

## TRANSMITTAL

To: **THE COUNCIL**

Date: **02/01/24**

From: **THE MAYOR**

**TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.**



(Carolyn Webb de Macias for)

**KAREN BASS**

**Mayor**

# CITY OF LOS ANGELES

CALIFORNIA

CAROLYN M. HULL  
GENERAL MANAGER



KAREN BASS  
MAYOR

**ECONOMIC AND WORKFORCE  
DEVELOPMENT DEPARTMENT**

1200 W. 7TH STREET  
LOS ANGELES, CA 90017

January 19, 2024

Council File: 21-0691  
Council District Nos.: All  
Contact Person(s) & Phone:  
Dysi Hernandez, (213) 744-9340  
Fred Jackson, (213) 744-7300

The Honorable Karen Bass  
Mayor, City of Los Angeles  
Room 303, City Hall

Attention: Heleen Ramirez, Legislative Coordinator

**TRANSMITTAL: REQUEST AUTHORITY TO REPROGRAM UP TO \$5,125,137 OF AMERICAN RESCUE PLAN ACT FUNDING TO IMPLEMENT BUSINESS ASSISTANCE PROGRAMS.**

The General Manager of the Economic and Workforce Development Department (EWDD), respectfully requests authority to reprogram up to \$5,125,137 in American Rescue Plan Act (ARPA) funding that was originally allocated to the Small Business Rental Assistance Program, to implement other Business Assistance Programs that are needed to promote strong and equitable pandemic recovery efforts. Expedited action on the recommendations presented herein is requested to ensure timely implementation and expenditures of ARPA funding. Included in this request is the re-designation of \$543,262 of ARPA funds to the General Fund to fund EWDD program costs that may fall outside the ARPA expenditure time frame, and \$650,000 to support the L.A. Regional Small Business Legal Aid Program, which may require greater operating flexibility than currently allowed by ARPA regulations. The City Administrative Officer (CAO) has identified \$1,193,262 in other City expenditures that fall within the ARPA Government Services expenditure category that it will report on to the US Department of Treasury in lieu of the re-designated funds. All other reprogrammed funds will be included in the City's quarterly and annual ARPA reports.

**SUMMARY**

On November 24, 2021, the City Council approved EWDD to deploy \$12 million in ARPA funding for the Small Business Rental Assistance Program to provide grants of up to \$15,000 (or six months' rent, whichever is less) to support rental/lease costs for about 800 small businesses in qualifying industries, located in disadvantaged areas (CF 21-0691).

In 2022, EWDD launched the Small Business Rental Assistance Program, which assisted 564 small businesses, deploying \$6,874,863 in grants through three rounds of funding, leaving a remaining balance of \$5,125,137 from the original \$12 million allocation.

Through this report, EWDD is requesting authorization to reprogram the remaining balance

in the Small Business Rental Assistance Program, totaling \$5,125,137 to fund and deploy other much needed programs to help businesses recover in the aftermath of the pandemic.

Table 1 provides a summary of the proposed activities to be funded with the reprogrammed funds:

**TABLE 1**

Activity	Description	Amount
Good Food Zone Program (CF 21-0691)	In collaboration with the Food Policy Council, this program will expand access to healthy foods in food desert neighborhoods. ARPA funding will be used for a Food Liaison to help the City implement the program in the North San Fernando Valley. Funds are in addition to the \$1 million ARPA allocation previously approved for the program.	\$250,000
Al Fresco Permit Fee Reduction Program	In collaboration with the L.A. Department of Transportation (LADOT) and Bureau of Engineering (BOE), this program will provide funding to help businesses pay for permits to maintain the outdoor dining space that was temporarily established during the pandemic. Funds are in addition to the \$1.6 million ARPA allocation to LADOT previously approved for the program.	\$1,400,000
L.A. Regional Small Business Legal Aid Program (CF 21-0570 and 21-07-0558)	Funding is requested to continue implementation of this program, which provides free legal education and direct representation to eligible small businesses that have been negatively impacted by the COVID-19 pandemic. Services are provided by Bet Tzedek Legal Services using a regional approach, in collaboration with the County Department of Economic Opportunity.	\$650,000
Sidewalk Vending Cart Program (CF 13-1493-S15)	In collaboration with the County of Los Angeles, will provide funding for the purchase of food-vending carts to eligible, for-profit sidewalk vendors operating in the City. This will allow this vulnerable sector, which was disproportionately impacted by the pandemic, to operate their vending business and recover financially safely and legally. This is consistent with City Council instructions to identify financial assistance programs to help sidewalk vendors obtain vending carts. The Sidewalk Vending Cart Program will be established as a new ARPA program and will need to meet all ARPA requirements.	\$1,181,875
Contract Ready LA	As part of the City’s strategy to support a strong pandemic recovery by boosting Community Level	\$1,100,000

