

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



**ITEM: 3.31
(ID # 18987)**

MEETING DATE:
Tuesday, June 07, 2022

FROM : OFFICE OF ECONOMIC DEVELOPMENT:

SUBJECT: OFFICE OF ECONOMIC DEVELOPMENT: Approve the American Rescue Plan Act (ARPA) Economic Recovery and Business Revitalization Category Funding Allocation. All Districts. [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Review and Approve the American Rescue Plan Act (ARPA) Economic Recovery Category Funding Allocation.

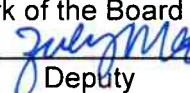
ACTION:


Suzanne Holland, Director of Office of Economic Development 5/25/2022

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Washington, seconded by Supervisor Spiegel and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Spiegel, Washington, Perez and Hewitt
Nays: None
Absent: None
Date: June 7, 2022
xc: O.E.D

Kecia R. Harper
Clerk of the Board
By: 
Deputy

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FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 0	\$ 0	\$ 0	\$0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$0
SOURCE OF FUNDS: N/A			Budget Adjustment:	N/A
			For Fiscal Year:	N/A

C.E.O. RECOMMENDATION: [CEO use]

BACKGROUND:

Summary

On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 (H.R. 1319) into law. The \$1.9 trillion package is intended to combat the COVID-19 pandemic, including the public health and economic impacts. On April 27, 2021, the Executive Office presented the Board of Supervisors with a preliminary ARPA funding allocation then on October 19, 2021, presented a revised funding allocation after the U.S. Treasury released the ARPA interim funding guidelines which include \$36 Million for Economic Recovery.

On May 5, 2021, the Board received and filed the Strategic Economic Recovery Framework presented by the Economic Recovery Task Force (ERTF). Key components of the framework were short and long-term action items, which included Small Business Assistance, Regional Tourism Marketing Campaign, Business Ecosystem Support as well as Investment in Small Business Development and Innovation and Entrepreneurship Hubs, for a coordinated economic recovery from the pandemic and for the growth of the region whose trajectory includes the principles of equal access to opportunities and addressing barriers for economic equity and inclusion.

On January 6, 2022, the U.S. Treasury issued the final funding guidelines. These guidelines further clarify the detailed eligibility criteria for use of ARPA funds. As a result, under the Economic Recovery category, ARPA allows for the development of programs to assist businesses and industries struggling to rebound from the pandemic as well as focus on strategic investment projects for future economic growth and resiliency in unincorporated disproportionately impacted communities. Therefore, the Office of Economic Development is recommending allocating the Economic Recovery funding in the following sub-categories:

Regional Tourism Recovery

ARPA recognizes that the tourism, travel, and hospitality industries were severely and negatively impacted by the pandemic and are listed as a standalone eligibility category

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STATE OF CALIFORNIA**

for ARPA assistance. Riverside County's tourism and hospitality sector pre-pandemic economic impact was over \$8 billion. The industry suffered an almost 40% drop in impact from 2019 to 2020. Regional Tourism Recovery sub-category will provide \$12 million in funding for destination marketing that exists to promote Riverside County as a destination for both tourism and conference activity as well as support regions of the county not historically represented by existing organizations. In addition, funding will support tourism, travel, and hospitality facilities with planned expansion or upgrades which were delayed due to the pandemic. Current projects include support for the Visit Temecula Valley, Riverside Convention and Visitor's Bureau, and Visit Greater Palm Springs destination marketing efforts, Idyllwild Public Restroom, Edward Dean Museum Restoration, Rancho Jurupa Park, and Lake Skinner Recreational Area.

Business Revitalization Program

ARPA includes enumerated eligible uses for building stronger communities through investments in neighborhoods in disproportionately impacted communities. The pandemic underscored the importance of safe and healthy neighborhood environments to public health and economic outcomes. The high rates of vacant or abandoned properties in a neighborhood may exacerbate public health disparities, for example through environmental contaminants that contribute to poor health outcomes or by contributing to higher rates of crime. With \$11 million in ARPA funding, the Business Revitalization Program aims to support small businesses in unincorporated communities through assistance with commercial rehabilitation, storefront improvements, façade improvements, infrastructure and/or fee assistance, and demolition of substandard structures. Many of the county's unincorporated communities struggle to attract private investment and suffer from neglected structures which affect "curb appeal" in the community. This funding will support building and landowners who either desire or need to demolish substandard structures, improve facades of existing businesses, or assist with fees or infrastructure costs. As such, certain services for vacant or abandoned properties are eligible to address the public health and negative economic impacts of the pandemic on disproportionately impacted communities.

Business Ecosystem Support Programs

Small businesses are the economic engine of Riverside County's economy with 96% of the businesses in the county having 50 employees or less. Continuing to cultivate and focus efforts on vital small businesses will be key to economic recovery. Small businesses in Riverside County suffered economic hardships and were negatively impacted by the pandemic. The final Treasury guidance specifically identifies technical assistance and grants for start-ups or expansion costs for small businesses and

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

programs or services to support micro-businesses as allowed uses. An allocation of \$3 million in ARPA funding will be used to support small business technical assistance programs through the regional Small Business Development Center network, a loan fund, and regional business assistance organizations that provide direct assistance to small businesses.

Small Business Incubator Support

Small businesses in Riverside County experienced negative economic impacts due to the pandemic. The final Treasury guidance specifically identifies technical assistance and business incubators for start-ups or expansion costs for small businesses including programs or services to support micro-businesses as allowed uses. Business incubators are specially designed programs to assist early startups to innovate and grow. They provide workspaces, mentorship, education and access to investors for startups or sole entrepreneurs. These resources allow companies and ideas to take shape while operating at a lower cost during the early stages of business incubation. Business incubators in Riverside County play an important role in supporting regional economic development, innovation and entrepreneurs with new business startups and small business expansions. With \$10 million in ARPA funding it will support both programming and capital expenditures at facilities throughout the county to sustain and strengthen the economic recovery, maintain vital public services, and make investments that support long-term growth, opportunity, and equity. Projects include the Naval TechBridge, Murrieta Innovation Center, Opportunities to Advance Sustainability, Innovation and Social Inclusion (OASIS), ExCITE, and Coachella iHub.

Impact on Residents and Businesses

The Economic Recovery funding allocation will continue to support the County's economic recovery with investments to assist with economic recovery from the pandemic and support business growth in the county by boosting tourism and hospitality activity while supporting new and existing small businesses with a focus in unincorporated disproportionately impacted communities. Additionally, technical assistance and support of small businesses will focus on strategic investment for business growth and provide for transformational investment for future economic development and resiliency. The Economic Recovery funding will assist the county's economic recovery due to the pandemic and elevate the county's economic profile and long-term resiliency resulting in quality job growth, opportunities for new industry businesses, and continued support for existing business growth and retention.