



INFORMATIONAL MEMORANDUM

TO: Planning and Economic Development Committee

FROM: Derek Speck, Economic Development Administrator

CC: Mayor Ekberg

DATE: June 9, 2020

SUBJECT: Business Recovery Update: Grants

ISSUE

This item is intended for discussion of grants related to business recovery including potential uses and applications for additional grants.

BACKGROUND

Currently, the City anticipates receiving two grants that are intended to be used, or can be used, for business recovery from COVID-19.

In February 2020 the Planning and Economic Development Committee application for a \$20,930 grant from the Port of Seattle for economic development. At that time, the application was intended to include: a residential component into a digital media program to grow tourism; development attraction, and the Kent Valley WA business attraction website. Staff would like to revise the application to focus more on business recovery.

The City of Tukwila anticipates receiving \$33,000 from King County for business recovery. We expect to receive information on criteria and eligible uses within the next few weeks.

There are a few additional grant opportunities the City could explore for business recovery.

1. Some cities are able to use Community Development Block Grant (CDBG) funds for economic development and business recovery. For example, the City of Seattle used CDBG funds for small business grants. The federal government is distributing additional CDBG funds due to COVID-19. Tukwila does not receive a direct CDBG allocation but could apply on its own or with other cities.
2. The City will be receiving \$627,900 from the CARES Act through the Department of Commerce. The funds can be used to cover city expenditures related to COVID-19 response, providing economic support to those suffering from unemployment and/or providing economic support to business interruptions.
3. The US Economic Development Administration (EDA) will be distributing \$1.5 billion from the CARES Act for economic development recovery assistance. Of that funding, the Seattle office (which includes the seven westernmost states) will receive \$266 million for distribution. The application process is competitive and requires a local match of 0% to 20%. Applications are accepted on a rolling basis with final approvals by September

30, 2020. Funds need to be spent by September 30, 2022. Individual awards are anticipated to range from \$100,000 to \$30 million. One of the key eligibility criteria is to show how the proposed project would “prevent, prepare for, and respond to coronavirus” or respond to “economic injury as a result of coronavirus”. Examples of projects that may be funded through this program include economic recovery planning and preparing technical strategies to address economic dislocations caused by the coronavirus pandemic, preparing or updating resilience plans to respond to future pandemics, implementing entrepreneurial support programs to diversify economies, and constructing public works and facilities that will support economic recovery, including the deployment of broadband for purposes including supporting telehealth and remote learning for job skills. An addendum from the Federal Notice of Funding Opportunity is attached.

DISCUSSION

Following are some examples of possible uses of the grant funds for business recovery:

1. Technical assistance to businesses (understanding current programs, applying for loans, marketing plans, business plans, export assistance, city permits, etc.)
2. Translation and interpretation assistance for businesses
3. Marketing and promotion
4. Employee training
5. Workforce development
6. Recruitment
7. Grants
8. Loans
9. City infrastructure and services (sidewalks, internet, public parking, beautification, etc.)

A key question will be what criteria and process the City would use for selecting businesses to receive recovery support such as technical assistance, grants, loans, etc.

Federal grant applications, such as for CDBG or the CARES Act EDA funding, can be time intensive to apply. To be competitive, those applications need to have a high probability of acceptance and success for the intended businesses.

The residents in South King County, including Tukwila, have been significantly affected by COVID-19 and perhaps more than in other parts of the County. As such, our small businesses may also be impacted more and the importance of equity may help the City’s application.

FINANCIAL IMPACT

No budget changes are requested at this time.

RECOMMENDATION

Information and discussion only.

ATTACHMENTS

Addendum to EDA CARES Act grant notice of funding opportunity

**Addendum to the FY 2020 Public Works and Economic Adjustment Assistance
Notice of Funding Opportunity (FY20 PWEAA NOFO)
for the Economic Development Administration’s (EDA)’s Coronavirus Aid, Relief, and Economic
Security Act (CARES Act) Recovery Assistance**

EDA’s CARES Act Recovery Assistance is an agency effort to assist communities impacted by the coronavirus pandemic.¹ The pandemic has caused, and will continue to cause, economic injury to U.S. regions and communities in devastating and unprecedented ways.

