equipment grant program that would be awarded on a lottery basis. The program will award \$5,000 grants to Mountain View businesses that are seeking to add or replace outdoor furniture associated with their business operations. At the start of the pandemic, when Shelter-in-Place Orders were in effect, many businesses utilized the outdoors to maintain business continuity. In several cases, indoor fixtures and materials (tables and chairs in particular) were placed outside. In other cases, businesses quickly purchased available fixtures and materials to support operations not fully knowing the extent Shelter-in-Place Orders would remain. After three years, there are several materials and fixtures located on private property and within the public realm that have not withstood weather and normal wear. This grant program would allow Mountain View businesses to either replace or add new outdoor-rated tables, chairs, umbrellas, heaters, and planters, further supporting their ongoing outdoor operations. For instance, it is anticipated that the Interim Castro Pedestrian Malls guidelines that Council will consider on May 9, 2023 to implement new outdoor patio

design guidelines will require outdoor-rated furniture within the public realm, similar to the City's Sidewalk Café Guidelines, which will be considered for repeal. With these new guidelines, several businesses will need to invest in new outdoor furniture and materials. The grant program will help offset some of the new investments in materials and fixtures that are anticipated to be required to comply with the new guidelines.

Table 3: Outdoor Furniture and Equipment Grant Program

Type of Materials	Maximum Grant Matching Amount
The following outdoor furniture, equipment, and materials qualify for grant assistance: <ul style="list-style-type: none"> • Dining umbrellas • Dining furniture (e.g., tables, chairs) • Portable heaters • Landscape planters • Landscape plants and materials for planters 	\$5,000

Eligibility Criteria

- A commercial small business owner in Mountain View with outdoor dining on private property; or
- A commercial small business owner in downtown with outdoor furniture and equipment consistent with the City's Outdoor Patio Guidelines and licensing requirements

Social Media Training Program (\$25,000)

The Economic Development team is proposing to partner with the Mountain View Chamber of Commerce to develop a social media training and support program to provide tools, resources, and training on various social media platforms to help amplify and advertise small businesses for a total of \$25,000. During the COVID-19 pandemic, businesses with an online presence were able to weather the economic setback more effectively than those that did not have a social media presence or online platform. Many customers today rely on social media and other information platforms to help inform their destination visits along with purchasing decisions. Determining which platform to engage customers on and having the technical skills to prepare content can be confusing and daunting. Unlike a website, which can be static with content, social media provides dynamic content driving awareness and exposure for a business. The Downtown Business Association has been piloting some work with its business members on highlighting the value of social media engagement and campaigns. Staff informally assessed downtown businesses with active social media accounts and sales tax receipts and identified a correlation between increasing sales tax receipts and active social media presence versus those businesses with

limited or no social media presence. Seeing this trend, this program is an important offering to support the development of small businesses.

Rethink Disposable (\$75,000)

The City has contracted with the Clean Water Fund, which manages the ReThink Disposable program, for the current fiscal year. The ReThink Disposable program provides outreach to Mountain View food service businesses and the following assistance:

- Information on recent legislation regarding disposable foodware regulations.
- Free on-site assessment of current disposable foodware.
- Research on reusable foodware product alternatives aligned to an individual business operation.
- Technical assistance on transitioning to reusables for dine-in.
- Financial support in the purchase of reusable foodware products.

ReThink Disposable has developed a guide to reusables, including a cost-benefit calculator showing that shifting to reusables instead of disposables for dine-in service can save small to medium size businesses between \$3,000 and \$22,000 annually. In addition, waste is reduced on average by 110,000 pieces of single-use foodware annually.

To further support the sustainability efforts of the City, including meeting the Zero Waste Plan goals and assisting food service businesses to reduce their use of disposable dine-in foodware and purchase of compostable take-out foodware, staff is proposing to extend the existing Clean Water Fund contract for Fiscal Year 2023-24 and increase the contract amount by \$75,000 for a total of \$149,497.

FISCAL IMPACT

In the Fiscal Year 2022-23 Adopted Budget, the City Council appropriated \$500,000 in ARPA funds. Direction from Council was to return with a plan on the use and allocation of the \$500,000 in ARPA funds to support small businesses in Mountain View. The funds are proposed to be allocated in the following manner:

Strategic Priorities	Program	Funding
Economic Vitality	Facade Grant Program	\$200,000
Economic Vitality	Outdoor Furnishing Grant Program	200,000
Economic Vitality	Social Media Training Program	25,000
Sustainability and Climate Resiliency	Rethink Disposable	<u>75,000</u>
TOTAL		<u>\$500,000</u>

No additional appropriation is being requested at this time.

ALTERNATIVES

1. Adjust the distribution of funding allocation among the four programs.
2. Do not authorize the allocation of funding for these programs or do not authorize the amendment to the Clean Water Fund contract for Rethink Disposable.
3. Provide other direction to staff.

PUBLIC NOTICING

The Council meeting agenda has been posted on the City's website and announced on Channel 26 cable television. City staff has also notified the Chamber of Commerce and the Downtown Business Association of the proposed programs.

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