



Staff Report

To: Summit County Council

From: Jeffrey B. Jones, AICP, Econ. Development & Housing Director

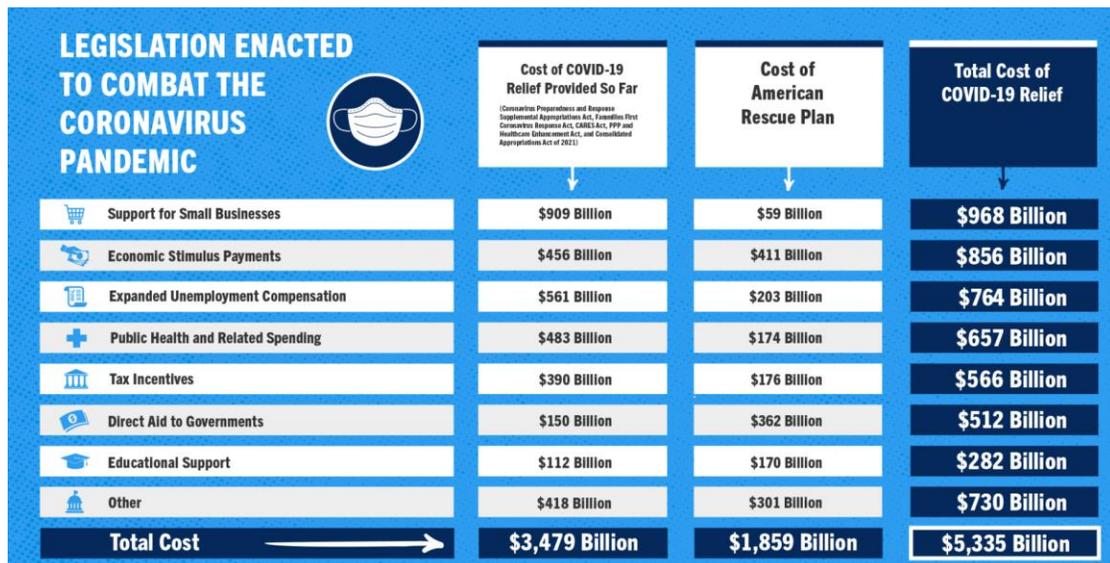
Re: The CARES CDBG-CV Grants (2020), CARES Small Business Grants, CARES Non-Profit Grants and the Rural County Grant Program.

Type of Item: Informational

Meeting Date: Wednesday, March 24, 2021

BACKGROUND/EXISTING CONDITIONS

The coronavirus (COVID-19) pandemic has caused a severe public health crisis as well as substantial economic disruption for every American. So far, lawmakers have enacted six major bills, costing about \$5.3 trillion, to help manage the pandemic and mitigate the economic burden on families and businesses.

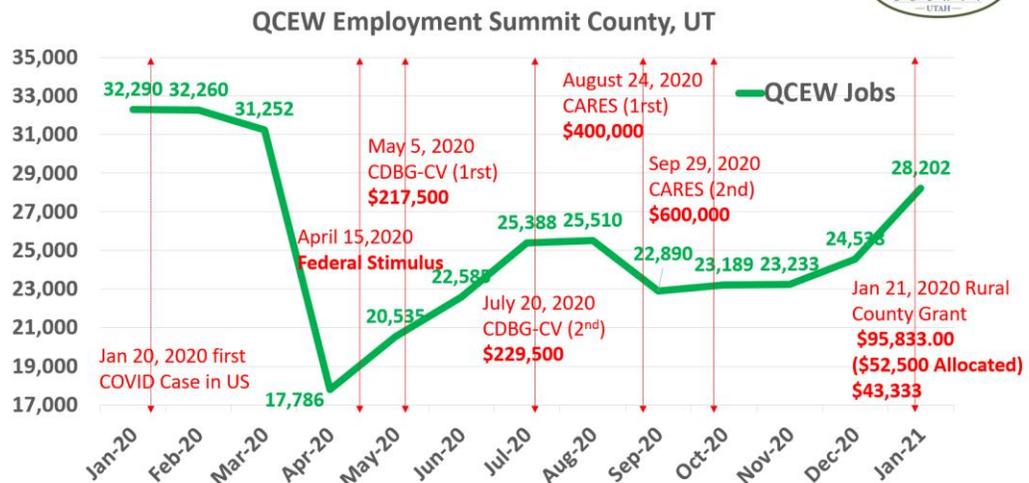


- As an initial response, policymakers enacted the Coronavirus Preparedness and Response Supplemental Appropriations Act in early March, 2020 that provided \$8.3 billion in emergency funding for public

health agencies and coronavirus vaccine research. That bill appropriated \$7.8 billion in discretionary funding to federal, state, and local health agencies and authorized \$500 million in mandatory spending through a change in Medicare.

