City of Palo Alto
City Council Staff Report

Report Type: Informational Report
Meeting Date: 5/26/2020

Summary Title: Update on Business Support Activities

Title: Update on Business Roundtables, Small Business Grant and Donation Programs

From: City Manager

Lead Department: City Manager

Recommendation
Staff recommends that Council accept this status update on several business support efforts underway, such as the responding to Business Roundtable input and ideas, the Small Business Recovery Grant program and the related Donation program.

Executive Summary

Update on the Business Roundtables
In mid-April, City staff, the Business Support Ad Hoc Committee consisting of Councilmembers Cormack and Kniss, and an external facilitator, began meeting with various local businesses. Through a series of meetings, the Committee heard from over 50 businesses about how they are struggling during the pandemic, their challenges and their opportunities. The Committee heard about how they are changing their business models, if possible, and what they need most from the City and from each other. The attachment provides a summary of these sessions.

Together, City staff and the business community developed ideas for possible near- and long-term solutions and introduced new ways to collaborate. After hearing from businesses about their immediate needs, staff took several specific actions, such as:

- Printing signage and offering signage for downloading for window displays to support businesses re-opening efforts;
- Communicating ways the City can support local businesses through this transition and seeking input both by (1) directly engaging businesses and (2) more broadly through digital newsletters and targeted approaches;
- Ensuring our community has tools to support local restaurants and retailers now, and other businesses later as they work to reopen;
- Establishing an online forum for businesses to share ideas with each other;
• Beginning a series of focused industry-specific design sessions with stakeholders; and,
• Forming internal project teams to look ahead and respond to business needs such as the
ability to facilitate curbside pickup and delivery and expand outdoor restaurant seating.

City staff continue to work closely with the business community by quickly developing solutions
to meet their needs, while addressing the continually evolving public health orders and rules
during this time. Staff’s work will progress, and we will continue to update Council on our
efforts.

_Update on the Small Business Recovery Grant and Donation Program_
On May 4, 2020, Council directed staff to create and implement a business recovery grant
program providing $500,000 from the City’s general fund to small businesses, while
simultaneously creating and implementing a program to accept private donations to add to the
City’s funding. By May 20, 2020, both programs were fully developed.

Information on the Small Business Grant program is on the City’s website, along with an
expansive FAQ site providing the specifics of the program. The City has communicated this
information in several editions of the City’s “Coronavirus Daily Reports,” by direct
communication with the Business Roundtable participants, and digitally through the City’s
business-to-business Slack channel, social media, and digital newsletters. Additionally, the City
has communicated the grant availability directly to eligible businesses on the City’s business
registry. As of this writing, the City has received over 120 pre-applications, the first step in
participating in the grant program, and staff have begun fielding questions from a newly-
created email account: BusinessGrants@cityofpaloalto.org.

The City intends to hold a lottery on May 27 to select the businesses who will be invited to
apply for a grant. The exact selection process and details are noted in the FAQ website.

Also on the City’s Business Grant web page and new Business Reopening web page is
information about how individuals and other businesses can help by donating to the grant
program. The City is partnering with the East Bay Community Foundation (EBCF), a non-profit
organization that maintains and administers donations, to manage the donation program to
support recovery efforts in Palo Alto. With their expertise, resources, and existing
infrastructure, EBCF created a Relief Fund, which is a special funding category used in times of a
declared disaster that allows a non-profit entity to accept donations benefiting for-profit
businesses.

In addition to establishing this Fund, EBCF created an online portal to accept tax-deductible
donations, which the City has linked on the City’s website. On behalf of the City, EBCF will
receive and hold all donations, maintain the appropriate financial records, and distribute funds
directly to the City to supplement the Small Business Recovery Grant program. This partnership
and services will be accomplished through an annualized administration fee of 1.25% of the
total fund balance, determined on a quarterly basis.
EBCF was selected as a third-party administrator after staff spoke with five potential partners. Of those five, EBCF was the only organization that was available to assist the City’s efforts, that had the infrastructure already in place, with prior expertise in assisting cities with business grants, and that could offer tax deductible donations for a low administrative fee. Staff will share this new donation opportunity with the community through all the City’s communications channels. Additionally, the City is partnering with the Palo Alto Chamber of Commerce to expand outreach through their channels and networks.

**Timeline**
Staff anticipates distributing grants in early June after the May 27 lottery, and holding additional lotteries as donations are received. The date(s) of additional lotteries will be made public at least one week before they are held. Pre-applications are always accepted.

Staff will continue to work with the business community to address needs as we move towards re-opening.

**Stakeholder Engagement**
City staff has met with over 50 businesses through a series of five virtual meetings. Staff has participated in the online Slack channel established to facilitate communication. Staff has had conversations with the Palo Alto Chamber of Commerce, provided information in the City’s coronavirus reports, created new web pages and shared information broadly through all the City’s communications channels, and established an email account specifically to communicate with stakeholders about the grant program.

**Environmental Review**
This informational report is not a project for the purposes of the California Environmental Quality Act.

