

MOTION:

**June 15, 2021
Regular Meeting**

SECOND:

Res. No. 21-

RE:

APPROVE CHANGES TO THE MICRO-GRANT ELIGIBILITY CRITERIA FOR HOME-BASED BUSINESSES AND NON-PROFITS, AND CHANGES TO THE REQUIRED DOCUMENTATION AND PROCESS OF THE COVID-19 SMALL BUSINESS RELIEF MICRO-GRANT PROGRAM AND AUTHORIZE THE COUNTY EXECUTIVE TO EXECUTE ALL REQUIRED DOCUMENTS TO IMPLEMENT THESE CHANGES TO THE MICRO-GRANT PROGRAM

ACTION:

WHEREAS, the COVID-19 shut down and forced closure of non-essential businesses has severely impacted small business in Prince William County, particularly in the retail, restaurant, and travel-related sectors; and

WHEREAS, in April 2020, the Department of Economic Development created the Economic Recovery Task Force (ERT) to assist staff in developing recommendations to aid Prince William County's economic recovery post COVID-19; and

WHEREAS, on May 12, 2020, the Commonwealth of Virginia notified the Prince William Board of County Supervisors (Board) that Prince William County would receive \$41,034,915 in Coronavirus Relief Funds under the CARES Act; and

WHEREAS, the U.S. Department of Treasury guidance allows the CARES Act funds to be used for expenses associated with the provision of economic support in relation to the COVID-19 public health emergency and specifically mentions grants to small businesses; and

WHEREAS, the Board has determined that it may be necessary to provide financial assistance in response to COVID-19 to support economic development and recovery strategies to grow jobs and investment in Prince William County; and

WHEREAS, on May 19, 2020, the Board, in Resolution Number (Res. No.) 20-392 created a Small Business Micro-Grant Relief Fund and budgeted and appropriated \$5,000,000 of CARES Act monies to fund the Micro-Grant program and authorized the execution of the Small Business Micro-Grant Agreement with the Industrial Development Authority (IDA); and

WHEREAS, on June 2, 2020, with Res. No. 20-420, the Board appropriated an additional \$5,000,000 dollars to the economic recovery efforts to be based on the recommendations from the Economic Recovery Task Force; and

June 15, 2021
Regular Meeting
Res. No. 21-
Page Two

WHEREAS, on July 14, 2020, via Res. No. 20-528, the Board created the COVID-19 Infrastructure and Innovation Grant Program, now known as the Capital Investment and Innovation Grant Program (Capital Investment and Innovation Grant Program), and authorized the use of CARES Act monies for the Capital Investment and Innovation Grant Program and other programs recommended by the Economic Recovery Task Force, and authorized the County Executive to execute the COVID-19 Capital Investment and Innovation Grant Program Agreement with the IDA; and

WHEREAS, the Board and the IDA entered into the Small Business Micro-Grant Agreement and the COVID-19 Capital Investment and Innovation Grant Program Agreement under which the IDA implements the described financial assistance and criteria; and

WHEREAS, the Board on June 16, 2020, in Res. No. 20-495, approved Amendment One to the Small Business Micro-Grant program changing the eligibility requirements to include grants of \$2,500 for home-based businesses and non-profit organizations; and

WHEREAS, small businesses in Prince William County continue to be severely impacted and these Micro-Grants will help businesses recover as the economy reopens from the forced shutdown due to the COVID-19 pandemic; and

WHEREAS, funds remain from the of CARES Act monies appropriated for the Capital Investment and Infrastructure Grant to increase the Micro-Grant award amount from \$2,500 to \$7,500 for approved non-profits and home-based businesses; and

WHEREAS, the change to eligibility criteria will assist approximately 129 approved small businesses in the County by providing additional cash for working capital to support rent, mortgage payments, utility expenses, or other similar expenses that occur in the ordinary course of business; and

WHEREAS, it is now necessary to clarify the required documentation and process of the COVID-19 Small Business Relief Micro-Grant program;

NOW, THEREFORE, BE IT RESOLVED that the Prince William Board of County Supervisors hereby approves changes to the eligibility criteria for home-based businesses and non-profits, and changes to the required documentation and process of the COVID-19 Small Business Relief Micro-Grant program and authorize the County Executive to execute all required documents to implement these changes to the Micro-Grant program.