(CF 22-0098)	Contracting, the Small Business Procurement Program will provide technical assistance to small businesses to prepare them to successfully secure procurement contracts. This program will provide one-on-one consultation and support to equip businesses for bidding for contract opportunities. Contract Ready LA will be established as a new ARPA program and will need to meet all ARPA requirements.	
Program Administrative Costs	Allocation for salaries and other program costs.	\$543,262
<b>TOTAL</b>		<b>\$5,125,137</b>

**RECOMMENDATIONS**

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

1. AUTHORIZE the reprogramming of \$5,125,137 from the ARPA Small Business Rental Assistance Program within the ARPA Business Assistance Programs Fund No. 64N, and the re-designation of \$1,193,262 therefrom as General Fund, as follows:

Good Food Zone Program (Food Liaison)	\$250,000
Al Fresco Permit Fee Reduction Program	\$1,400,000
Sidewalk Vending Cart Program	\$1,181,875
Contract Ready LA	\$1,100,000
<b>Total Reprogrammed and remaining as ARPA</b>	<b>\$3,931,875</b>
L.A. Regional Small Business Legal Aid Program (Re-designated as General Fund)	\$650,000
Program Costs (Re-designated as General Fund) )	\$543,262
<b>Total Reprogrammed and Re-designated as General Fund</b>	<b>\$1,193,262</b>
<b>TOTAL</b>	<b>\$5,125,137</b>

2. AUTHORIZE the General Manager of EWDD, or designee, to transfer \$1,400,000 of reprogrammed funds from the ARPA Business Assistance Programs Fund No. 64N to the Department of Transportation (LADOT) for the implementation of the proposed Al Fresco Permit Fee Reduction Program.
3. AUTHORIZE the General Manager of EWDD, or designee, to procure, negotiate and execute contract(s) with third-party service provider(s) for up to \$250,000 for a

Good Food Zone Food Liaison for the Northeast San Fernando Valley area, in compliance with City contracting requirements and subject to the approval of the City Attorney as to form.

4. AUTHORIZE the General Manager of EWDD, or designee, to procure, negotiate and execute contract(s) with third-party service provider(s) for up to \$650,000 for implementation of the L.A. Regional Small Business Legal Aid Program, in compliance with City contracting requirements and subject to the approval of the City Attorney as to form.
5. AUTHORIZE the General Manager of EWDD, or designee, to procure, negotiate and execute contract(s) with third-party service provider(s) for up to \$1,181,875 for the implementation of the Sidewalk Vending Cart Program, in compliance with City contracting requirements and subject to the approval of the City Attorney as to form.
6. AUTHORIZE the General Manager of EWDD, or designee, to procure, negotiate and execute contract(s) with third-party service provider(s) for up to \$1,100,000 for the implementation of Contract Ready LA, in compliance with City contracting requirements and subject to the approval of the City Attorney as to form.
7. AUTHORIZE EWDD to transfer expenditures of up to \$543,262 from the ARPA Business Assistance Programs Fund No. 64N to the General Fund- Various Programs Fund No. 551.
8. AUTHORIZE the Controller to:
  - a. Transfer \$1,193,262 from the ARPA Business Assistance Programs Fund No. 64N to the General Fund- Various Program Fund No. 551 and appropriate as follows:

Acct #	Title	Amount
22Y4AJ	Business Assistance Program Costs	543,262
22Y4AK	LA Regional Small Business Legal Aid Program	650,000
	<b>Total</b>	<b>1,193,262</b>

