

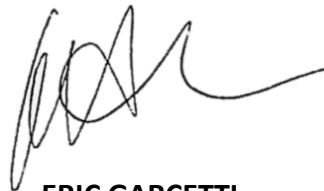
TRANSMITTAL

To: **THE COUNCIL**

Date: **08/10/22**

From: **THE MAYOR**

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.

A handwritten signature in black ink, appearing to be 'Eric Garcetti', written in a cursive style.

(Andre Herndon) for

ERIC GARCETTI
Mayor

CITY OF LOS ANGELES

CALIFORNIA

CAROLYN M. HULL
GENERAL MANAGER

ECONOMIC AND WORKFORCE
DEVELOPMENT DEPARTMENT



ERIC GARCETTI
MAYOR

1200 W. 7TH STREET
LOS ANGELES, CA 90017

August 2, 2022

Council File: 20-1374 and 20-1433
Council District Number: All
Contact Persons & Phone Nos:
Dysi Hernandez (213) 744-9340
Fred Jackson (213) 744-9300

The Honorable Eric Garcetti
Mayor, City of Los Angeles
Room 303, City Hall

Attention: Heleen Ramirez, Legislative Coordinator

TRANSMITTAL: REQUEST FOR AUTHORITY TO TRANSFER COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS TO U.S. BANK FOR DEPLOYMENT OF GRANTS UNDER THE MICROENTERPRISE RECOVERY GRANT PROGRAM.

The General Manager of the Economic and Workforce Development Department (EWDD) respectfully requests that your office review and approve this transmittal and forward to the City Council for further consideration.

SUMMARY

EWDD is seeking authority to utilize U.S. Bank to disburse Microenterprise Recovery Grant Program funds. Disbursing grant funds through U.S. Bank will help expedite the grant funding process to deploy assistance to eligible businesses in a timelier manner.

In May 2021, the Mayor and City Council approved an amendment to the Housing and Community Development Consolidated Action Plan (Con Plan) for Program Year 46, to accept a second allocation of Community Development Block Grant (CDBG) funding provided to the City through the Coronavirus, Aid, Relief and Economic Security (CARES) Act (CDBG-CV). The Con Plan amendment included a budget for various programs, including an allocation of \$8.5 million to implement a Microenterprise Grant Program (CF 20-1374).

In June 2021, the Mayor and City Council approved the Program Year 47 Con Plan, which included an allocation of \$1 million of CDBG funds for an Equity Fund that supplements the Microenterprise Grant Program funded with CDBG-CV funds. This allocation is intended to target women-owned microenterprises to promote equitable access to COVID recovery resources to those that have been disproportionately impacted by the pandemic (CF 20-1433).

Collectively, both funding sources fund the Microenterprise Recovery Grant Program, which was launched earlier this year.

RECOMMENDATIONS

The General Manager of EWDD respectfully requests that the City Council, subject to approval of the Mayor, as required:

1. AUTHORIZE EWDD and the Controller to disburse PY 46 Community Development Block Grant CARES (CDBG-CV) funds from the Community Development Trust Fund No. 424, Account No. 43TC1V, CV-19 Microenterprise, for the Microenterprise Recovery Grant Program and electronically transfer up to \$8.5 million to U.S. Bank for disbursement to eligible and approved businesses, upon presentation of proper documentation by EWDD.
2. AUTHORIZE EWDD and the Controller to disburse PY 47 Community Development Block Grant (CDBG) funds from the Community Development Trust Fund No. 424, Account No. 21VB29, Equity Fund, for the Microenterprise Recovery Grant Program and electronically transfer up to \$1 million to U.S. Bank for disbursement to eligible and approved businesses, upon presentation of proper documentation by EWDD.
3. AUTHORIZE EWDD and the Controller to disburse and electronically transfer up to \$5,000 from Fund 100, Account No. 006010, Office and Administrative, for bank fees to U.S. Bank, upon presentation of proper documentation by EWDD.
4. AUTHORIZE the General Manager of EWDD, or designee, to prepare Controller instructions for any necessary corrections or adjustments that may be required to effectuate the actions approved through this report, subject to the approval of the City Administrative Officer, and authorize the Controller to implement the instructions.

FISCAL IMPACT STATEMENT

There will be no fiscal impact on the City General Fund.

DISCUSSION

The COVID-19 pandemic resulted in unprecedented adverse impacts on the local economy and devastated small businesses in the City, particularly those located in disadvantaged communities. Consequently, the Council and Mayor have implemented various innovative, equity-focused programs to help promote a strong and equitable economic recovery in the City.

In May 2021, the Mayor and City Council approved an amendment to the Con Plan for Program Year 46, to accept a second allocation of CDBG-CV funding, which included an allocation of \$8.5 million to implement a Microenterprise Grant Program. In June 2021, the Mayor and City Council approved the Program Year 47 Con Plan, which included an allocation of \$1 million of CDBG funds to supplement the Microenterprise Grant Program funded with CDBG-CV, to target women-owned microenterprises thereby promoting equitable access to COVID recovery resources to women, a group identified as being disproportionately impacted by the pandemic. Collectively, both funding sources totaling \$9.5 million, fund the Microenterprise Recovery Grant Program (Program).

In April 2022, the Program was launched to provide financial support for the recovery of microenterprises that experienced adverse economic impact due to COVID-19. It provides grants of up to \$15,000 to eligible businesses, with priority given to those located in disadvantaged areas of the City and that have not received assistance through any City, State or Federal program. It is anticipated that the Program will assist over 700 microenterprises, which are defined as businesses with 5 employees or less, including the owner(s).

EWDD received nearly 7,000 applications from businesses citywide. Through a weighted randomized selection process, 725 finalists were identified and vetted for eligibility, of which 480 have been pre-approved. EWDD continues to review applications to identify eligible businesses that can benefit from the grant.

In order to more efficiently deploy funds to businesses in need, EWDD works with U.S. Bank as a custodial account holder for the implementation of various economic development programs, including the Comeback Checks Program (CF 21-0691) CARES Recovery Grant Program (C.F. 20-0683), and Rental Assistance Program (CF 21-0691-S1). Council action is needed to allow EWDD and the Controller to utilize U.S. Bank to implement the Microenterprise Recovery Grant Program, which will allow funds to be disbursed more expeditiously. The Mayor and City Council have previously approved authorities for this purpose.

CONCLUSION

Authorizing EWDD to utilize U.S. Bank to disburse grant funds will expedite the grant funding process to deploy assistance to eligible businesses in a timelier manner.

Frederick L Jackson

CAROLYN M. HULL
General Manager

CMH:FJ:dh