



## **INFORMATIONAL MEMORANDUM**

**TO: Planning and Economic Development Committee**

**FROM: Derek Speck, Economic Development Administrator**

**CC: Mayor Ekberg**

**DATE: June 29, 2020**

**SUBJECT: Business Recovery Update: Grants**

### **ISSUE**

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

### **BACKGROUND**

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

- (1) Port of Seattle Grant: In February 2020 the Planning and Economic Development Committee approved an application for a \$20,930 grant from the Port of Seattle for economic development. At that time, the application included: a residential component within a digital media program to grow tourism (ExperienceTukwila); development attraction such as a tour for commercial real estate representatives, and the Kent Valley WA business attraction website. Staff would like to revise the application to focus more on business recovery by eliminating the development attraction funds and partially reducing the digital media program to direct \$7,000 toward business recovery. Those funds would most likely be used to contract with the Seattle Southside Chamber of Commerce to provide technical assistance to our small businesses for reopening or financing or with other organizations for interpretation and outreach.
- (2) King County has allocated \$1.95 million to cities within the County (except Seattle) to provide economic relief and support to small and underserved businesses. On June 19, the City of Tukwila was notified we are eligible to receive \$31,965. A copy of the County's objectives and eligible expenditures is attached.

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 may distribute additional CDBG funds due to COVID-19. Tukwila does not receive a direct CDBG allocation but might be able to apply on its own or with other cities.
2. The City is eligible to receive \$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, provide economic support to those suffering from unemployment and/or provide 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 Seattle office will distribute approximately half of that through existing partners in order to deploy the funds quickly. The remainder (approximately \$133 million) will be allocated through a competitive application process. Applications are being 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 and require a match of up to 20%. 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. Based on conversations with EDA staff, it is unlikely that applications for infrastructure grants of less than \$1 million would be competitive. Also, applications for non-infrastructure grants, such as assistance programs, generally need to serve a region to be competitive (not just a single city).

## **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 and grants, developing marketing and business plans, expanding exports, navigating city permits, etc.)
2. Translation and interpretation assistance for businesses
3. Marketing and promotion for businesses
4. Workforce development and training
5. Workforce recruitment
6. Direct grants
7. Direct loans
8. PPE
9. City infrastructure and services (sidewalks, internet, public parking, beautification, etc.)

If the City desires to issue grants or loans to businesses, a key question will be what criteria and process the City would use for selecting businesses. Some criteria can be simple such as type of business, location, and minority ownership structure. Other criteria can be complex or subjective such as financial need, probability of success, confirmation of other federal funding, and verification of expenditures. And all criteria can become sensitive when the funding is insufficient to meet the demand and selection would need to be based on a ranking of priorities, first come-first served, or lottery.

Processing business applications can be very time intensive, depending on the criteria and amount of verification. Some cities are contracting with federally recognized community development financial institutions (CDFIs) to process the applications. Some businesses may need translation and interpretation assistance.

In order to be equitable and improve the competitiveness of an application, we may need to conduct outreach as we develop the grant application.

Federal grant applications, such as for CDBG or the CARES Act EDA funding, can be time intensive to apply. The City could contract with an outside firm to prepare the application.

**FINANCIAL IMPACT**

No budget changes are requested at this time.

**RECOMMENDATION**

Information and discussion only.

**ATTACHMENTS**

King County Corona Virus Relief Fund – Attachment C Scope of Work  
Addendum to EDA CARES Act grant notice of funding opportunity



## King County Coronavirus Relief Fund Subrecipient Grant Agreement Economic Development for Cities

### ATTACHMENT C - PROGRAM SCOPE OF WORK

#### 1. Introduction

On May 12, 2020, King County Council passed Ordinance 19103, which allocated a total of \$1.95 million for a grant program to support King County cities' economic relief and recovery activities in response to the COVID-19 public health emergency. This grant program is intended to help alleviate the significant adverse economic impact of COVID-19 on incorporated municipalities of King County. The funds will be distributed to every city of King County, except for the city of Seattle, based on per capita population with a minimum grant of \$10,000.