- b. Transfer expenditures of up to \$543,262 for payments made to the Community Re-Investment Fund, Inc., Contract No. 139197, from the ARPA Business Assistance Programs Fund No. 64N, Account No. 22V839, Business Assistance Program Costs, to the General Fund- Various Programs Fund No. 551, Account No. 22Y4AJ, Business Assistance Program Costs.
- c. Decrease appropriations within the ARPA Business Assistance Programs Fund No. 64N, as follows:

Acct #	Title	Amount
22V815	Small Business Rental Assistance Program	\$1,193,262

- d. Establish new accounts and transfer appropriations within the ARPA

Business Assistance Programs Fund No. 64N as follows:

<b>Acct #</b>	<b>Title</b>	<b>Amount</b>
<b>From:</b>		
22V815	Small Business Rental Assistance Program	\$3,931,875
22V839	Business Assistance Program Costs	\$543,262
	<b>Total</b>	<b>\$4,475,137</b>
<b>To:</b>		
22Y834	Good Food Zones Business Assistance Program	\$250,000
22Y840	AI Fresco Permit Reduction - DOT	\$1,400,000
22Y841	Sidewalk Vending Cart Program	\$1,181,875
22Y842	Contract Ready LA	\$1,100,000
22Y122	Economic and Workforce Development	\$534,262
22Y166	Personnel	\$9,000
	<b>Total</b>	<b>4,475,137</b>

- e. Transfer \$1.4 million from the ARPA Business Assistance Programs Fund No. 64N, Account No. 22Y840, AI Fresco Permit Reduction – DOT, to the Department of Transportation Trust Fund No. 840 and appropriate as follows:

<b>Acct #</b>	<b>Title</b>	<b>Amount</b>
94YE40	LA AI Fresco Program	\$1,400,000

- f. Disburse funds from the ARPA Business Assistance Programs Fund No. 64N, Account No. 22Y841, Sidewalk Vending Cart Program, and electronically transfer up to \$1,181,875 to US Bank for disbursement to eligible and approved grantees of the Sidewalk Vending Cart Program, upon presentation of proper documentation by EWDD.
- g. Disburse funds from the ARPA Business Assistance Programs Fund No. 64N, Account No. 22V839, Business Assistance Program Costs, and electronically transfer up to \$1,000 to US Bank for bank fees, upon presentation of proper documentation by EWDD.
- h. Increase appropriations within Fund 100/22 as follows:

<b>Acct #</b>	<b>Title</b>	<b>Amount</b>
001010	Salaries General	\$447,972
001070	Salaries As Needed	\$2,000
001090	Overtime General	\$2,000
002120	Printing and Binding	\$69
002130	Travel	\$145

003040	Contractual Services	\$14,028
003310	Transportation	\$12
006010	Office and Administrative	\$5,022
006020	Operating Supplies	\$14
006030	Leasing	\$63,000
<b>Total</b>		<b>\$534,262</b>

i. Increase appropriations within Fund 100/66 as follows:

Acct #	Title	Amount
001010	Salaries General	\$9,000

j. Transfer appropriations within Fund 100/22 as follows:

	Acct #	Title	Amount
From	003040	Contractual Services	\$246,506
To	001010	Salaries General	\$212,349
	001070	Salaries As Needed	\$2,861
	001090	Overtime General	\$1,381
	006010	Office and Administrative	\$6,048
	006030	Leasing	\$23,867
		<b>Total</b>	<b>\$246,506</b>

k. Transfer appropriations between the following funds as follows:

	Fund#/Acct #	Title	Amount
From:	100/22/003040	Contractual Services	\$3,494
To:	100/66/001010	Salaries General	\$3,494

9. AUTHORIZE the General Manager of EWDD, or designee, to make technical corrections to transactions included in this report, subject to the approval of the City Administrative Officer, to carry out Mayor and City Council intentions, as necessary, and authorize the Controller to implement those instructions.

**FISCAL IMPACT STATEMENT**

Recommendations in this report will have no negative impact on the City General Fund, as all proposed programs will be funded with ARPA funds being reprogrammed from the allocation to the Small Business Rental Assistance Program currently in EWDD’s ARPA Business Assistance Programs Fund.

