

**City of La Palma**  
COVID-19 Related  
Emergency Relief Small Business Grant Program



**Program Guidelines**

## **Program Overview**

### *About the Program*

The City of La Palma has created a Small Business Emergency Grant Program, which will provide funding to small businesses needing financial assistance in overcoming the temporary loss of revenue due to the COVID-19 outbreak. The program is based on the availability of funds, program guidelines and submission of all required information and supporting documentation. Small businesses with no more than 25 employees (full-time equivalent) may be eligible to receive a grant of seven thousand five hundred dollars (\$7,500). The grant may be used for working capital to cover the day-to-day business operating expenses such as payroll, rent/lease payments, mortgage payments, utility expenses, inventory, Personal Protection Equipment (PPE) or other similar expenses that occur in the ordinary course of operations.

### *Funding Availability*

Source of funds for the program are provided by the Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act received through a Disbursement Agreement from the County of Orange to the City of La Palma. The City will release about \$360,000 of these funds for this initial program. These funds are to be used for eligible expenses including costs associated with the provision of economic support in connection with the COVID-19 public health emergency, such as expenditures related to the provision of grants to small businesses to reimburse the costs of business interruption caused by required closures and if such costs will not otherwise be reimbursed by the federal government.

The City will be responsible for oversight of the Small Business Emergency Grant Program and disbursement of funds will take place through the City's Finance Department. The City's Program Partner, the Orange County/Inland Empire Small Business Development Center (OCIE SBDC) will be responsible for program administration, application processing, underwriting and for review and approval of financial and business documentation for disbursement approval. City staff is obligated to fulfill the terms and conditions of the funds as established by the City Council, these program guidelines, and Federal, State, and local rules and regulations.

### *City Reserved Rights*

The City reserves the unqualified right, in its sole and absolute discretion at any time: (1) to amend or terminate this program with no recourse for any proposing applicant; (2) to choose or reject any or all applications received in response to this program; (3) to modify the application deadlines; (4) to request additional information of the applicants as deemed necessary and appropriate by the City; (5) to conduct further due diligence with applicants or any third party; (6) to modify the City's objectives or the scope of the program; (7) to modify program requirements, general terms and conditions, or eligible activities; and/or (8) to disqualify any proposing applicant on the basis of any real or perceived conflict of interest that is disclosed or revealed by materials submitted or by any data available to the City.

## **Eligibility**

To be eligible to apply for the Small Business Emergency Grant Program, a business must meet certain criteria that has been established by the City of La Palma and both the CARES Act and the U.S. Department of Treasury for activities utilizing funds. The business must also demonstrate the need for financial support resulting from the temporary loss of revenue due to the impact of COVID-19.

### *General Terms and Conditions*

The business applicant must meet the following minimum requirements to be considered for grant funding:

- The business can be a for-profit or a non-profit;
- The business must be a business physically located in La Palma;
- The business must be located in a commercial/industrial space;
- The business must have an active La Palma business license for a minimum of six (6) months;
- The business must not have more than 25 employees (full-time equivalent), including the business owners;
- The business must be in good standing with the City (current on bills, no liens or judgments, etc.), unless directly correlated to COVID-19 impacts;
- A business that received access to capital through alternative sources (e.g. Economic Injury Disaster Loan (EIDL) or Paycheck Protection Program (PPP) Loan) is eligible to apply;
- The business must submit the application and all required supporting documentation; and
- The business applicant must provide proof of financial hardship causing business interruption due to COVID-19 in **one** of the following ways:
  - a) The business has been deemed non-essential and has been forced to shut down by the state or local government;
  - b) Sales from the business are down more than 25% compared to the previous three months (Prior to February 15, 2020);
  - c) The business has had to lay off at least one of its employees (full- or part-time employee); or
  - d) One or more of the employees in the business have contracted COVID-19, while at work.

\* City employees and elected and appointed officials are not eligible to participate in this program.

### *Eligible Activities*

The purpose of this grant is to help businesses recover and plan to re-open their doors successfully. Eligible activities for the use of funds should be used to cover fixed expenses for the business. The primary fixed expenses include such items as payroll (employees not already supported by PPP,) rent or mortgage expense, utilities, inventory, PPE, or insurance for the business. Applicants will fill out a use of funds section of the application form that will breakdown how the funds will

be spent within their business. Each applicant will need to sign and verify that the use of funds will be spent on business expenses, such as those expressed above. Any use of funding other than that to support the business is strictly prohibited.

### *Ineligible Businesses*

- Public entities
- Home-based businesses are not eligible for grant funding
- Publicly traded/franchise businesses
- Businesses with less than 2 employees
- Businesses with more than 25 employees
- New/Startup Businesses (with less than six month of operating history as of June 1, 2020)
- Residential or real estate projects including short-term rental operators
- Adult-entertainment related businesses
- Gambling businesses
- Cannabis/Cannabis-related

### **Equal Opportunity Policy**

The City of La Palma and the OCIE SBDC shall not discriminate upon the basis of sex, age, race, creed, color, religion, national origin, marital status, ancestry or physical handicap in accepting applications and processing program application.