Note: With the grant minimum set at \$10,000, some of the calculated city allocations will be adjusted slightly to keep the total programmatic allocation at \$1.95 million.

#### 2. Program Objectives/Outcomes

King County is seeking to achieve the following outcomes with this grant program:

- a. Small businesses receive the support they need to overcome disruptions caused by COVID-19
- b. Small businesses receive the support they need to safely re-opening while adhering to local public health guidance and operating guidelines designed to protect employees and customers
- c. Support underserved and other priority small businesses that have not been able to access other resources\*
- d. Help small businesses restart quickly, recover from the impacts of the pandemic, and contribute to the overall economic stability of the community (i.e., revenues and jobs)

While King County empowers the subrecipient to define 'small business', cities should prioritize grant funds to businesses that meet a reasonable standard of 'small' and have experienced acute business interruption or require immediate assistance to adapt their services to adhere to public health guidance and considerations.

*\* For the purposes of this grant program, King County considers historically underserved business owners to be those from Black, Native, people of color, immigrant, refugee, and LGBTQ communities.*

#### 3. Eligible Expenditures

The grant funds must be used for cities' economic relief and development activities in response to COVID-19. The funds should only be used for costs that were not accounted for in the city's 2019 fiscal year budget and must comply with all federal requirements set for the Treasury's Coronavirus Relief Fund (detailed in Attachment A "Federal Terms"). Expenditures must be incurred in the period from March 1, 2020, through December 30, 2020, and must be recorded and documented using the generally accepted accounting principles and the provisions of Title 2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements.

Expenditures may fall in any of the following broad categories:

- City internal operational expenditures
- City direct expenditures for small businesses
- Passthrough grants to small businesses to reimburse the costs of business interruption caused by required closures.

The following list provides some examples of eligible expenditures:

- Materials to give out to businesses to facilitate safe opening (e.g., PPE, sanitation supplies, plexiglass barriers, markers, signage)
- Rental of materials to increase the outdoor seating capacity for restaurant businesses
- Marketing materials for businesses
- Passthrough grants to businesses to reimburse business interruption costs not previously satisfied by any other funding source
- Technical assistance to businesses (consulting services)
- Temporary staff hired to engage with businesses
- Consulting Services (business surveys, training, city marketing materials, etc.)

#### 4. Grant Documentation & Reporting

EXHIBIT #	Form/Report	Short Description	Interval
1	Pre-award: risk assessment questionnaire	Short survey to understand City's administrative capacity	With the intake form preceding agreement signing
2	Federal Funding Accountability and Transparency Act (FFATA) Data Collection Form	<ul style="list-style-type: none"> <li>• Only for entities receiving grant funds in excess of \$25,000.</li> <li>• King County will use this information to report to <a href="http://www.FSRS.gov">www.FSRS.gov</a> within 30 days of the award.</li> <li>• Template attached.</li> </ul>	With the signed agreement <i>(if the grant amount is in excess of \$25,000)</i>
3	Bi-monthly performance report	Summary expenditure report by eligible activity	Bi-monthly following agreement signing
4	An expenditure report detailing all expenditures up to the grant amount	A standard report generated from the city's official accounting system or sufficient documentation to demonstrate grant expenditures, payee, and date of transaction	Within 30 days of final payment utilizing grant funds
5	Direct Grant & Beneficiaries Report	A standard report that outlines all businesses who received a <i>direct</i> grant payment from the city, detailing business information and key demographic indicators	Within 30 days of final payment utilizing grant funds

**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.<sup>1</sup> 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)).<sup>2</sup> 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).<sup>3</sup> 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.

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<sup>1</sup> 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.”

<sup>2</sup> 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.

<sup>3</sup> 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 \$1,467,000,000<sup>4</sup> 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,

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<sup>4</sup> 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.<sup>5</sup>

#### 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.<sup>6</sup>

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.

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<sup>5</sup> 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.

<sup>6</sup> 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.”).