EDA’s CARES Act Recovery Assistance is designed to provide a wide-range of financial assistance to communities and regions as they respond to, and recover from, the impacts of the coronavirus pandemic. Under this announcement, EDA solicits applications under the authority of its Economic Adjustment Assistance (EAA) program, which is intended to be flexible and responsive to the economic development needs and priorities of local and regional stakeholders.

Through the EAA program, EDA provides investments that support a wide range of non-construction and construction activities, including Revolving Loan Funds, in regions experiencing severe economic dislocations, such as those brought about by the coronavirus pandemic. As part of CARES Act Recovery Assistance, EDA will also fund projects that qualify for EAA funding but are similar to the kinds of projects funded under other EDA programs, such as Public Works, Research and National Technical Assistance, Planning, Local Technical Assistance, University Centers, and Build to Scale (formerly Regional Innovation Strategies (RIS)).² In addition to projects with a regional focus, EDA anticipates making awards for projects of national scope as part of this funding opportunity.

In general, except as discussed below, EDA’s CARES Act Recovery Assistance serves as an addendum to and follows the same rules as the FY 2020 Public Works and Economic Adjustment Assistance Notice of Funding Opportunity (FY20 PWEAA NOFO) (link below). For more information, please see EDA’s website at <https://www.eda.gov/programs/eda-programs/> or contact the EDA representative for your region who can be found at <https://www.eda.gov/contact/>.

Funding Availability

The CARES Act (P.L. 116-136) provided EDA with \$1,500,000,000, to remain available until September 30, 2022, to “prevent, prepare for, and respond to coronavirus, ... including for necessary expenses for responding to economic injury as a result of coronavirus.” EDA intends to make these funds available through the EAA program using the existing procedures specified in the FY20 PWEAA NOFO (link below).³ Under the EDA’s CARES Act Recovery Assistance addendum, EDA expects on a case-by-case basis to receive applications that exceed the historical averages described in section B.1 of the FY20 PWEAA NOFO.

¹ Section 23005 of the CARES Act, Pub. L. 116-136 (March 27, 2020), defines “coronavirus” as “SARS-CoV-2 or another coronavirus with pandemic potential.”

² Only applicants who are eligible to receive funding under the Economic Adjustment Assistance program are eligible to receive grants under EDA’s CARES Act Recovery Assistance. EDA will work to ensure that its funding is not duplicative of other Federal assistance through grant conditions and certifications by applicants as well as recipients of RLF loans.

³ To expedite funding to affected communities and regions, EDA may invite existing or past grantees, such as Economic Development Districts currently in receipt of Partnership Planning awards, operators of existing EDA-funded Revolving Loan Funds, and EDA-funded University Centers, to apply using specific procedures. EDA will independently contact such grantees with instructions.

EDA has allocated \$1,467,000,000⁴ in supplemental program funds among its offices as follows:

Atlanta Regional Office – \$248,000,000
Austin Regional Office – \$236,000,000
Chicago Regional Office – \$225,000,000
Denver Regional Office – \$193,000,000
Philadelphia Regional Office – \$259,000,000
Seattle Regional Office – \$266,000,000
Headquarters – \$40,000,000

Note: When appropriate, EDA may exercise its discretion to adjust the allocations to its offices based on its experience in administering the supplemental appropriations to ensure funds are used to maximum effect, or to adjust to unforeseen changes in recovery efforts.

Eligible Applicants

Eligible applicants under the EAA program include a(n):

- a. District Organization;
- b. Indian Tribe or a consortium of Indian Tribes;
- c. State, county, city, or other political subdivision of a State, including a special purpose unit of a State or local government engaged in economic or infrastructure development activities, or a consortium of political subdivisions;
- d. Institution of higher education or a consortium of institutions of higher education; or
- e. Public or private non-profit organization or association acting in cooperation with officials of a political subdivision of a State.