**DISCUSSION**

The Mayor’s 2021-2022 budget included a series of programs to promote a strong and

equitable economic recovery. On November 24, 2021, to further support struggling small businesses, the City Council approved additional ARPA funds to provide assistance to businesses owned by socially and economically disadvantaged Angelenos.

EWDD developed the Small Business Rental Assistance Program to provide grants of up to \$15,000 (or six months' rent, whichever is less) to support rental/lease costs for eligible small businesses impacted by the pandemic, located in disadvantaged areas.

In April 2022, EWDD launched the first round of the Small Business Rental Assistance Program where \$4,369,229 was deployed assisting 354 small businesses. In July 2022, the second round of the Small Business Rental Assistance Program was opened assisting 191 small businesses for a total of \$2,287,538.

In May 2023, a third and final round of the Small Business Rental Assistance Program was released. 602 applications were received, of which only 19 applicants were eligible for funding, while 583 applications were disqualified for various reasons, including business location outside the City, not having a commercial lease, not being able to provide supporting documentation evidencing the rent owed, or not demonstrating an adverse financial impact from the pandemic.

Despite extensive outreach efforts to promote the Small Business Rental Assistance Program, it has been challenging to identify sufficient applicants that meet eligibility criteria to deploy the funds allocated to the program. Over 2,700 applications were received during the three rounds of the Program and only 564 met eligibility criteria and were funded. This means that only 1 in 5 applications qualified for assistance. Meanwhile, other activities are needed to support businesses in their post-pandemic recovery. Consequently, EWDD recommends reprogramming of up to \$5,125,137 from the Small Business Rental Assistance Program to those other, much-needed, programs. Details of the proposed activities are provided below and are consistent with the ARPA Final Rule.

### **Good Food Zone**

In March 2020, City Council adopted the Good Food Zone (GFZ) Policy and directed EWDD to identify funding sources to implement the program, including the hiring of a Food Business Liaison. In November 2021, City Council approved funding for a GFZ Pilot using \$1,000,000 of ARPA funds (C.F. 21-0691). In addition, in the City's 2022-23 budget, City Council authorized a one-time funding of \$250,000 in General Funds to engage a Food Business Liaison for the proposed GFZ in the Northeast San Fernando Valley. The ARPA funding is currently in EWDD's ARPA Business Assistance Programs Fund No. 64N, while the \$250,000 in General Funds has been appropriated in the EWDD's Contractual Services Account #003040. Currently, the combined funding for the GFZ Program is \$1,250,000.

Under a separate report, EWDD is making recommendations for City Council consideration on the feasibility of implementing a GFZ Pilot Program. Initially, EWDD's recommendations included a \$250,000 set aside from the \$1 million ARPA allocation to cover EWDD program administration and staffing costs. However, due to ARPA's deadline to obligate funds by December 2024, EWDD is now recommending using ARPA funding to contract the needed Food Business Liaison(s). Once contracts are executed for food liaison services, ARPA funds will be considered obligated. The General Funds currently in the Contractual Services Account #003040 would be used for EWDD administrative and staffing costs to

manage the GFZ 2-year pilot. The switch of funding is needed due to the imminent ARPA deadline to commit funds.

Through this reprogramming report, EWDD is recommending the allocation of an additional \$250,000 in ARPA funding to augment the resources for GFZ program implementation and to enable EWDD to hire a Business Liaison for both the South Los Angeles and the Northeast San Fernando Valley GFZs for the duration of the 2-year pilot. If the additional ARPA funds are approved, the total funding available for the pilot program would be \$1.5 million to be used as follows:

<b>Use of Funds</b>	<b>Amount</b>	<b>Funding Source</b>
Good Food Zone Grants	\$750,000	ARPA
South Los Angeles GFZ Food Business Liaison (2-year pilot)	\$250,000	ARPA
Northeast San Fernando Valley GFZ Food Business Liaison (2-year pilot)	\$250,000	ARPA
Program Administrative Costs / EWDD salaries (2-year pilot)	\$250,000	General Funds (2022-23 budget allocation)
<b>TOTAL</b>	<b>\$1,500,000</b>	

