



City Of Sierra Vista  
SMALL BUSINESS EMERGENCY RELIEF GRANT PROGRAM

GUIDELINES

## 1.0 INTRODUCTION

2020 SMALL BUSINESS RELIEF GRANT PROGRAM- In response to the economic hardships experienced by small businesses resulting from the COVID-19 pandemic, the City of Sierra Vista is launching the 2020 Small Business Emergency Relief Grant Program in an effort to retain jobs and stabilize local businesses. The primary Community Development objectives of assistance to low- and moderate-income persons will be achieved as grants to retain jobs for City residents.

This Program is a gap financing program in response to the COVID-19 outbreak for businesses that have lost business as a result of social distancing and government closures. It is also intended to support businesses that want to open new lines of business in response to the crisis, such as manufacturing medical supplies needed to respond to the disease or providing cleaning or in-home health services.

The City of Sierra Vista Community Development has coordinated with Economic Development for a program to create a federal funding mechanism that will serve businesses within two categories.

- Micro-enterprise - 5 or less employees including owner and owner's income meets the Low/Mod standards *24 CFR 570.201(o)(1)(i)* eligible for up to \$7,500 in grant assistance
- Special Economic Development - up to 10 employees with one or more employees meeting the Low/Mod income standards (required to maintain two or more Low/Mod jobs within six months to qualify) *24 CFR 570.203(b)* eligible for up to \$10,000 in grant assistance

**Applications will be accepted until May 27, 2020 at 4pm via online submission. Back-up process for submission will be hardcopy application with supporting documents delivered to City Hall by May 27 at 4PM.**

## 2.0 PROGRAM REQUIREMENTS

### 2.1 Eligibility and Terms

Eligible businesses may be awarded up to \$10,000 (\$7,500 for microenterprises) in grant funds through the Relief Program application process.

- i. **Eligibility**
  - For-profit business located within the City Limits of Sierra Vista (based on business license)
  - Applicant is 51% + majority owner of business
  - Owner/applicant is a qualified Low/Mod Income household (for businesses with no more than 5 employees)
  - Owner is 18 years or older
  - Owner has or will have a valid SS #, EIN, Business Bank Account
  - Owner/Applicant is not currently in bankruptcy
  - Owner/Applicant is current with property taxes/City fees/business license or has a payment plan in place with County and/or City as of May 12, 2020

- Business will have active liability insurance within 30 days
- Not have a conflict of interest with the City of Sierra Vista

ii. **Terms**

- Maximum request: \$10,000 (Micro-enterprise with five or fewer employees \$7,500)
- Documentation on the retention of jobs after 6 months submitted to the City of Sierra Vista

iii. **Fees**

Application Fee: **NONE**

## 2.2 PROGRAM SERVICE AREA

This program is available to eligible for-profit businesses registered and located within the City of Sierra Vista jurisdictional boundaries. The location of the business will consider the place of business administration and registration address of business license.

## 2.3 FUNDING SOURCE AND REIMBURSEMENT

The Relief Program is funded through Community Development Block Grant (CDBG) funds provided by the Federal Department of Housing and Urban Development (HUD) to the City of Sierra Vista. As such, these funds have Federal requirements, as described below. **Applications will be accepted until May 27, 2020 at 4pm.**

Funds will be disbursed to the applicant for documented eligible project expenses.

## 2.4 ELIGIBLE APPLICANTS

- For-profit businesses with up to ten employees at the time of application submission may apply, subject to restrictions set forth in 24 CFR 570.203 regarding Special Economic Development projects.
- Eligible applicants must have a registered business address in the City of Sierra Vista jurisdictional boundaries.

## 2.5 INELIGIBLE APPLICANTS

- An ineligible existing business applicant is one that has a physical business location or registration outside of the City of Sierra Vista jurisdictional boundary.
- Nonprofit organizations are not eligible businesses, and will not be considered for funding.
- Other ineligible businesses include payday grant businesses, liquor and tobacco stores, pawn shops, firearm or other weapons dealers, adult entertainment, passive real estate investments, or home-based businesses.

## 2.6 ELIGIBLE USE OF FUNDS

The City of Sierra Vista Community Development and Economic Development offices will review the project scope of work submitted in the application. Grants are restricted to certain eligible costs, especially those related to basic operating capital for leasing space, insurance and/or utilities, and staff salaries.

- Purchasing inventory, supplies, accounting and inventory software, furniture, fixtures, and equipment
- Equipment purchase (with or without installation costs)
- Refinancing of existing business debt in conjunction with financing other eligible costs (<25% of request, prior city grants are not eligible for refinancing)
- Marketing materials and advertising including website development and servicing

## 2.7 INELIGIBLE USE OF FUNDS

In addition to CDBG-ineligible costs outlined in 24 CFR 570, funds under this Program may not be used to:

- Reimburse expenses incurred prior to Applicant approval of grant or grant.
- Pay off non-business debt, such as personal credit cards for purchases not associated with the business.
- Purchase personal expenses such as buying a new family car or making repairs to a participant's home.
- Direct financing to political activities or paying off taxes and fines.
- Purchase personal items, or support other businesses in which the borrower may have an interest.
- Construction fees

## **2.8 APPLICANT CAPACITY**

The City must confirm that the business and the applicant(s) possess the capacity to execute the project proposal to be successful with the use CDBG funds. As such, grant applicants for the Relief Program are required to demonstrate management capacity and ability to successfully operate a business through their applications.

