



Legislation Text

File #: 20-260, **Version:** 1

Report Prepared by: Stephanie Dietz, Assistant City Manager

SUBJECT: Waiver of Competitive Bidding Requirement for Professional Services and Approval of a Two-Year Agreement with Giftbar, LLC. in the Amount of \$500,000 to be Allocated and Held in Trust by the Service Provider and Distributed in Accordance with the Terms and Conditions of the Program and Accept and Appropriate a Fiscal Sponsorship of \$250,000 from the Central Valley Opportunity Fund, and Appropriate \$287,000 from the Economic Development Opportunity Fund to Establish the Proposed City of Merced Gift Card Program and the Associated Administrative Costs

REPORT IN BRIEF

Considers establishing the City of Merced Gift Card Program through the approval of the Giftbar, LLC contract for services, authorizes the acceptance of a fiscal sponsorship and appropriation of \$250,000 from the Central Valley Opportunity Fund, and considers the appropriation of \$287,000 from the Economic Development Opportunity Fund to establish the City of Merced proposed Gift Card program and to cover the associated administrative costs.

RECOMMENDATION

City Council - Adopt a motion:

- A. Authorizing waiving of the competitive bidding requirement; and,
- B. Approving a contract for services with Giftbar, LLC in the amount of \$500,000, to be allocated and held in trust by the service provider and distributed in accordance with the terms and conditions of the program; and,
- C. Authorizing the acceptance of a fiscal sponsorship of \$250,000 from the Central Valley Opportunity Fund and appropriating the same to Fund 074-Economic Development Opportunity Fund; and,
- D. Authorizing the appropriation of \$287,000 In fund 074- Economic Development Opportunity Fund to establish the proposed City of Merced Gift Card program; and,
- E. Providing direction to staff on the make-up of the small, local business participants; and,
- F. Authorizing the Finance Officer to make the necessary budget adjustments; and,
- F. Authorizing the City Manager or the Assistant City Manager to execute the necessary documents.

ALTERNATIVES

1. Approve, as recommended by staff; or,
2. Approve, subject to conditions as specified by the City Council; or,
3. Deny the request; or,
4. Refer back to staff for reconsideration of specific items as requested by the Council; or,
5. Defer action to a future meeting (date and time to be specified in the motion).

AUTHORITY

Charter of the City of Merced, Section 200.

CITY COUNCIL PRIORITIES

As provided by the City Council as a part of an overall community relief package related to the COVID-19 Pandemic.

DISCUSSION

At the onset of the COVID-19 pandemic, several small business designated as non-essential were closed to help flatten the curve in California per Governor Newsom's March 14, 2020 Executive Order. This action caused an economic ripple effect based on reduced business activity across the City.

In response to businesses closing, Mayor Murphy and Council Member Blake began evaluating options for local relief with the Greater Merced Chamber, the Hispanic Chamber and other local non-profits representatives. The concept of a "voucher" program, at \$50 per household, was brought forward for the City Council's consideration on April 20, 2020.

The proposed program would spur local spending, sponsored by the City, to encourage economic activity and supporting small businesses directly with a direct cash investment. However, during the discussion that took place, points were expressed that required further refinement. To allow for this work to be completed, a Council Sub-Committee was authorized to vet any relief program options and return to the Council with recommendations for consideration.

On May 4, 2020, the Sub-Committee provided an update to the Council. Initially, two options were considered, the "voucher" and a "visa gift card". Both options presented a costly administrative burden to implement. As a result of these concerns, the Council decided to allow for further exploration. As a result, the "Clovis Cares" platform was discovered. The City of Clovis partnered with a vendor, Giftbar, LLC to establish an online gift card platform for small businesses. The program allowed for residents to continue to invest in business that were closed through an online store that they would not have otherwise been able to support directly do to Shelter in Place orders.

At the direction of the Sub-Committee, staff reached out to Giftbar, LLC, and worked to establish a partnership that would allow residents to receive a promotion code to redeem towards a gift card at a local, small business. Giftbar, LLC, presented a partnership concept to host a City of Merced specific website to allow for small businesses to access gift cards at a reduced administrative fee.

In addition to this opportunity, the Central Valley Opportunity Fund has approved a financial sponsorship to provide \$250,000 towards the gift card program if the City Council so chooses to match the funds. Included for the City Council's consideration is the Giftbar, LLC contract for services, the acceptance of the \$250,000 fiscal sponsorship, the allocation of \$250,000 in matching

funds and an administrative allocation of \$37,000 to cover the 3% fee and additional appropriation to allow for outreach activities and residential mailers. The proposed program and funding plan would also reduce individual household amounts from \$50 to \$25.

As the program moves forward, staff is seeking direction from the City Council on what parameters to put in place related to local, small business eligibility, including but not limited to the following: location, business type, and number of employees.

IMPACT ON CITY RESOURCES

The Central Valley Opportunity Fund has committed to donating \$250,000 to the proposed City of Merced Gift Card program. In addition, the City Council has expressed a desire to match these funds with an additional \$250,000. The administrative and marketing costs are estimated to be approx. \$37,000. Staff are requesting that the City Council appropriate a total of \$287,000 from the Economic Development Opportunity Fund to match the donation and cover the additional anticipated cost.

Staff are requesting that the City Council accept the Central Valley Opportunity Fund fiscal sponsorship, and appropriate these funds, the matching \$250,000, plus the \$37,000 to allow for the administration of the program in Fund 074-Economic Development Opportunity Fund.

ATTACHMENTS

1. Giftbar, LLC Services Agreement
2. Central Valley Opportunity Fund Fiscal Sponsorship Letter