### **Small Business Al Fresco Program**

At the beginning of the COVID-19 pandemic, the City enacted temporary emergency orders to allow restaurants to keep their doors open and serve customers while still adhering to local public health and safety measures. These emergency actions established L.A. Al Fresco, which authorized outdoor dining areas and temporarily suspended certain zoning regulations. The Al Fresco Program, implemented by LADOT, allowed many businesses to continue operating during the pandemic. Due to the success of the temporary L.A. Al Fresco Program and to promote economic strategies that are conducive to a resilient post-pandemic recovery, the City Council instructed City departments to establish permanent rules for outdoor dining on private property, sidewalks, and in-street, which includes a permitting process that would be administered by BOE.

Approximately 1,800 businesses used the temporary L.A. Al Fresco authorizations that would now need to pay permit fees as the City starts implementation of the permanent Al Fresco Program later this year. These fees range from \$1,500 to \$3,000 per business. As small businesses are still dealing with the aftermath of the pandemic, they need financial assistance to cover these fees.

If approved, the \$1.4 million of reprogrammed ARPA funds would be used to create an Al Fresco Permit Fee Reduction Program, which would provide funds to pay for all or part of the permitting fees. The assistance would be limited to Al Fresco participants that currently have sidewalk dining or on-street dining temporary authorizations. The Al Fresco Permit Reduction Fee Program would be implemented in collaboration with LADOT and BOE. EWDD funds would be supplemented by \$1.6 million of ARPA funding that was allocated to LADOT for an outdoor dining program, making \$3 million available for Al Fresco fee reductions. Funds would be transferred to LADOT as the lead department for the Al Fresco

Program. Business eligibility for fee reductions would be vetted by EWDD.

EWDD, LADOT and BOE will work collaboratively to finalize the permit application and fee reduction process, including the most effective way to apply the fee reduction funds.

### **L.A. Regional Small Business Legal Aid Program**

As a result of COVID-19, the Mayor and City Council swiftly passed emergency measures and programs that provided relief to commercial renters in the City, including the Small Business Rental Assistance Program, expanded tenant eviction protections and legal services for tenants facing evictions due to rental arrears resulting from the pandemic.

EWDD partnered with Bet Tzedek Legal Services to provide free legal education and direct representation to eligible small businesses in the City that were negatively impacted by COVID-19. The legal services address a number of legal issues such as drafting and reviewing commercial leases and negotiating terms with landlords, drafting and reviewing contracts, business structure and entity formation, employment law advice, application of COVID-19 regulations to business operations, accessing COVID-19 relief including loans and aid, and other transactional legal matters like intellectual property assistance.

The legal services are provided using a regional approach, in partnership with the County of Los Angeles Department of Economic Opportunity (DEO), which allows a more effective delivery of our services while leveraging County resources.

The original contract with Bet Tzedek was funded with \$1 million of City General Funds. They have held various events, including eight *Know Your Rights* presentations on commercial leasing, a Small Business Legal Academy and various webinars on transactional legal topics. As of September 2023, Bet Tzedek had served over 500 businesses, including those needing counsel and other extended services.

The contract with Bet Tzedek expired in December 2023. Through this report EWDD is seeking funds to continue this critical service needed to support impacted small businesses in the City.

At the request of the CAO, the \$650,000 which is currently categorized as ARPA Special Funds, must be re-designated to the General Fund. This re-designation will allow EWDD to implement the program to achieve Council's intent without the limitations of the ARPA guidelines. The CAO has identified other City expenditures that fall within the ARPA Government Services expenditure category that it will report on to the US Department of Treasury in lieu of the re-designated funds.

### **Sidewalk Vending Cart Program**

EWDD recommends reprogramming \$1,181,875 in ARPA funding to implement a Sidewalk Vending Cart Program to provide financial assistance to approximately 135 businesses operating in the City, for the purchase of food vending carts needed to secure appropriate permits.