EAA Program and Application Requirements for EDA’s CARES Act Recovery Assistance

The following EAA program requirements are specific to EDA’s CARES Act Recovery Assistance. This is an addendum to the FY20 PWEAA NOFO (link below), and unless otherwise stated below, the requirements of the FY20 PWEAA NOFO apply. Please see the FY20 PWEAA NOFO for information on other EAA program requirements, award information, and the content and form of application submissions.

CARES Act Recovery Assistance Projects

Successful applications will enable affected communities to respond to the impacts of the coronavirus pandemic by supporting affected businesses and communities, including by providing technical assistance to retain existing and hire new employees; by providing a range of skills-training and workforce development projects to help employees compete for high-quality jobs; and by developing and implementing strategies to diversify regional economies to create jobs in new or existing industries. EAA investments are designed to help communities catalyze public-private partnerships to foster collaboration, attract investment, create jobs, and foster economic resiliency and prosperity. Examples of projects that may be funded through CARES Act Recovery Assistance include economic recovery planning and preparing technical strategies to address economic dislocations caused by the coronavirus pandemic,

⁴ Congress authorized up to \$30,000,000 to cover EDA’s administrative and oversight activities related to these awards and a transfer of \$3,000,000 to the Department of Commerce’s Office of the Inspector General for related investigations and audits.

preparing or updating resiliency plans to respond to future pandemics, implementing entrepreneurial support programs to diversify economies, and constructing public works and facilities that will support economic recovery, including the deployment of broadband for purposes including supporting telehealth and remote learning for job skills.

Economic Distress Criteria and Special Need; Pandemic Response Requirement

Section C.3. of the FY20 PWEAA NOFO (starting on pg. 13) sets out the economic distress criteria for the EAA program, including “Special Need” criteria. EDA has determined that economic injury from the coronavirus pandemic constitutes a “Special Need,” and eligibility may be established on that basis without reference to the other economic distress criteria specified in the FY20 PWEAA NOFO. This determination of nationwide eligibility for these funds is consistent with the President’s March 13, 2020 [*Proclamation on Declaring a National Emergency Concerning the Novel Coronavirus Disease \(COVID-19\) Outbreak*](#) that established a national emergency for all states, tribes, territories, local governments, and the District of Columbia (<https://www.fema.gov/news-release/2020/03/13/covid-19-emergency-declaration>).

To be eligible for funding under EDA’s CARES Act Recovery Assistance, applicants must explain clearly in their application how the proposed project would “prevent, prepare for, and respond to coronavirus” or respond to “economic injury as a result of coronavirus.” This explanation is required to assist reviewers in understanding how a proposed project aligns with the goals of EDA’s CARES Act Recovery Assistance. For example, if Smith County has experienced significant small business closures as a result of the pandemic, Smith County must demonstrate how the project addresses small business recovery and resilience priorities and objectives established under a Comprehensive Economic Development Strategy (CEDS) or other strategy acceptable to EDA (see below for information on strategy requirements). Projects that consider economic recovery in general must address the direct consequences of the coronavirus pandemic itself and how the project will contribute the community’s recovery and resiliency. **The extent to which a proposed project responds to needs caused by the coronavirus pandemic is one factor that EDA will consider when evaluating applications for funding.**

Cost Sharing or Matching

Section C.2. of the FY20 PWEAA NOFO (starting on pg. 11) sets out the cost sharing requirements for EDA projects. For EDA’s CARES Act Recovery Assistance, given the extent of the economic impact and in accordance with the agency’s statutory authority under Section 703 of the Public Works and Economic Development Act of 1965 (PWEDA) (42 U.S.C. § 3233), EDA generally expects to fund at least 80%, and up to 100%, of eligible project costs. In determining whether to fund a project’s Federal share above 80%, EDA’s Grants Officers in the applicable Regional Office will consider on a case-by-case basis whether the circumstances of the proposed project warrant a Federal share in excess of 80%, including whether the applicant has exhausted its effective taxing or borrowing capacity, the extent of the impact of the coronavirus pandemic on the region, or whether the region meets other thresholds for elevated need based on the relative economic distress of the region. Additionally, EDA may establish a maximum investment rate of up to 100% for projects of Indian Tribes. Any portion of the costs for the EDA scope of work funded below 100% must be borne by the recipient or provided to the recipient by a third party as a contribution for the purposes of and subject to the terms of the award.