- On March 18, 2020, the Families First Coronavirus Response Act was enacted to provide economic support to those in need. That legislation totaled \$192 billion.
- As a follow-up, lawmakers enacted the CARES Act, a relief package of around \$2 trillion, on March 27, 2020 to address the near-term economic impact the virus is having on families and businesses.
- The Consolidated Appropriations Act, enacted on December 27, 2020, included \$868 billion of federal support to help mitigate the economic impact of the COVID-19 pandemic.
- The American Rescue Plan which was enacted on March 11, 2021, provides an additional \$1.9 trillion of federal relief in a variety of areas.

Source: EMSI Developer & Utah Department of Workforce Services



Summit County CDBG-CV

Summit County received an allocation of CDBG=CV funds through the Utah State Small Cities Community Development Block Grant (CDBG) Program.

Working in concert with our partners at the Mountainland Association of Governments, Summit County distributed two (2) rounds of CDBG funding to businesses located in Summit County. The CDBG-CV grant programs were

capped at \$5,000 and 100% of the businesses funded by CDBG-CV employed/retained Low and Moderate Income (LMI) workers as required by the program.

- **May 5, 2020**, CDBG-CV (1st), \$217,500
- **July 20, 2020**, CDBG-CV (2nd Round), \$229,500

Summit County CARES Small Business & Non-Profit Grants

Summit County allocated \$1,010,000 of its total CARES allocation in support of small business and local non-profits. Summit County contracted with Mountainland Association of Governments to assist the County with the marketing and administration of the CARES business & non-profit grant programs.

The Small Business Grant Program provided grants from \$5,000 up to \$25,000, based on the number of employees. The Non-Profit Grant Program provided grants from \$2,000 up to \$20,000 and was also based on the number of employees.

- **August 24, 2020**, CARES Small Business and Non-Profit Grants (1st)
 - \$300,000 Small Business Grants
 - \$100,000 Non-profit Grants
- **Sept 29, 2020**, CARES Small Business and Non-Profit Grants (2nd)
 - \$510,000 Small Business Grants
 - \$100,000 Non-profit Grants

Both the CDBG-CV and CARES grant programs utilized a weighted point system to rate and rank applications.

January 21, 2021, Rural County Grant Program - \$95,833

State of Utah code 17-54-101 established the Rural County Grant Program. Unlike the CDBG-CV and CARES grant programs, the Rural County Grant Program is not a “relief” grant—but a stimulus grant program.

Rural counties in the State of Utah of the third, fourth, fifth, or sixth class are eligible to apply for the Rural County Grant. Rural County Grants are awarded to rural counties by the executive director of the Governor’s Office of Economic Development after review and recommendation of the Governor’s Rural Partnership Board.

The Rural County Grant Program is designed to address the economic development needs of rural counties, which needs may include:

- Business recruitment, development and expansion
- Workforce training and development; and,

- Infrastructure and capital facilities improvements for business development

Based on the recommendations from the Summit County Economic Development Advisory Board, the Summit County Council allocated funding for two grant programs:

- Westside: Outdoor Hospitality Grant Program
 - Maximum Grant Award = \$2,500
 - Required 40% local match (\$1,000)
- Eastside: Small Business Grant Program
 - Maximum Grant Award = \$2,500
 - Required 40% local match (\$1,000)

To date, \$52,500 of the \$95,833 allocation has been allocated. However, applications slowed during the 2nd round of applications. With the recent passage of the American Rescue Plan, the Economic Development Advisory Board recommends to the County Council that the two grant programs be augmented to a single grant program that would support three (3) program focus areas:

- Public/private Infrastructure (that leads to job creation)
- Employee Training Programs
- Entrepreneurial Support (New Products)

Successful economic recovery from the pandemic will look different for each community. But common amongst all communities in Summit County is the need to take steps which adapt to a labor market that has been forever changed. Many of the disruptions caused by COVID were trends that were already in the making--but have now been accelerated. The unknowns and multiple variables, coupled with regional differences, make it difficult to predict with any certainty how long it will take to get back to full employment.

While some industries and companies will rehire laid off workers, some won't. This means workers will need to determine how to transfer their existing skills or reskill into a new career. As such, economic development and workforce development have changed for good. Some of the fundamentals of both fields will remain, but it won't be business as usual. Adaptability will be vital.

Summit County should also focus on the development of its entrepreneurial ecosystem. Unfortunately, some businesses will not be able to bounce back from this pandemic. One silver lining though is that it creates space for new businesses and ideas. Another is that owners and managers of shuttered businesses, who have loads of experience, may now use this as the chance to execute on an idea they have always had. Not to mention the entrepreneurs that were working on fledgling startups before the crisis. Whether they need to

now adapt their business plan to a new market, conduct updated industry research, or tweak their minimum viable product for a different user, they need an ecosystem to support and foster their work.

