



SMALL BUSINESS GRANT PROGRAM POLICIES & PROCEDURES

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PROGRAM GUIDELINES

OVERVIEW

The City of South Gate offers the Small Business Grant Program to address the negative economic impacts caused by the COVID-19 pandemic by providing businesses with grants to help cover business expenses and/or providing Premium Pay for essential workers. This Program offers one-time grants up to \$10,000 to eligible businesses in the City. The program will prioritize businesses who have not received any prior assistance in the previous 12 months.

The City's Program offers one-time grants up to \$10,000 to eligible businesses. Grant funds may be used to:

- Mitigate financial hardships caused by the COVID-19 pandemic (ex. Declines in revenue, costs of retaining employees, mortgage/rent/lease costs, utilities, other operating costs).
- Implement COVID-19 prevention or mitigation tactics (ex. Physical plant changes to enable social distancing, enhanced cleaning efforts, barriers or partitions, or COVID-19 vaccinations).
- Technical assistance, counseling, or other like services to assist with business planning needs.
- Premium Pay for employees working in key, eligible sectors such as healthcare, education and childcare, transportation, sanitation, social and human services, grocery and food production, and public health and safety. (Premium Pay is pay "in addition to" wages for essential workers performing essential work during the COVID-19 pandemic).

Businesses are not expected to pay back grants.

The maximum grant award available per business is \$10,000

BUSINESS ELIGIBILITY

Businesses must meet all requirements to be eligible for the Program. Eligibility requirements are outlined below:

- Business must be physically located within South Gate City limits.
- Business address must be within a qualified census tract **OR** the business must demonstrate that it suffered a reduction in gross receipts of at least 25% for one quarter in 2020 or 2021 compared to the same quarter in 2019 (details found on page 6).
- Business must have a current business license and be in good standing with the City.
- Business must employ 75 or less employees, including the owner(s).
- Business must have been operational for at least six (6) months.
- Business does not have existing municipal code violations.
- Business has or will obtain a Unique Entity ID (UEI) Number if a grant is awarded. Staff may assist in obtaining this.
- For businesses applying for Premium Pay grants: Business must be in one of the following sectors: healthcare, education and childcare, transportation, sanitation, social and human services, grocery and food production, public health, and/or safety sectors.

REQUIRED DOCUMENTATION

For an application to be considered complete, the following documents must be submitted:

- Completed, signed application
- Copy of business license
- Payroll report(s), Tax document(s), or other official document noting the number of staff employed by the business
- Form W-9 Request for Taxpayer Identification Number and Certification
- If a business is **not** in a qualified census tract, financial documents demonstrating the business suffered a reduction in gross receipts of at least 25% for one quarter in 2020 or 2021 compared to the same quarter in 2019 **must** be submitted with the application.
 - A 25% or greater reduction can be shown in one of two ways:
 - Comparing the business annual gross revenue as reported on the tax return in 2020 or 2021 to 2019; or
 - Comparing the gross revenue in any quarter in 2020 or 2021 with revenue in the **same** quarter of 2019. For example, if a business wants to use the second quarter (Q2) of 2019 where they recorded \$20,000 in gross revenue, they are eligible if they recorded a gross revenue of \$15,000 or less in Q2 2020.

INELIGIBLE BUSINESSES

Businesses that fall into the following categories are not eligible to participate:

- Gaming
- Liquor
- Tobacco stores
- Marijuana dispensaries and manufacturing
- Any business or activity that does not comply with local, state, or federal laws.

ELIGIBLE USE OF FUNDS – BUSINESS EXPENSES

Funds awarded are intended to help businesses address the negative economic impacts caused by the COVID-19 pandemic. Use of funds are at the business owner's discretion, however, below are some examples of eligible activities:

- Overhead expenses
- Rent and utilities
- Business services (web site development, etc.) to increase capacity to carry out business activities
- Labor expense (excluding the owner), business inventory and supplies
- Personal Protective Equipment (PPE)
- Capital or equipment purchases necessary for the business operation, excluding vehicles

ELIGIBLE USE OF FUNDS – PREMIUM PAY

Businesses may use grant funds to provide Premium Pay for essential workers who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors. Therefore, Premium Pay is only available for essential workers performing regular in-person essential work in the following sectors: healthcare, education and childcare, transportation, sanitation, social and human services, grocery and food production, and public health and safety sectors. The term “Premium Pay” means an amount up to \$13 per hour in **addition to** the regular wages the employee receives. Lower income workers should be prioritized.

If Premium Pay increases an employee’s total pay above 150% Los Angeles county’s average annual wage, as defined by the Bureau of Labor Statistics’ Occupational Employment and Wage Statistics, the business must have a written justification of how the Premium Pay or grant is responsive to workers performing essential work during the public health emergency.

Businesses are required to identify their intended use of funds during the application process. Program staff will follow up with businesses and collect relevant documentation to support the appropriate use of grant funds.

