



# Small Business Relief Grant Program Guidelines

Revised June 9, 2020

## Table of Contents

Program Overview	Pg. 1
Eligibility	Pg. 1
Newport Beach Terms and Conditions	Pg. 2
Grant Amounts	Pg. 3
Funding Priority	Pg. 3
Eligible Activities	Pg. 3
Grant Application and Award Process	Pg. 4
Documentation Requirements	Pg. 6
Contacts	Pg. 7

**Applications are due no later than Tuesday, June 16, 2020 at 5:30 p.m.**

## 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 qualifying 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 business interruption caused by the COVID-19 public health emergency 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.
- On March 1, the business must have had 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 funding 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 and/or County'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, priority will be given to:

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

Qualified applications from these three types of businesses will be given priority during the grant allocation process in the following order:

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.
4. The business received an EIDL and 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. To be eligible under this grant program, expenses must have been incurred after March 1, 2020 and all grant funds awarded must be fully expended on eligible activities by December 1, 2020.

- Applicants will complete a use of funds form that will detail whether the funds are to reimburse the applicant for past expenses and/or how the funds will be spent within their business.
- Applicants must sign and verify that the use of funds have been or will be spent on eligible activities, such as those listed on page 3.
- Applicants will be required to provide documentation verifying that the grant funds were used toward credible business expenses related to the COVID-19 public health emergency. Any use of funding other than for an eligible activity 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 City may inspect the business premises to verify the grant monies are being used in accordance with the program requirements.

Business expenses that have been reimbursed or paid for with money from 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 4 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](http://www.newportbeachca.gov/businessgrants);
  - b. Via email to [economicdevelopment@newportbeachca.gov](mailto:economicdevelopment@newportbeachca.gov); or
  - 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, day spas, small gyms/health clubs) as explained under the Funding Priority section.

5. OC SBDC consultants will work with the selected applicants, in the order they are ranked, to collect the required documentation. The applicant will be given 14 calendar days to produce the requested documentation. If the documents are not received by the end of the 14-calendar-day period, the application will be disqualified.
6. Once the initial documentation is received and approved, the City will: (1) release 50 percent of the payment to the grant recipient, if the applicant has not already incurred the expenses; or (2) if the applicant has already incurred the expenses and submitted proof the expenses qualify for eligible activities, the City will release up to 100 percent of the grant payment.
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. As noted above, all eligible expenditures (for any grant amount awarded) must be completed by December 1, 2020. In general, applicants will fall into two categories. The first category of applicants will be those applicants who have already incurred eligible expenses, submitted documentation that has been approved, and who have been reimbursed 100 percent of the grant amount.

The second category of applicants will be those applicants who have yet to incur eligible expenses. For those applicants in the second group, as noted above, the City will advance 50 percent of the grant amount. To be eligible to receive the remaining grant amount (i.e. the remaining 50 percent), the City must receive sufficient documentation that the applicant spent the money on eligible activities within 45 calendar days of the payment to the applicant of the initial grant amount. Failure to spend the money and submit sufficient documentation within 45 calendar days will result in the remaining portion of the grant money being awarded to another applicant. If an applicant spends the initial grant money and submits documentation, that is approved, within 45 days, the City will release the remaining 50 percent of the grant amount. The grant recipient will have until December 1, 2020 to spend the remaining grant amount on eligible activities and shall submit all documentation related to these expenditures by December 11, 2020.

9. The grant recipient will be responsible for providing documentation, including receipts, to the City that accounts for how the entirety of the grant monies received were used to fund eligible expenses and the applicant will provide the City with any additional information or documentation related to these expenditures, if requested by the City.

## 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 applicant chooses to demonstrate business interruption 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 Form 940 and 2020 YTD Form(s) 941;
- Applicants can also provide the City with documentation 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 the pages of the lease/grant that includes commercial/industrial business address:
  - For leases, documentation must show the name of the lessee and lease term.



- For grant deed, documentation must show the name of the property owner.

OC SBDC may request additional documents if necessary to verify the business meets the program eligibility requirements, terms and conditions.

## 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](mailto:economicdevelopment@newportbeachca.gov)

[newportbeachca.gov/businessgrants](http://newportbeachca.gov/businessgrants)



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](mailto:midaniel@fullerton.edu)