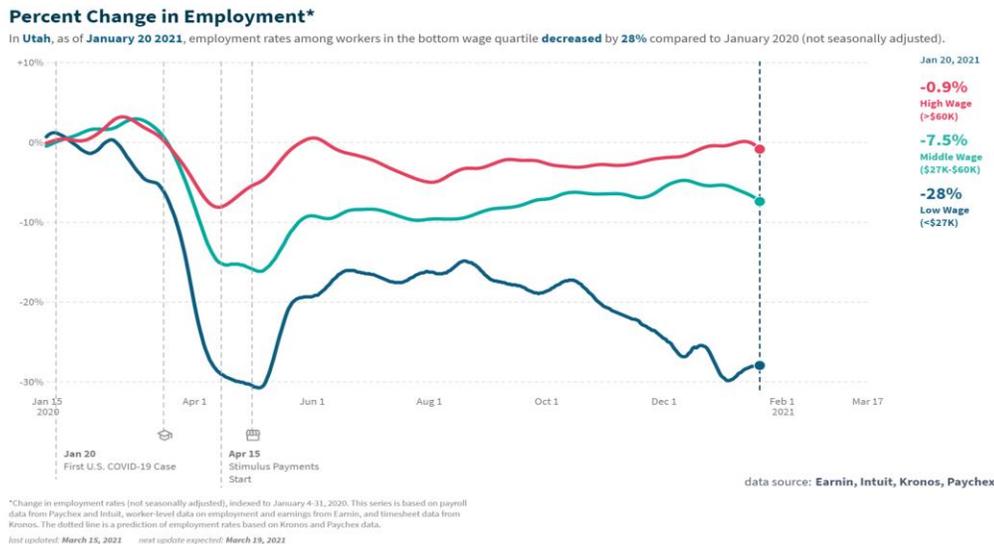
While the County’s grant programs may help local businesses get back on their feet, the County should also consider supporting infrastructure projects that will result in more localized supply chains. Doing so will improve long-term economic resiliency.

The Economic Development Advisory Board also recommends to the County Council that the Economic Development Director purchase an on-line grant program to better manage future grants. Staff estimates a subscription cost between \$2K-\$4K per year. The application would be paid for from the Rural County Grant.

An Uneven Recovery

The COVID-19 pandemic triggered a recession that affected all industries. However, the leisure and hospitality industry—including accommodation and food services and arts, entertainment, and recreation—are the most severely affected industries and will not fully recover until well after the vaccines have been deployed.

When the economy shut down in March 2020, the goal was to limit person-to-person contact in an attempt to slow rates of infection. These actions immediately revealed the degree to which different industries relied on in-person, human contact. At one extreme, many professional and business service firms almost seamlessly transitioned from office-based to remote work. The leisure and hospitality industry—composed of restaurants, bars, theaters, hotels, conference centers, sports venues—was at the other extreme. Most of



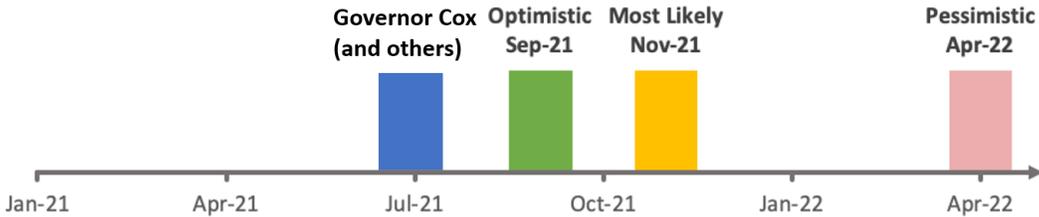
the industry's businesses rely on close customer contact. In fact, facilitating social connections is the central offering of many firms in the industry.

While employment rates have rebounded to nearly pre-COVID-19 levels for high-wage workers, they remain significantly lower for low-wage workers. Declines in high-income spending led to significant employment losses among low-income individuals working in the most affluent ZIP codes in the country

"How long will it take to recover?"—Tom Fisher

Fingers crossed, but the end of the pandemic is coming into view. Vaccinations have picked up. Current trends suggest the nation might achieve herd immunity by July 4. The advent of a more problematic strain of the virus could derail this optimism, but so far so good.

The economy also appears poised to take off as the pandemic winds down. Many Americans have been self-quarantined more-or-less since the pandemic struck a year ago. We haven't been traveling or going to restaurants or ball games. We are raring to do all these things, once we are confident that we won't get sick.



If Governor Cox and others are correct, Summit County might return to full employment by the 4th quarter of 2021.

ATTACHMENT:

PowerPoint Presentation