Sidewalk vending is not only a prominent sector of the City's economy, but also part of its history and culture. Like most non-essential businesses, sidewalk vendors had to stop operating during the coronavirus pandemic, resulting in loss of revenue and financial

hardship. Due to language, technology and other barriers, sidewalk vendors faced challenges in accessing resources, which resulted in a greater pandemic impact than other industries. To ensure an equitable recovery of this vulnerable business population, it is critical to provide them with assistance in securing proper permits as part of their recovery trajectory.

The assistance will be provided in the form of grants that will be disbursed to eligible sidewalk vendors by a qualified third-party service provider/subrecipient. Grants will range from \$2,500 to \$15,000, depending on the cost of the cart and the needs of the business.

EWDD has been working closely with the County of Los Angeles pertaining to the food vending cart approval process. The County Department of Public Health has approved the design of some carts and prototypes are expected to be ready later this year. Having funding available for the purchase of carts will help expedite assistance to sidewalk vendors once the County's cart process is finalized.

EWDD will leverage its BusinessSource Center system to provide wrap around services to sidewalk vendors, including technical assistance in applying for and obtaining their permits. The technical assistance provided by the BusinessSource centers will not be funded with ARPA funds.

EWDD will collaborate with the Los Angeles County DEO to deploy the Sidewalk Vending Cart Program and other resources using a regional approach, which will help assist vendors more efficiently.

### **Contract Ready LA**

EWDD is requesting \$1,100,000 of reprogrammed ARPA funds to implement Contract Ready LA as a pilot program to provide technical assistance to small businesses with preparation and execution of bidding process to be competitive and ready to secure prime contracting or subcontracting opportunities. Through this program, businesses will navigate a streamlined process, in which one-on-one consultation and resources will be provided to attain foundational items needed to equip the business for successful bidding, including:

- 1) Registration on RAMPLA and other procurement portals
- 2) Access bids
- 3) Develop a statement of qualifications/corporate résumé
- 4) Determine eligibility and fiscal responsibility
- 5) Certification
- 6) Proposal development/submission
- 7) Partnerships / Subcontracting
- 8) Other services as needed, such as BTRC registration, legal entity formation, etc.

Los Angeles is the prime destination for upcoming high-level events such as the World Cup, Olympics, Super Bowl and others key affairs. Creating a pipeline of contract-ready businesses and first-time entrepreneurs is an economic recovery strategy to reverse the adverse financial impact caused by the pandemic by helping businesses successfully bid on contracts thereby increasing their revenue potential, especially for businesses owned by underrepresented owners.

Program will be implemented in partnership with a qualified subrecipient organization that will provide the technical assistance and procurement services.

### **Program Administrative Costs**

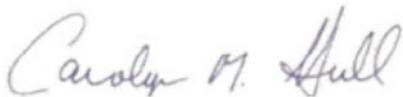
Implementation of ARPA-funded activities requires administrative, project management and contract oversight costs. In 2021, an allocation of \$312,120 in staffing costs was approved for implementation of the Comeback Checks and Rental Assistance programs. Through this report, EWDD is requesting \$543,262 of funding for administrative costs relating to various other ARPA-funded programs:

- 1) JEDI Zone façade improvement program
- 2) Al Fresco Permit Fee Reduction Program
- 3) L.A. Regional Small Business Legal Aid Program
- 4) Sidewalk Vending Cart Program
- 5) Contract Ready LA
- 6) Any other ARPA-related administrative functions carried out by EWDD

At the request of the CAO, the \$543,262, which is currently categorized as ARPA Special Funds, must be re-designated to the General Fund. This means that funding would no longer be subject to ARPA's time limitation for expenditures as well as other requirements that may limit administrative costs. The CAO has identified other City expenditures that fall within the ARPA Government Services expenditure category that it will report on to the US Department of Treasury in lieu of the re-designated funds.

### **CONCLUSION**

EWDD is requesting authorization to have ARPA funds reprogrammed and/or re-designated to facilitate the deployment of much-needed programs to assist businesses' recovery from the ongoing economic crisis resulting from the COVID-19 pandemic. The ARPA programs include the Small Business "Al Fresco" Program, the L.A. Regional Small Business Legal Aid Program, and the Sidewalk Vending Cart Program, among others.



CAROLYN M. HULL  
General Manager

CMH:FJ:dh