

Date: April 28, 2021

To: Thomas B. Modica, City Manager 

From: John Keisler, Director of Economic Development 

For: Mayor and Members of the City Council

Subject: **Personal Services and Fitness Resiliency Fund**

At its December 15, 2020 meeting, the City Council [requested](#) the City Manager to create a \$5 million Personal Services and Fitness Resiliency Fund (Fund) from the next federal COVID-19 stimulus fund package. The fund could be increased depending on demand and final federal stimulus bill. The purpose of this memorandum is to provide the City Council with an update on the progress that has been completed to date and discuss next steps to develop the Fund.

Background

As reflected in the original City Council recommendation, personal services, barber shops, nail salons, and gyms suffered disproportionate financial impacts from COVID-19 due to the health risks associated with face-to-face services. Personal services were closed completely beginning in March 2020 for three straight months. In June, businesses that could re-open outdoors were permitted to do so while physically distanced. Services such as body art, electrolysis, and piercings continued to be prohibited until the end of June. Most personal service providers, fitness studios, and independently owned gyms were able to see clients for the remainder of the summer in a limited capacity, but personal services were closed again by the State's Regional Stay at Home Order, which was triggered when the region's remaining Intensive Care Unit (ICU) bed capacity reached 15 percent. Business owners reported significant additional unbudgeted costs for each time that businesses were re-opened, modified, or closed due to changing State and local health orders.

To offset the financial impacts of the Stay at Home Order to business owners and workers in Personal Services and Fitness, the Fund is to be invested in strategies to assist personal care, barber shops, nail salons, independently owned gyms, fitness studios, and their employees who have all suffered tremendous economic setbacks in support of public health.

Economic Recovery Strategy

On the same night that the City Council directed the City Manager to create the Fund, the City Council also approved a [recommendation](#) to receive and file a report on the development of an Economic Recovery Strategy and provided input and policy direction to staff on economic recovery priorities to address the economic impacts of COVID-19, with an emphasis on equity, to promote the recovery of businesses and jobs across all sectors of the Long Beach economy following the COVID-19 emergency. The development of the Fund was folded into the effort to develop an Economic Recovery Strategy.

As part of this recommendation, the City Council directed the City Manager to engage with staff from the Economic Development Department, Office of Civic Innovation, Economic Development

Commission, Long Beach Economic Partnership, Long Beach Center for Economic Inclusion, and industry partners to conduct a robust community outreach program to solicit input and feedback regarding the Economic Recovery Strategy from local business owners and workers. Additionally, the City Council directed staff to incorporate goals and objectives from the Framework for Racial Equity and Reconciliation report to promote a more racially inclusive and equitable economic recovery.

Community Outreach

In February 2020, staff and members of the Economic Development and Finance Committee of the City Council participated in over 30 listening sessions with nonprofit organizations, business associations, and industry experts to inform the development of the Long Beach Recovery Plan. Over 350 community leaders and representatives participated in these roundtables and provided input regarding the challenges, solutions, and recommendations for economic recovery. This community outreach also included a targeted roundtable discussion with owners of personal services and fitness businesses to better understand their unique challenges and recommended solutions to inform the Fund.

On February 10, 2021, staff hosted a roundtable with barbershop and beauty salon owners. Additionally, on March 10, 2021, staff met with the Long Beach Fitness Alliance, which is comprised of operators of local boutique gyms and fitness centers. At both meetings, staff received input on the design and implementation of the Fund. Some of the common themes that surfaced in these conversations include the following:

- Businesses need access to flexible working capital grants that enable them to cover a variety of business expenses, such as rent, payroll, marketing, supplies and materials, inventory, and more.
- Businesses need grants that are large enough to help businesses cover outstanding debts and still have working capital left over for new expenses.
- Businesses need assistance completing online grant applications in multiple languages.
- Businesses that have been impacted most by State and local Health Orders should be prioritized in receiving a grant.
- Small independently-owned businesses should be prioritized in receiving a grant.
- The City should create a user-friendly application process that is not burdensome and is administered through an online platform.

Long Beach Recovery Plan

At its March 16, 2021 meeting, the City Council [approved](#) the Long Beach Recovery Act (LBRA) that will be funded in part by the federal American Rescue Plan Act (ARPA). The LBRA includes \$25 million for direct business support including \$5 million for the Fund. The Plan also includes \$500,000 for technical assistance. A portion of this funding will expand support for the City's BizCare Call Center and BizCare Pop-Up service centers that will help businesses learn about and apply for grant opportunities. Federal funding is expected to come in two tranches, with 50 percent of the funding provided to the City in May 2021 and the remainder of the funding coming in May 2022.

Next Steps

Staff is working to incorporate the input provided by the City Council and businesses into the details for eligibility, uses, and application process for the \$5 million in grant funding that will support the Fund. Additionally, staff is preparing a Request for Proposals (RFP) to hire a vendor that will provide comprehensive grants administration support services to assist with the development and administration of the Fund and other grant programs included in the LBRA. Staff expect to release the RFP in May 2021, and hire a vendor and develop grant applications in June 2021. Staff are hopeful that eligible businesses may begin applying for grant funds in July 2021.

Equity Lens

Consistent with the recommendations from the City's Equity Toolkit, staff is in the process of developing a Personal Services and Fitness Resiliency Fund that is informed by diverse business owners that will benefit from the program. Staff is also developing an inclusive business outreach strategy that prioritizes outreach to diverse business owners and businesses located in low-to-moderate income areas of the City. The strategy will be informed by data from small business grant programs previously implemented by the City that highlight areas of Long Beach that require more business outreach and application assistance. In accordance with the City's Language Access Policy, all marketing and program materials will be translated into Spanish, Khmer, and Tagalog. Additionally, language application assistance will be delivered through the City's BizCare Pop-Ups in West, Central, and North Long Beach. Finally, staff intend to partner with diverse community-based organizations (CBOs) and business associations on business outreach activities to ensure that information about the Fund is also delivered by trusted messengers in the community.

Conclusion

Staff will continue to provide written updates to the City Council and the public regarding this important Economic Recovery Plan program so that eligible businesses are able to access and benefit from the resources as soon as possible.

If you have any additional questions, please contact me by phone at (562) 570-5282 or by email at john.keisler@longbeach.gov.

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