**June 15, 2021
Regular Meeting
Res. No. 21-
Page Three**

ATTACHMENT: COVID-19 Small Business Relief Micro-Grant Agreement Amendment Four with Industrial Development Authority (IDA)

Votes:

Ayes:

Nays:

Absent from Vote:

Absent from Meeting:

For Information:

Department of Economic Development

ATTEST: _____

Clerk to the Board

**COVID-19 SMALL BUSINESS MICRO-GRANT AGREEMENT
AMENDMENT FOUR**

THIS PRINCE WILLIAM COUNTY ECONOMIC DEVELOPMENT COVID-19 SMALL BUSINESS MICRO-GRANT AGREEMENT AMENDMENT FOUR (herein referred to as "Amendment"), made this X day of June, 2021 by and among the Prince William County Board of Supervisors, a body corporate and politic (the "County" or "Board"), and the **INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PRINCE WILLIAM**, (hereinafter referred to as "IDA"), a political subdivision of the Commonwealth of Virginia, individually a "Party" and collectively the "Parties."

WITNESSETH:

WHEREAS, the IDA has been created to promote the economic development of Prince William County, Virginia (the "County") pursuant to enabling legislation under Section 15.2-4900 *et seq.*, VA Code Ann.; and

WHEREAS, the IDA has the authority to make grants of money or property for economic development pursuant to Section 15.2-4905(13), VA Code Ann.; and

WHEREAS, the COVID-19 shutdown and forced closure of non-essential businesses has severely impacted small business in Prince William County, particularly in the retail, restaurant and travel-related sectors; and

WHEREAS, it is now necessary to provide financial relief in emergencies to small businesses in Prince William County, Virginia, in response to the economic impact of COVID-19 as an essential part of the County's economic development and recovery efforts; and

WHEREAS, on May 19, 2020, by Res. No. 20-392 the Board of County Supervisors established a COVID-19 Small Business Micro-Grant Program ("Micro-Grant Program"), implemented by the IDA, that will assist Prince William County small businesses by providing needed cash for working capital to support rent, mortgage payments, utility expenses, or other similar expenses that occur in the ordinary course of business; and

WHEREAS, on May 19, 2020, by Res. No. 20-392 the Board also budgeted, appropriated and transferred \$5,000,000 of CARES Act funds to the IDA for distribution pursuant to the Micro-Grant Program, and authorized the County Executive to execute the COVID-19 Small Business Micro-Grant Agreement with the IDA that memorialized the understandings and conditions under which the Micro-Grant Program will operate and to set forth the obligations and responsibilities of the parties; and

WHEREAS, on June 16, 2020, by Res. No. 20- 495 the Board approved changes to the criteria for small businesses to be eligible for the Micro-Grant program and authorized the County Executive to execute Amendment One to the COVID-19 Small Business Micro-Grant Program

WHEREAS, on August 4, 2020 by Res. No. 20-590 the Board approved changes to the criteria for hotels, motels and inns to be eligible for the Micro-Grant program and authorized

the County Executive to execute Amendment Two to the COVID-19 Small Business Micro-Grant Program; and

WHEREAS, on October 20, 2020, by Res. 20- 721 the Board approved changes to the eligibility criteria for the Micro- Grant program and changes to the sizes of available grants; and

WHEREAS, on June 15, 2021 by Res.21-xxx the Board approved changes to the size of Micro Grants to use remaining CARES Act funds to increase the amount of funds granted to Home-based businesses and non-profits; and

NOW, THEREFORE, in consideration of the mutual promises of the parties and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby state and agree as follows:

