

ECONOMIC DEVELOPMENT AND JOBS COMMITTEE REPORT relative to the transfer of \$50 million from the Unappropriated Balance (UB) in the approved 2021-22 Budget for implementation of business assistance programs under the American Rescue Plan Act (ARPA).

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. AUTHORIZE the use of a total of \$50 million from the General Fund that is backed ARPA funding as follows:

Restaurant and Small Business Recovery Program	\$25,000,000
Small Business Rental Assistance Program	12,000,000
JEDI Zone Program Business Assistance	4,000,000
Good Food Zones Business Assistance Program	1,000,000
Legacy Business Recovery Program	5,000,000
Program Costs	<u>3,000,000</u>
Total:	\$50,000,000

2. AUTHORIZE the General Manager, Economic and Workforce Development Department (EWDD), to:
 - a. Negotiate and execute subrecipient agreement(s) with a Community Development Financial Institution(s) (CDFI) or other third-party service provider for the sub-award of up to \$37,000,000 plus administrative fees, for the implementation of the Restaurant and Small Business Recovery Program and Small Business Rental Assistance Program, subject to the approval of the City Attorney as to form.
 - b. Negotiate and execute professional services agreement(s) with third-party consultant(s) for up to \$300,000 for assistance in the implementation of ARPA funded programs and projects.
 - c. Allocate up to \$5,000 for CPA services to conduct fiscal monitoring reviews of selected subrecipients.
 - d. Negotiate and execute a subrecipient agreement with a third-party service provider for assistance in the implementation of the Jobs and Economic Incentive (JEDI) Zone Business Incentive Program for up to \$1,000,000 for services to upgrade technology such as website development, point of sale devices and internet access.
 - e. 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.

3. AUTHORIZE the Controller to:

- a. Establish a new interest-generating fund titled ARPA Funds No. XXX to be administered by the EWDD.
- b. Appropriate \$25,000,000 from the UB Fund No. 100/58 Restaurant and Small Business Recovery Account No. 580355 to the newly established ARPA Programs Fund No. XXX, as follows:

Account	Title	Amount
22V731	Restaurant and Small Business Recovery Program	\$25,000,000

- c. Appropriate \$25,000,000 from the Unappropriated Balance Fund No. 100/58 Business Assistance Programs Account No. 580373 to the newly established American Rescue Plan Act (ARPA) Programs Fund No. XXX, as follows:

Account	Title	Amount
22V112	City Attorney	\$ 652
22V122	Economic and Workforce Development	312,120
22V166	Personnel	6,017
22V299	Reimbursement of General Fund Costs	176,211
22V732	Small Business Rental Assistance Program	12,000,000
22V733	JEDI Zone Program Business Assistance	4,000,000
22V734	Good Food Zones Business Assistance Program	1,000,000
22V735	Legacy Business Recovery Program	5,000,000
22V736	Business Assistance Program Costs	<u>2,505,000</u>
	Total:	\$25,000,000

- d. Increase appropriations within Fund No. 100/22 as follows:

Account	Title	Amount
1010	Salaries General	\$252,933
1070	Salaries As-Needed	1,500
1090	Overtime General	2,634
2120	Printing and Binding	35
2130	Travel	73
3040	Contractual Services	5,523
3310	Transportation	4
6010	Office and Administrative	5,086
6020	Operating Supplies	7
6030	Leasing	<u>44,325</u>
	Total:	\$25,000,000

e. Increase appropriations within the following Fund No.100 accounts:

Account	Title	Amount
100/12/001010	Salaries General	\$ 652
100/66/001010	Salaries General	\$6,017

4. TRANSFER up to \$1,500,000 from the newly established ARPA Programs Fund No. XXX, JEDI Zone Program Business Assistance Account No. 22V733, to the Building and Safety and Planning Departments, upon presentation of proper documentation by the EWDD.
5. INSTRUCT the EWDD to report on program status of the ARPA funded activities to Mayor and City Council every 60 days, or more often as needed.

Fiscal Impact Statement: Neither the City Administrative Officer nor the CLA has completed a financial analysis of this report.

Community Impact Statement: None submitted.

Summary:

On June 22, 2021, your Committee considered a June 17, 2021 EWDD report relative to relative to the transfer of \$50 million from the UB in the approved 2021-22 Budget for implementation of business assistance programs under the ARPA. According to the EWDD, the COVID-19 global pandemic has devastated small businesses in the City resulting in a substantial economic decline, particularly in disadvantaged communities. Studies show that job losses are disproportionately higher for low-wage workers and that “mom and pop” businesses are closing at a higher rate due to drastically declining revenues. Many businesses are struggling to keep their doors open. The ARPA is a Federal economic relief bill signed into law earlier this year to assist families and workers impacted by COVID-19. The US Department of the Treasury released the ARPA Interim Final Rule on May 17, 2021. It provides guidance on the eligible uses of ARPA funds, including provisions to support the communities and populations hardest hit by the

pandemic. It addresses inequities that disproportionately impacted certain populations, such as low-income families, communities of color, and impacts along gender lines. The City has been allocated over \$1.2 billion in ARPA funds to provide much needed relief to Angelenos during the current economic crisis. To support struggling for-profit small businesses, the Mayor and City Council, through the 2021-22 budget process, allocated \$50 million in ARPA funding to implement a series of programs that promote a strong and equitable economic recovery in the City, consistent with ARPA regulations. The \$50 million ARPA allocation was transferred to the UB account, to allow for further consideration by Council. The EWDD is requesting authorization to have the ARPA funds transferred to the department to deploy much needed programs to help businesses recover in the aftermath of the pandemic. Finally, during the discussion of this item, a representative from the CAO noted that the ARPA funds detailed in Recommendation No. 1 of the EWDD report have already been received by the City and as such are part of the General Fund so any fund transfer is actually coming from the General Fund and that said funds are backed by the ARPA funds. After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the recommendations contained in the June 17, 2021 EWDD report, as amended, and detailed in the above recommendations. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

Economic Development and Jobs Committee

COUNCILMEMBER	VOTE
PRICE:	YES
KREKORIAN:	YES
BLUMENFIELD:	YES
RAMAN:	YES
HARRIS-DAWSON:	YES

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6/22/21
CD 13

-NOT OFFICIAL UNTIL COUNCIL ACTS-