INELIGIBLE USE OF FUNDS

Funds may not be used for the following activities:

- Vehicle purchase
- Personal property
- Repayment of refinance of existing debt or to pay operating deficits tax arrearages, governmental fines or penalties or general government expenses
- Personal income
- Political or religious activities, lobbying

VERIFYING ELIGIBILITY

Staff will review all applications for thoroughness and completion. Staff is responsible for making sure that all eligibility documentation has been submitted by the business owner. Staff will review the applications for the following:

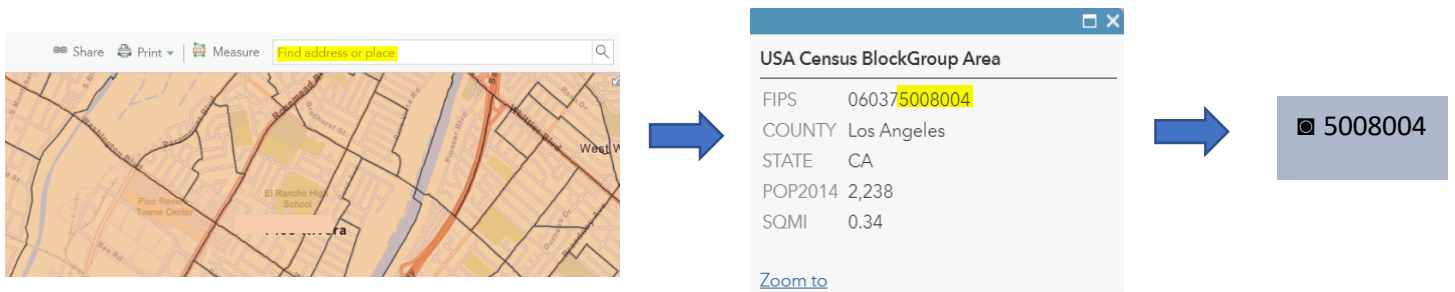
1. Completeness to ensure that all questions have been thoroughly answered.
2. Verifying that the business is eligible by checking for a business license, confirming that the business is within a qualified census tract, and any additional documentation as needed.
3. If the business is outside of a qualified census tract, financial documents will be reviewed to confirm that the business suffered a reduction in gross receipts of at least 25% for one quarter in 2020 or 2021 compared to the same quarter in 2019.
4. Verification that the business has included a UEI number. If needed, staff will assist businesses with registering and obtaining a UEI number.

QUALIFIED CENSUS TRACTS

Businesses located in an eligible qualified census tract are presumed to have been disproportionately affected by the COVID-19 pandemic.

To determine if your business falls within an eligible census tract/block group, please complete the following steps.

1. Visit the website below:
 - <https://arcg.is/vPmrb>
2. Enter the business address.
3. Click on the map where the address is located. Find the number under the “FIPS” section. The last seven (7) digits is the business Census Block Group.



The image shows a screenshot of the ArcGIS website interface. On the left, a map displays a residential area with streets and landmarks like 'El Rancho High School'. A search bar at the top contains the text 'Find address or place'. A blue arrow points from the map to a popup window titled 'USA Census BlockGroup Area'. The popup displays the following information: FIPS 060375008004 (with '5008004' highlighted in yellow), COUNTY Los Angeles, STATE CA, POP2014 2,238, and SQMI 0.34. A 'Zoom to' link is visible at the bottom of the popup. A second blue arrow points from the popup to a grey box containing the number '5008004' with a location pin icon.

4. If the business is in a census tract below, then it is part of an eligible census tract.

- | | | | |
|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| <input type="checkbox"/> 5355011 | <input type="checkbox"/> 5355012 | <input type="checkbox"/> 5355021 | <input type="checkbox"/> 5355022 |
| <input type="checkbox"/> 5355031 | <input type="checkbox"/> 5356031 | <input type="checkbox"/> 5356032 | <input type="checkbox"/> 5356041 |
| <input type="checkbox"/> 5356042 | <input type="checkbox"/> 5356051 | <input type="checkbox"/> 5356052 | <input type="checkbox"/> 5356061 |
| <input type="checkbox"/> 5356072 | <input type="checkbox"/> 5356073 | <input type="checkbox"/> 5356074 | <input type="checkbox"/> 5357011 |
| <input type="checkbox"/> 5357012 | <input type="checkbox"/> 5357013 | <input type="checkbox"/> 5357021 | <input type="checkbox"/> 5357022 |
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| <input type="checkbox"/> 5358033 | <input type="checkbox"/> 5358041 | <input type="checkbox"/> 5358042 | <input type="checkbox"/> 5359014 |
| <input type="checkbox"/> 5359021 | <input type="checkbox"/> 5359024 | <input type="checkbox"/> 536001 | <input type="checkbox"/> 536002 |
| <input type="checkbox"/> 5361021 | <input type="checkbox"/> 5361023 | <input type="checkbox"/> 5361031 | <input type="checkbox"/> 5361033 |
| <input type="checkbox"/> 5361041 | <input type="checkbox"/> 5361043 | <input type="checkbox"/> 536201 | <input type="checkbox"/> 536203 |
| <input type="checkbox"/> 536204 | <input type="checkbox"/> 536205 | | |

If a business is not located in a qualified census tract, this does **not** disqualify them from applying for the grant. A business may still qualify by submitting additional financial documentation with their application demonstrating the business suffered a reduction in gross receipts of at least 25% for one quarter in 2020 or 2021 compared to the same quarter in 2019.

AWARDING THE GRANT

Upon verification of eligibility, the City will confirm the eligibility status with the business via email. The City will then provide the business with an agreement outlining the terms and conditions of the grant award. Upon receipt of a signed agreement, the City will disburse the one-time grant in the amount of up to \$10,000.

MONITORING

Upon the City's request, the applicant shall be responsible for providing staff with documentation demonstrating that the grant funds are being used for the intended purpose.

Staff will review the business's application to identify how the business said they would use funds and will collect supporting documentation. Businesses shall not change the intended use of the funds without the prior written approval of the City. If a business finds it necessary to change its intended use of the funds, the business must submit a written request to the City at least five days in advance before the proposed change.

Supporting documentation may include, but is not limited to:

- Lease agreement and rent receipts.
- Invoices.
- Payroll documents.

All collected documents will be placed in the business' program file.