

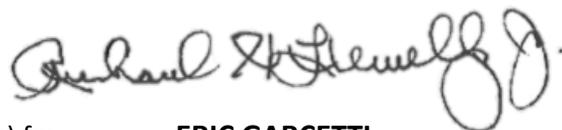
TRANSMITTAL

To: **THE COUNCIL**

Date: **11/05/21**

From: **THE MAYOR**

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.

A handwritten signature in black ink, appearing to read "Eric Garcetti". The signature is fluid and cursive, with a large loop at the end.

(Rich Llewellyn) for

ERIC GARCETTI
Mayor

CITY OF LOS ANGELES

CALIFORNIA

CAROLYN M. HULL
GENERAL MANAGER



ERIC GARCETTI
MAYOR

**ECONOMIC AND WORKFORCE
DEVELOPMENT DEPARTMENT**

1200 W. 7TH STREET
LOS ANGELES, CA 90017

November 3, 2021

Council File: 20-0683
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 REPROGRAM UNSPENT
CORONAVIRUS AID, RELIEF AND ECONOMIC SECURITY (CARES) ACT FUNDS
TO PROVIDE BUSINESS RECOVERY GRANTS UNDER THE COMEBACK CHECKS
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

In August 2020, the Mayor and City Council approved the City's participation in the Los Angeles Regional Relief & Recovery Fund (Regional Fund), Childcare Regional Relief and Recovery Fund, and the COVID-19 Street Vendor Grant Program and allocated \$53.8 million in CARES funding to deploy grants to businesses impacted by the pandemic. Through these programs and in partnership with Local Initiative Support Corporation (LISC), Low Income Investment Fund (LIIF), and our BusinessSource Centers, the City assisted nearly 3,700 businesses and non-profit organizations. EWDD has identified \$795,243 in program cost savings and is requesting authority to reprogram these unspent CARES dollars to issue 159 additional recovery grants through the current Comeback Checks Program.

RECOMMENDATIONS

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

1. AUTHORIZE EWDD to reprogram the following unspent CARES funding to provide grants through the Restaurant and Small Business Recovery – Comeback Checks Program.

Program	Saving
LA Regional Relief and Recovery Fund	704,236
Childcare Regional Relief and Recovery Fund	55,275
COVID-19 Street Vendor Grant Program	35,732
Total	795,243

2. INSTRUCT EWDD to spend CARES funding by the Federal deadline of December 31, 2021.
3. AUTHORIZE the Controller to establish a new account and transfer appropriations within the CARES Act Projects Fund No. 63P as follows:

	Acct #	Title	Amount
From	22T595	LA Regional Relief and Recovery Fund	731,980
	22T596	Childcare Regional Relief and Recovery Fund	27,531
To	22VXXX	Comeback Checks Program	759,511

4. AUTHORIZE the Controller to establish a new account and transfer appropriations within the COVID-19 Street Vending Recovery Fund as follows:

	Acct #	Title	Amount
From	22T878	COVID-19 Street Vendor Grant Program	35,732
To	22VXXX	Comeback Checks Program	35,732

5. AUTHORIZE EWDD to transfer funds up to \$795,243 to US Bank for disbursements to grantees of the Comeback Checks Program.
6. INSTRUCT EWDD to report on CARES Program and Comeback Checks Program status to Council and Mayor in 90 days.
7. Authorize the General Manager of EWDD, or designee, to prepare Controller instructions for any necessary technical adjustments, subject to the approval of

the City Administrative Officer, and instruct 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 a broad range of innovative, equity-focused programs to help promote a strong and equitable economic recovery in the City.

In August 2020, the Council and Mayor authorized the City's participation in the Regional Fund, which leveraged public and philanthropic resources to assist Los Angeles based small businesses and nonprofit organizations struggling to keep their doors open. \$40 million in CARES Act funding was allocated to implement the program in partnership with LISC and the City's BusinessSource Centers. Through this program, the City deployed 3,001 grants to assist qualified small businesses and non-profits in their pandemic recovery efforts, including grants for sidewalk vendors.

Furthermore, in partnership with Low Income Investment Fund (LIIF) the City assisted 683 childcare providers through the Childcare Regional Relief and Recovery Fund with a CARES allocation of \$11.5 million.

An EWDD internal fiscal audit of the CARES-funded programs identified \$795,243 in cost savings. These unspent CARES funds are set to expire on December 31, 2021. If not used, the City will be required to return the unspent funds to the U.S. Department of the Treasury.

To continue to support the small business community, the Mayor and City Council, through the 2021-2022 budget process, allocated American Rescue Plan Act (ARPA) funding to implement a series of pandemic recovery programs, including the Restaurant and Small Business Recovery – Comeback Checks Program. Through this program, the City will issue \$5,000 grants to 5,000 eligible small businesses. The funds will be deployed in three rounds of funding. The first round opened on October 26, 2021, and closed on November 2nd. Rounds 2 and 3 will be scheduled in the coming weeks.

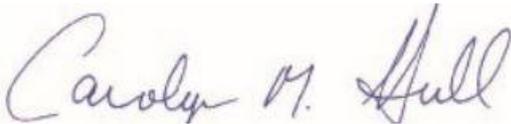
Nearly 18,000 thousand applications were received during the first application round of the Comeback Checks Program. It is anticipated that only 1,500 grants will be issued in this round. Businesses not selected for funding will be automatically rolled over to subsequent rounds for another chance to be selected. Nonetheless, the Program is

undoubtedly oversubscribed and will only be able to assist a fraction of the small businesses in need of help.

EWDD recommends reprogramming the unspent CARES funding to provide Comeback Checks assistance to 159 additional small businesses facing economic challenges due to the pandemic.

CONCLUSION

The Comeback Checks Program is designed to promote economic recovery for small businesses, particularly those in hard-hit disadvantaged communities. Reprogramming unspent CARES funds to supplement the Comeback Checks Program will provide additional grant capital to assist an additional 159 eligible small businesses in the City.

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CAROLYN M. HULL
General Manager

CMH:FJ:dh