



Small Business Relief Grant Program Guidelines

June 2020

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Program Overview

The City of Newport Beach Small Business Relief Grant Program will provide one-time funding to small businesses located within the city that need financial assistance to aid in their recovery from the temporary loss of revenue due to the COVID-19 public health emergency.

The County of Orange's Second Supervisorial District allocated more than \$2.1 million of federal Coronavirus Relief Funds, made available through the Coronavirus Aid, Relief and Economic Security Act (CARES Act), to the City to 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.

The City Manager's Office will oversee the Small Business Relief Grant Program. City staff is obligated to fulfill the terms and conditions of the funds as established by the City Council, these program guidelines, and Federal and County regulations. The City's consultant, the Orange County Small Business Development Center (OC SBDC), will be responsible for program marketing and application processing and approval.

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.

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.

Newport Beach Terms and Conditions

Applicants must meet the following minimum requirements to be considered for grant funding:

- The business must be a for-profit business and located within Newport Beach city limits.
- The business must be legal and located in a commercial or industrial space.
- The business must be independently owned and operated, with the principal office located within Newport Beach city limits.
- The officers of the business must reside in Orange County, California.
- The business must have an active Newport Beach business license for a minimum of six (6) months as of June 1, 2020.
- The business must have 30 or less full-time, or an equivalent combination of full and part time employees (two part-time employees equal one full-time employee), including the owner.
- The business must have average annual gross receipts of fifteen million dollars (\$15,000,000) or less over the previous three years.
- The business must be in good standing with the City, meaning:
 - It must be current on its business license fees or in good standing on its payment plan;
 - If applicable, it must be current on its business improvement district assessment or in good standing on its payment plan;
 - If applicable, it must have a valid Marine Activities Permit;
 - It must not have any existing municipal code violations.
- The business must disclose whether they have received capital from the Paycheck Protection Program (PPP) or an Economic Injury Disaster Loan (EIDL). If a business received PPP or EIDL funds, it is still eligible to receive City grant funds. However, priority will be given to applicants that have not received funding through these programs.
- The business must follow the State's re-opening guidance for their industry.
- The business must submit an application and all required supporting documentation.

Grant Amounts

Applicants are eligible to receive a grant of up to \$10,000 according to the following:

- Businesses with 5 or less employees are eligible for a grant up to \$5,000.
- Businesses with 6-10 employees are eligible for a grant up to \$7,500.
- Businesses with 11-30 employees are eligible for a grant up to \$10,000.

Funding Priority

In an effort to provide assistance to businesses located in the City's commercial and industrial areas, that provide services onsite, and that have been severely impacted by the COVID-19 public health emergency, precedence will be given to:

- Retail
- Restaurants
- Personal service establishments, specifically, hair salons and barber shops, nail salons, and small gyms / health clubs.

Qualified applications from these three types of businesses will be given priority during the grant allocation process as follows:

1. The business has NOT received any other federal assistance under the Coronavirus Air, Relief and Economic Security Act (CARES Act) programs such as an Economic Injury Disaster Loan (EIDL) or under the Paycheck Protection Program (PPP).
2. The business received an EIDL.
3. The business received assistance under the PPP.

Any remaining grant monies will be allocated to any small business that meets the eligibility criteria, terms and conditions.

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, such as hands-free payment devices, sanitation supplies, and plexiglass partitions.

- Applicants will complete a use of funds form 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 will be required 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.

Business expenses that have already been reimbursed through the federal government are not eligible for the Small Business Relief Grant Program.

Grant Application and Award Process

The grant application and award process will be as follows:

1. The program will be advertised and promoted from June 5 to June 16, 2020. OC SBDC will offer two webinars to help small business owners better understand the program and complete their applications. The webinars will be held on Tuesday, June 9 at 4 p.m. and Thursday, June 11 at 10 a.m. Please [register here](#).
2. The application period will be open from **Friday, June 12 at 8 a.m. to Tuesday, June 16 at 5:30 p.m.** Late applications will not be accepted. Applications can be submitted:
 - a. Online at www.newportbeachca.gov/businessgrants
 - b. Via email to economicdevelopment@newportbeachca.gov
 - c. In-person at Newport Beach City Hall, City Manager's Office, Bay 2E, 100 Civic Center Drive, Newport Beach, 92660.
3. Applicants must self-certify that the funds will only be used for expenses permitted under the program.
4. OC SBDC will review the applications. If the number of qualifying applications received exceeds the amount of grant monies available, OC SBDC will use a lottery system to randomly select and rank the applications. The lottery will be held on Friday, June 19, at 4 p.m. Funding priority will be given to retail, restaurants and personal services establishments (hair salons and barber shops, nail salons, small gyms/health clubs) in the order outlined under the Funding Priority section.
5. OCBC consultants will work with the selected applicants, in the order they are ranked, to collect the required documentation.
6. Once the initial documentation is received, the City will release 50 percent of the payment to the grant recipient.

7. The grant recipient must agree to an inspection by the City intended to verify that the grant monies are being used in accordance with the program requirements.
8. The grant recipient is given a set amount of time to produce documentation, including receipts, that the grant monies are being used to fund eligible expenses. Once the documentation is received, the City will release the remaining 50 percent of the grant to the recipient.

Documentation Requirements

An OC 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.

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).

- Applicants seeking to 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 ended May 2020 (Mar 2020, April 2020, May 2020) and the prior three months, ended February 2020 (Dec 2019, Jan 2020, Feb 2020).

OR

- Monthly financial records for the three months ended May 2020 (Mar 2020, April 2020, May 2020) and for the three months ended May 2019 (Mar 2019, Apr 2019, May 2019).
- Applicants seeking to 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;
- Applicant can prove that the business was considered non-essential by the Federal or State Government and was forced to shut down.

In addition, all applicants will be asked to provide the following:

- Proof that the business has had an active Newport Beach business license for a minimum of six (6) months prior to June 1, 2020;

- 2019 business tax returns, or 2018 if 2019 has not been filed;
- Business's two most recent bank statements;
- Copy of lease/grant deed demonstrating proof of commercial/industrial business address. Applicants must hold the master lease to the space.

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

Contacts

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

City of Newport Beach

City Manager's Office

949-644-3001

economicdevelopment@newportbeachca.gov



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

Orange County Small Business Development Center

1-800-616-7232

midaniel@fullerton.edu