- 1) **Incorporation of Recitals** – The preceding recitals are an integral part of the Agreement and set forth the intentions of the Parties and the premises on which the Parties have entered into this Agreement. Accordingly, the recitals are fully incorporated into this Agreement by this reference as if fully set forth herein.
- 2) **Small Business Qualification Criteria**

Small business qualifications criteria are amended as follows:

- a) Small businesses in the Hospitality and Entertainment, Retail Trade and Employment, and Administrative Support Services and small businesses that have not received any loans under the CARES Act are given preference. This would include, but not limited to hotels, restaurants, retail stores, personal services establishments, office and facility support services, and tourism venues. All small businesses, regardless of sector, would be eligible for the grants if they meet the criteria below.
- b) Businesses must have to have a minimum of one employee and a maximum of 250 full-time employees or their equivalents on site in Prince William County and have gross receipts less than \$5,000,000.
- c) Businesses must have to have a physical location in Prince William County.
- d) Businesses would have to be current on taxes prior to March 1, 2020, and have a current Prince William County Business License, if applicable.
- e) Businesses must have experienced a revenue loss of 25% or greater attributable to COVID-19.
- f) Businesses must have been operating for at least two years.
- g) Home-based businesses and non-profits are eligible for a grant of \$7,500.
- h) Businesses with 1-20 employees are eligible for a grant of \$7,500.

- i) Businesses with 21 – 50 employees are eligible for a grant of \$10,000.
- j) Businesses with 50 - 100 employees are eligible for a grant of \$25,000.
- k) Businesses with 101 -250 employees are eligible for a grant of \$50,000.
- l) The following businesses are not eligible for the program:
 - i. Banks and financial institutions
 - ii. Franchise businesses, except those that are locally owned and operated
 - iii. Vape and tobacco retailers
 - iv. Adult entertainment businesses

3. **Ratification of Small Business Micro Grant Agreement:**

The provisions of Amendment Four shall govern and control over any contrary or inconsistent provisions of the Micro-Grant Agreement. Except as expressly provided in this Fourth Amendment, in all other respects the Micro-Grant Agreement is unmodified, remains in full force and effect and is hereby ratified by the parties.

(rest of page left intentionally blank)

IN WITNESS WHEREOF, the parties hereto have hereafter set their signatures and seals by their respective duly authorized representatives.

PRINCE WILLIAM COUNTY

Christopher E. Martino,
County Executive of Prince William County

DATE: _____

Approved as to form:

Peter Grasis, Senior Assistant County Attorney

ATTEST:

INDUSTRIAL DEVELOPMENT AUTHORITY OF
THE COUNTY OF PRINCE WILLIAM

Bobby Long
Secretary/Treasurer

BY: _____
Pat O'Leary
Chairman

DATE: _____

EXHIBIT A
Certification for Receipt of Coronavirus Relief Funds
from Prince William County

I, the undersigned, represent the Industrial Development Authority of the County of Prince William (the "sub-recipient entity") and I certify that:

1. I have the authority to request payment on behalf of the sub-recipient entity from Prince William County's (the "County's") share of Coronavirus Relief Funds (CRF), which it received pursuant to Section 601(b) of the Social Security Act, as added by Section 5001 of the Coronavirus, Aid, Relief and Economic Security Act, Pub. L. No 116-136, Div A, Title V (March 27, 2020), now codified as 42 USCS § 801.
2. I acknowledge the County will rely on this certification as a material representation for making a payment to the sub-recipient entity.
3. The uses of the CRF funds received as payment from the County under Section 601(b) of the Social Security Act will be used only to cover those costs that:
 - a) based upon representations of the sub-recipient entity's grantees, are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease (COVID-19);
 - b) were not accounted for in the sub-recipient entity's budget most recently approved as of March 27, 2020, for the organization; and
 - c) based upon representations of the sub-recipient entity's grantees, were incurred during the period that begins on March 1, 2020 and ends on December 30, 2020.
4. I acknowledge that any funds that are not expended* or that will not be expended on necessary expenditures on or before December 30, 2020, by the sub-recipient entity's grantees, must be returned to the County no later than December 30, 2020. If such funds are not returned to the County within 30 days of December 30, 2020, the sub-recipient entity understands the County will take legal action to recoup the funds. [*Note: for purposes of this agreement, "expended" means actual funds spent/paid for goods or services received and not funds obligated or prepaid].
5. I understand the sub-recipient entity will not receive continued funding from the County beyond December 30, 2020, from any source, to continue paying expenses or providing services that were initiated or previously supported from CRF funds prior to December 30, 2020.
6. I acknowledge that funds received as payment from the County pursuant to this certification must adhere to official federal guidance, rules, and regulations issued or to be issued regarding what constitutes a necessary expenditure, and that the U.S. Treasury website provides the most recent guidance concerning the use of CRF funds provided under the Coronavirus Aid, Relief and Economic Security (CARES) Act at <https://home.treasury.gov/policy-issues/cares/state-and-local-governments>.