**Attachments:**
- Attachment A: Business Roundtable and Grant and Donation Programs Update
WHAT WE’VE DONE SO FAR—PROCESS

• Three 90-minute Roundtable sessions convened
  • April 17, April 24, and April 28. 2 city council members and 6 city staff in attendance
• Report-back to Roundtable participants on May 7
• Additional listening and ideation sessions for “urgent actions” on May 12, “expanded restaurant seating” on May 14, and “future of retail” on May 17.
• More than 50 businesses engaged
THANK YOU TO OUR ROUNDTABLE ATTENDEES

- PIP Printing
- Bells Books
- Zola
- iTalico, Terunpizza
- Osteria Toscana
- Landowner
- Coupa Café
- Hair International
- Ford Greenfield Labs
- Tamarine
- Nauto
- Village Flower Shop
- Sereno Group
- San Mateo CVB
- Embarcadero Media
- The Counter
- Nola
- Calave
- Bittered Sling

- Five Ten Gifts
- Hilton Garden Inn
- Premier Properties
- La Bodiguita
- Ada's Café
- Monica Foster Salon
- Dinahs Hotel
- MacArthur Park
- Philz Coffee
- Gleim Jewelers
- Premier Properties
- Stanford Research Park
- Zareens
- Keller Williams
- Palo Alto Chamber
- Sand Hill Properties
- Bacchus Mgt Group
- MongoDB
- Cardinal Hotel
- Ergo Works
- VMware
- CCSCE
- Newmark Knight Frank
- Edgewood Market
- Watercourse Way
- Leaf & Petal
- Hotel Parmani
- Peninsula Pediatric Dentistry
- Rapp Development
- Sheraton
- Individual
- The Cobbler
- Palo Alto Bicycles
- Thoits Bros
- Local Union 271
- Houzz
- Siam Royal
WHAT WE’VE DONE SO FAR—OUTCOMES

- Established B2B Support Slack channel, 22 members + city staff—currently active around discussions around crowd-sourcing hand sanitizer, cleaning & training protocols
- Retail signage designed with community input printed and available 5/20
- Project teams forming for outdoor seating, future of retail
- Numerous staff projects influenced by Roundtable feedback
NEXT STEPS

- Continue to recruit business owners to Slack Channel
- City staff to support prototypes of outdoor dining, future of retail
THEMES/CHALLENGES/OPPORTUNITIES/IDEAS GENERATED DURING THE ROUNDTABLE SESSIONS
THEMES/CHALLENGES (1 of 2)

• Difficulty / insufficiency of PPP and other federal programs
• Challenges interpreting county COVID-19 regulations
• Many compassionate businesses—helping employees, helping front-line staff
• Many businesses are adapting, but at a greatly reduced volume
• Restaurant business vulnerable before the pandemic
• Close contact businesses (e.g., salons, spas, dentists) especially vulnerable. Also, Stanford student- and crowd-dependent businesses
• The future is not predictable—will customers and employees return? When? How? (shift to remote work? Delivery?)
• Businesses looking for guidance, leadership at local level—to represent local business with county and state
THEMES/CHALLENGES (2 of 2)

• Businesses want clarity about city’s role and responsibility to support them.

• Good time to re-evaluate fundamentals (zoning, parking, retail preservation) as COVID-19 potentially ushers in a new era.

• Good time to improve “Palo Alto process” (permitting, parking); shift from enforcement to support.

• Supply chain issues emerging—sanitation & PPE, food.

• Desire for the business community to support one another—“trade commitments,” share knowledge, etc.

• Good opportunity to reconsider/better plan/curate the mix of companies doing business in Palo Alto. (Fewer restaurants? Fewer gyms? New types of retail establishments that complement online?)
OPPORTUNITY STATEMENTS

What should the city’s role be? Should we and, if yes, how might we:

• Help businesses navigate complex Federal programs? County health regs? Challenge/advocate for businesses with county and state regulations?
• Celebrate and encourage “compassionate business” practices?
• Support businesses operating in the near-term at lower volume?
• Support close-contact businesses?
• Provide “predictability” in an uncertain future?
• Adapt City fundamentals such as zoning, parking, for a “new normal?”
• Adapt Palo Alto processes? Be seen as supporters rather than enforcers?
• Help businesses with supply chain issues?
• Develop a Palo Alto business blend strategy? Retail strategy? Restaurant strategy?
• Agree on decision-making criteria? (Assist largest number vs. most vulnerable, economic vitality, place-making, new vs. preservation, etc.)
• Help the business community help itself?
IDEAS FROM THE BUSINESS COMMUNITY (1 of 2)

Financial Support
- Financial aid for small businesses: loans, grants; utility bill “forgiveness” (using public/private funding sources)
- Reduce minimum wage ordinance
- Belt-tightening by City
- Reassess property taxes

Land Use and Transportation Planning
- Close streets for outdoor seating for restaurants (for social distancing)
- Strategy to reconcile demand for parking with demand for social-distancing retail space
- Relax parking permitting & fees
- Strategy on how to deal with vacant properties
- Revisit retail zoning (in light of businesses’ shift to work from home)
- Redesign “Palo Alto Process” to make it easier for businesses
IDEAS FROM THE BUSINESS COMMUNITY (2 of 2)

Advocacy and Education
- City advocates for policy changes / stimulus package
- “Keep it local,” B2B campaigns
- Preliminary social distancing design guidance for offices and retail (to hasten transition)

Community Engagement, Facilitation and Convening
- Convene a business network. Create ongoing business roundtable engagement structure.
- Facilitate purchasing commitments among Palo Alto “ecosystem” (residents, businesses, city, other organizations)
- Coordinate PPE/Sanitation supplies (e.g. sanitizer)
- Create “ask/offer” platform for B2B exchange
- Create ongoing business roundtable engagement structure
- Engage landlords to strategize on rent relief
- Partner with Stanford to develop/publish “gold standards” for cleaning, health monitoring and social-distancing protocols for businesses
UPDATES ON CITY SOLUTIONS

Three Major City Council actions on Monday night (May 4, 2020):

1. City grant program for small business recovery
   • $500,000 in up to $10,000 grants for local small businesses
   • Lottery to select recipients from all qualified applicants
   • City is acquiring a third-party grant administrator
   • Make sure you are current with the City’s business registry!!

2. Business assessments waived for the year
   • Business Registry
   • Downtown Business Improvement District

3. Significant City budget reductions contemplated
   • Planning for a $40 million shortfall in the coming year