The applicant is responsible for demonstrating to EDA that a grant rate above 80% is justified by providing statistics and other appropriate information on the nature and level of economic distress in the

region, including information regarding other recovery-related needs facing the region and the level of resources available to address those needs.

Comprehensive Economic Development Strategy (CEDS) Requirements

Except for a “Strategy Grant” to develop, update, or refine a CEDS, each project must be consistent with the region’s current CEDS or equivalent EDA-accepted regional economic development strategy that meets EDA’s CEDS or strategy requirements. Please see Section A.3. of the FY20 PWEAA NOFO (starting on pg. 5) for more information on CEDS requirements. In addition, in accordance with 13 CFR § 303.7(c)(1), in certain circumstances EDA may accept a non-EDA-funded CEDS that does not contain all the elements EDA requires of a CEDS.⁵

Application Information, Review and Selection Process, and Link to FY20 PWEAA NOFO

Applications are accepted on a rolling basis. Unless otherwise directed by EDA, all applicants for CARES Act Recovery Assistance must follow instructions included within the FY20 PWEAA NOFO, which can be found on:

<https://www.grants.gov/web/grants/view-opportunity.html?oppId=321695>. As necessary, each EDA Regional Office will periodically convene investment review committees (IRCs) that consist of at least three EDA staff members. After EDA determines an application is complete, it will be reviewed by the IRC, which will make a recommendation to the Grants Officer regarding funding.⁶

Along with other controlling law, EDA’s CARES Act Recovery Assistance awards will be governed by the Uniform Administrative Requirements, Cost Principles, and Audit Requirements as set forth in 2 C.F.R. part 200. For additional information, please contact the EDA representative for your region who can be found at <https://www.eda.gov/contact/>. Applicants should note that the Office of Management and Budget (OMB) has provided flexibility with respect to System of Award Management (SAM) registration at the time of application; however, at the time of award, the requirements of 2 C.F.R. § 200.205, *Federal awarding agency review of risk posed by applicants*, will continue to apply, including the requirement for SAM registration. In addition, current registrants in SAM with active registrations that expire before May 16, 2020 will be afforded an automatic one-time extension of 60 days.

Instructions for Applicants:

- Download the FY20 PWEAA Notice of Funding Opportunity (NOFO) and application package from <https://www.grants.gov/web/grants/view-opportunity.html?oppId=321695>.
- In Form ED-900, section B.3.b., include a description of the economic impacts in the region from the coronavirus pandemic and describe how the proposed project scope of work will respond to those impacts and support pandemic recovery and resilience efforts. Applicants may also provide a separate narrative statement, not to exceed one page in length, of the economic impacts in the region from the coronavirus pandemic and how the proposed project scope of work responds to those impacts.
- Additionally, in Form ED-900, section B.6, explain how the proposed project would meet EDA’s Recovery and Resilience investment priority, which all CARES Act Recovery Assistance projects are expected to meet. You may also explain in this space how the proposed projects will meet any of EDA’s other investment priorities.

⁵ In doing so, EDA shall consider the circumstances surrounding the application for Investment Assistance, including emergencies or natural disasters and the fulfillment of the requirements of section 302 of PWEDA.

⁶ See 13 C.F.R. § 302.2 (“When non-statutory EDA administrative or procedural conditions for Investment Assistance awards under PWEDA cannot be met by an Eligible Applicant as the result of a disaster, EDA may waive such conditions.”).