7. I acknowledge that any CRF funds expended by the sub-recipient entity or any of its grantees in any manner that does not adhere to official federal guidance, rules, and regulations must be returned to the County within 30 days of a finding that the expenditure is disallowed, and that the County is entitled to recover any and all funds that are not repaid within 30 days of a finding that the expenditures are disallowed.
8. As a condition of receiving the CRF funds pursuant to this certification, the sub-recipient entity shall retain, and shall require its grantees to retain, documentation of all uses of the funds, including but not limited to payroll time records, invoices, and/or other related receipts. Such documentation shall be produced and provided by the sub-recipient entity or its grantees, as applicable, to the County upon request.
9. I acknowledge that the sub-recipient entity and its grantees must maintain proper accounting records to segregate these expenditures from those supported by other funding sources and that all such records will be subject to audit. The sub-recipient entity agrees it will provide the County with a complete accounting for the funds it receives from the County, subject to receipt of information from the sub-recipient entity's grantees, within 60 days of December 30, 2020, in a form and manner specified by the County for audit purposes.
10. I acknowledge that any funds provided pursuant to this certification cannot be used as revenue replacement for lower than expected revenue collections from any other revenue source.
11. I acknowledge that any CRF funds received pursuant to this certification cannot be used by the sub-recipient entity or any of its grantees for expenditures for which the sub-recipient entity or any such grantee, as applicable, has received funds from any other emergency COVID-19 supplemental funding source (whether state, federal, or private in nature) for that same expense, nor may CRF funds be used for purposes of matching other federal funds unless specifically authorized by federal statute, regulation or guideline.
12. I acknowledge that any interest earned on the CRF funds granted by the County to the sub-recipient entity or any of its grantees may only be used to fund additional expenses as identified in item 3 of this certification or must be returned to the County in accordance with the provision enumerated by item 4 of this certification.
13. The County has provided the sub-recipient entity with the following pertinent reporting information related to the CRF funds granted to the sub-recipient entity:

Award Name:	Coronavirus Relief Fund – Other Financial Assistance
Federal Awarding Agency:	U.S. Treasury Department
Federal CFDA #:	21.019
Amount of Award:	Up to \$2,500,000 for the COVID-19 Capital Investment and Infrastructure Grant program

14. I acknowledge that CRF fund payments are considered to be federal financial assistance subject to the Single Audit Act (31 U.S.C. §§ 7501-7507) and the provisions of the Uniform Guidance 2 C.F.R. Part 200, including: 2 C.F.R. § 200.303 regarding internal controls, 2 C.F.R. §§ 200.330 through 200.332 regarding sub-recipient monitoring and management, and subpart F regarding audit requirements.

I certify that I have read the above certification and the statements contained herein are true and correct to the best of my knowledge. The sub-recipient entity will require that its grantees make the foregoing certifications.

INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE COUNTY OF PRINCE WILLIAM

By: _____

Name: Bobby Long

Title: IDA Secretary/Treasurer

Received by: _____
Director of Finance/CFO



STAFF REPORT

Board Meeting Date:	June 15, 2021
Agenda Title:	Approve Changes to the Micro-Grant Eligibility Criteria for Home-Based Businesses and Non-Profits, and Changes to the Required Documentation and Process of the Covid-19 Small Business Relief Micro-Grant Program and Authorize the County Executive to Execute all required documents to Implement these Changes to the Micro-Grant Program
Requested Action:	Approve the resolution.
Department / Agency Lead:	Economic Development
Staff Lead:	Christina Winn, Executive Director

EXECUTIVE SUMMARY

The COVID-19 shut down and forced closure of non-essential businesses severely impacted small businesses in Prince William County, particularly home-based businesses, and non-profit organizations. The purpose of the Small Business Relief Micro-Grant program is to provide some immediate financial resources to the Prince William County small businesses hit hardest by the forced economic shut down due to the COVID-19 pandemic.

In April 2020, the Department of Economic Development created the Economic Recovery Task Force (ERT) to assist staff in developing recommendations to aid Prince William County's economic recovery post-COVID-19. The ERT made several recommendations for grant programs and service that the Department of Economic Development implemented from May 2020 to present. On May 19, 2020, with Resolution Number (Res. No.) 20-392, the Prince William Board of County Supervisors (Board) authorized the establishment of a Small Business Relief Micro-Grant program to provide some immediate financial resources to the Prince William County small businesses hit hardest by the forced economic shutdown due to the COVID-19 pandemic. The Board on June 16, 2020, in Res. No. 20-495, approved Amendment One to the Small-Business Micro-Grant program changing the eligibility requirements to provide grants to non-profits and home-based businesses.

The Small Business Micro-Grant Program has provided financial assistance to 640 businesses that received a total of \$4,670,000. According to small businesses and members of the ERT, home-based businesses and non-profits continue to be impacted by the pandemic and can use additional financial assistance. The Capital Investment and Innovation Grant (CIG program), which was another ERT recommendation, had \$8,000,000 allocated for grants, however this program has approximately \$767,000 in remaining available funding due to businesses not submitting reimbursement receipts. Approximately, 129 non-profits and home-based businesses received a \$2,500 grant based on the original Micro-grant criteria. As such, we

would like to use the remaining available funding in the CIG program to fund an additional \$5,000 grant to each of the 129 already approved non-profit and home-based businesses totaling approximately \$645,000.

Staff recommends that the Board approve changes to the eligibility criteria for home-based businesses and non-profits, and changes to the required documentation and process of the COVID-19 Small Business Relief Micro-Grant Program and authorize the County Executive to execute all required documents to implement these changes to the Micro-Grant Program.

BACKGROUND

In April 2020, the Department of Economic Development created the ERT to assist staff in developing recommendations to aid Prince William County's economic recovery post-COVID-19.

On May 19, 2020, with Res. No. 20-392, the Board authorized the establishment of a Small Business Relief Micro-Grant program to provide some immediate financial resources to the Prince William County small businesses hit hardest by the forced economic shutdown due to the COVID-19 pandemic. The original eligibility requirements included the following criteria:

- \$7,500 for business with 3 – 20 employees.
- \$10,000 for businesses with 21 – 50 employees.
- Minimum of three and a maximum of 50 full-time employees on-site in Prince William County.
- Gross receipts less than \$1,000,000.

The Board on June 16, 2020, in Res. No. 20-495, approved Amendment One to the Small-Business Micro-Grant program changing the eligibility requirements to better meet the needs of Prince William County small businesses for the Micro-Grant program. The change in eligibility requirements expanded the following criteria:

- \$2,500 for home-based businesses and non-profits regardless of the number of employees.
- Minimum of one employee and a maximum of 50 full-time employees or their equivalents on-site in Prince William County.
- Gross receipts less than \$2,500,000.