### **Marketing and Outreach**

The City of La Palma will create marketing and outreach pieces to promote the Small Business Emergency Grant Program. The goal will be to alert small businesses throughout the City about the grant program and bring awareness to those small businesses that need this financial support.

The Small Business Emergency Grant Program outreach and marketing will include:

- City's website and social media channels
- E-Flyers
- Press release
- Webinars about the grant program

### *E-Flyers*

City staff will create e-flyers that will be sent out to small businesses within the City. The flyer will outline the program and discuss eligibility requirements. Flyers will also be sent to other

business development partners within the City who have direct links to small business owners within the City.

### *Press Release*

Prior to the application period, the City of La Palma will send out a press release to announce the program.

### *Webinars*

The City of La Palma and the OCIE SBDC will conduct two (2) webinars, prior to the opening of the applications for the Small Business Emergency Grant Program and will outline the program, the application, and additional documents needed to respond. The webinar will be conducted in English.

## **Application Process**

### *Application*

The Small Business Emergency Grant Program application requires information about the small business, the number of employees in the business, location of the business, amount of time in business and month-by-month sales from January 1, 2019 through May 31, 2020.

### *Application Period*

The business grant application will be available at **8:00 am on Wednesday, July 8, 2020**. Applicants may apply for the grant program by visiting [www.cityoflapalma.org/grants](http://www.cityoflapalma.org/grants) and submitting the application online.

Applications submitted online will be accepted from **Wednesday, July 8, 2020, to Monday, July 13, 2020**. **The applications period will close promptly at 5 PM on July 13, 2020**. Applications received online after this due date and time will be considered late and will not be accepted.

If the number of applications far exceeds the amount of funding that is available for disbursement, the City will implement a randomized selection system for all eligible small businesses. Once applications have been pre-approved, they will be assigned a number and entered into a randomized selection system for selection. The selected businesses will be **notified beginning July 22, 2020** and will then be asked to submit all required business and financial documentation for review and verification.

### *Documentation Requirements*

Upon pre-approval and selection for funding, the business will be required to submit the following documents within **ten (10) business days, by August 5, 2020**, for review and verification in order to receive the grant:

- 2019 business tax returns or interim returns (if 2019 not filed, 2018 business tax returns)
- Bank statements for May 2020
- Current City of La Palma Business License

- 2019 and 2020 – Form 940 and Form 941 report for employment verification
- Copy of lease/grant deed demonstrating proof of commercial/industrial business address

Failure to submit the required documents within the 10-business day period will result in immediate disqualification.

Although selection is not guaranteed, businesses should begin to collect the required documentation in order to expedite the approval process in the event they are selected.

## **Grant Review and Approval Process**

### *Review*

The application will be reviewed by the OCIE SBDC to determine application completeness and preliminary eligibility. **The application must be complete by the application submittal deadline date of August 5, 2020, 5:00 pm.**

### *Lottery*

The City of La Palma is expecting the Small Business Grant Program to have an overwhelming number of applications. If the number of applications far exceeds the amount of funding that is available for disbursement, the City will implement a lottery system for all eligible small businesses. Once applications and eligibility have been approved, they will be assigned a number and entered into a lottery. Potential grant recipients will be contacted by email, phone and/or letter **starting July 22, 2020.**

### *Verification and Eligibility Determination*

Upon pre-approval and selection, the OCIE SBDC shall request of the applicant all required documentation for review and verification for grant approval. Documentation will be submitted directly to OCIE SBDC. If the grant request meets the criteria for program funding all required documentation **must submitted within ten (10) business days of awardee notification.**

### *Grant Disbursement*

As each business recipient submits a complete set of required documentation, it will be reviewed and verified, and funds will be disbursed to the individual business in a lump sum of \$7,500 by the City.

### *Program Complaint and Appeal Process*

Complaints concerning the Small Business Emergency Grant Program should be made in writing and filed with Ryan Hallett Hinton, Assistant to the City Manager, at [rhallett-hinton@cityoflapalma.org](mailto:rhallett-hinton@cityoflapalma.org)

## **Contact Information**

For additional information regarding the Small Business Emergency Grant Program, please contact the following:

Joseph Cisneros  
Management Analyst  
City of La Palma  
7822 Walker Street  
La Palma, CA 90623  
[jcisneros@cityoflapalma.org](mailto:jcisneros@cityoflapalma.org)

For questions about the guidelines and application or assistance in completing the Small Business Emergency Grant application and to set up a one-on-one consultation (at no cost), please contact the OCIE Small Business Development Center at:

Mike Daniel  
Regional Director  
Orange County/ Inland Empire SBDC Network  
Hosted at California State University, Fullerton  
Mihaylo College of Business and Economics  
800 N. State College Blvd. SGMH 4157  
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