On August 4, 2020, with Res. No. 20-590, the Board authorized that the eligibility criteria of the COVID-19 Small-Business Relief Micro-Grant program be amended to provide that hotels, motels, and inns are eligible for grants up to \$20,000.

The Board on October 20, 2020, in Res. No. 20-721, approved Amendment Three to the Small Business Micro-Grant program, further expanding the following criteria:

- \$25,000 for businesses with 50 – 100 employees.
- \$50,000 for businesses with 101 – 250 employees.
- Minimum of one employee and a maximum of 250 full-time employees or their equivalents on site in Prince William County.
- Gross receipts less than \$5,000,000.

The Small Business Relief Micro-Grant issued 640 checks totaling \$4,670,000 in COVID-19 recovery aid. According to small businesses and members of the ERT, home-based businesses and non-profits continue to be impacted by the pandemic and can use additional financial assistance. The CIG program, which was another ERT recommendation, had \$8,000,000 allocated for grants. However, this program has approximately \$767,000 in leftover funds due to businesses not submitting required reimbursement receipts. Approximately, 129 non-profits and home-based businesses received a \$2,500 grant based on the original Micro-grant criteria. Leftover funds from the CIG program are available to fund an additional \$5,000 grant to each of the 129 already approved non-profit and home-based businesses totaling approximately \$645,000. In addition, the documentation required by the program needs to be clarified.

Staff recommends the following changes to COVID-19 Small-Business Relief Micro-Grant program:

1. Change Eligibility Criteria to increase the grant award amount for home-based businesses and non-profits from \$2,500 to \$7,500, this change will grant an additional \$5,000 to 129 already approved home-based and non-profit businesses totaling approximately \$645,000.
2. Change documentation required of applicant to:
 - a. Current County Business License (if applicable).
 - b. IRS form 941, 1096, 1099 or other supporting documentation for businesses with more than 20 employees.
 - c. Completed Financial Form, bank statements, or other supporting documentation showing revenue loss.
 - d. Note: Supplemental documentation is not required but recommended to assist in the review process.
3. Change follow up process to include:
 - a. Businesses will provide written reports to the Prince William County Department of Economic Development.
 - b. The Small Business Development Center and the Department of Economic Development will follow up with each business.
 - c. A Small Business Development Center mentor and/or counselor will be made available to each business on an as-needed basis.

STAFF RECOMMENDATION

Staff recommends that the Board approve changes to the eligibility criteria for home-based businesses and non-profits, and changes to the required documentation and process of the COVID-19 Small-Business Relief Micro-Grant Program and authorize the County Executive to execute all required documents to implement these changes to the Micro-Grant Program.

Service Level / Policy Impact

This change in eligibility criteria will provide additional needed relief to over 129 Prince William County small businesses that received a lower grant amount based on the original criteria for the Micro-Grant program. The Micro-Grant program will provide needed cash for working capital to support rent, mortgage payments, utility expenses, or other similar expenses that occur in the ordinary course of business. These Micro-Grants will help these businesses recover as the economy reopens from

the forced shutdown due to the COVID-19 pandemic. One of the goals of the Robust Economy Economic Development policy is to increase the number of jobs in existing small businesses. The Micro-Grant program will help these small businesses retain and hire back their employees.

Fiscal Impact

The County received \$41,034,915 in CARES Act Funds and appropriated \$5,000,000 to the Micro-Grant program and \$8,000,000 for the CIG Program. After processing the existing CIG program applications and making final payments, staff estimates there will be approximately \$767,000 remaining balance to use for these additional Micro-Grant Payments. The use of CARES Act Funds for a small business grant program is a permissible use under the guidance provided by the U.S. Treasury Department. Since this is a grant program, no monies would come back to the County from these grants.

Legal Impact

The County Attorney will review and approve as to form all documents prior to execution by the County Executive. The Board has the legal authority to modify the eligibility criteria for the Micro-Grant program.

STAFF CONTACT INFORMATION

Clarice Grove | (703) 792-8175
cgrove@pwcgov.org