## **2.9 JOB RETENTION/CREATION**

For the Relief Program, priority will be given to applicants that commit to retaining employees or jobs. Unless a business applicant's owner is a member of a low-/moderate-income household and the business qualifies as a HUD-defined microenterprise, then retention or creation of at least two jobs held by a low-/moderate-income household is required to access funds in this program. Job retention is defined as total full-time equivalent positions retained at 40 hours per week, or any combination of part-time positions combining for 40 hours per week, including owners. At least 51% of the positions retained or created must be held by employees who are a member of a low-/moderate-income household.

## **3.0 PROGRAM DETAILS**

### **3.1 GENERAL CREDIT REQUIREMENTS**

#### ***A. Outstanding Taxes, Fines and Fees***

Outstanding debts from municipal citations, child support, taxes owed to federal and state agencies, and delinquent property taxes do not disqualify applicants, IF proof of formal payment arrangements is provided.

#### ***B. Traditional Credit***

Applicants may elect to submit personal credit information if they feel it would strengthen their application.

### **3.2 OTHER REQUIREMENTS of HUD SOURCED GRANTS**

Grant Applicants must:

- Not be listed on the Federal Debarred list (SAM Search)

### **3.3 PROGRAM ADMINISTRATION**

The City will:

- Originate Relief Grant funds
- Market the Relief Grant program and promote enrollment dates
- Accept and process applications
- Complete Income Eligibility qualification and document number of employees
- Collect third party documentation from applicant of job loss/business closure (if not for the grant assistance)
- Review and underwrite application requests
- Ensure timely disbursement of funds
- Maintain agreement documents and fiscal records
- Administer grants, and locally sourced funds used for this program
- Ensure compliance with program guidelines as they relate to the funding source
- Provide City, Economic Development Commission, Community Development Committee and relevant committees annual program updates

### **3.4 GRANT TERMS AND CONDITIONS**

Financial assistance from the program is designed to keep businesses operational and retain jobs. Terms and conditions are determined by material submitted in the application

- Grant – the funding is in the form of a grant. Business must be able to provide evidence (in the form of payroll records) of job retentions for at least 6 months, otherwise the funds must be repaid to the City of Sierra Vista.
- Allow City to collect certain income and demographic data from applicants and their employees.
- Allow the City to collect 3<sup>rd</sup> party documentation such as financial information that demonstrates that potential business closure or layoffs
- Amount – up to \$7,500 of grant funds for microenterprises and a maximum grant award of \$10,000 under special economic development. The grant funds are only available for jobs that will be retained or jobs created as a result of these funds.
- Non-refundable Application Fee – Application fee waived at this time.

## **4.0 PROGRAM OPERATIONS AND GRANT PROCESSING**

### **4.1 PROGRAM MARKETING AND OUTREACH**

Program marketing will be conducted by the City and will affirmatively target women and minority-owned enterprises. Examples of marketing include media coverage with ads in local papers and distribution of marketing brochures to local chamber of commerce, and business networking organizations. Presentations may be scheduled for these groups as well as real estate groups, local commercial banks and other organizations. The local Small Business Development Center (SBDC) or other similar entity may be used as a referral agency.

### **4.2 EQUAL OPPORTUNITY COMPLIANCE**

The Relief Grant Program will be implemented in ways consistent with the City's commitment to State and Federal equal opportunity laws. No person or business shall be excluded from participation in, denied the benefit of, or be subjected to discrimination under any program or activity funded in whole or in part with CDBG program funds on the basis of his or her religion, religious affiliation, age, race, color, ancestry, national origin, sex, marital status, familial status (number or ages of children), physical or mental disability, sexual orientation, or other arbitrary cause.

### **4.3 APPLICANT CONFIDENTIALITY**

All personal and business financial information will be kept confidential to the extent permitted by law. Grant participant files with personal and business confidential information will be kept in locked, secured storage units.

#### **4.4 DISPUTE RESOLUTION/APEALS PROCEDURE**

Applicants whose applications are not selected or not deemed eligible have the right to appeal the decision of the City, limited to procedural errors in the selection process. In the event that no such procedural errors are found to have occurred, the decision of the City shall be final. An aggrieved applicant may, within seven (7) business days after the selection of prospective eligible projects, appeal in writing to the Director of Community Development or their designee. The appeal must state all facts and arguments upon which the appeal is based. The Director, or the appointed Designee, will review the content of the City's Small Business Relief Grant Program Guidelines, the applicant's application, and the facts which form the basis for the appeal. The Director, or the appointed Designee, will render a written decision within thirty (30) business days of the receipt of the appeal.

#### **4.5 EXCEPTIONS / SPECIAL CIRCUMSTANCES**

The City, however, reserves the right, at its sole discretion, to deviate from City-imposed policies and procedures in extenuating circumstances. A request for exception to program guidelines shall be submitted to staff in writing by applicant. Exceptions are defined as any action which would depart from policy and procedures stated in the guidelines.

#### **4.6 GRANT CLOSING PROCESS**

Upon successful completion of application process, City staff will prepare for the grant closing by preparing the grant closing documents. After closing, the applicant submits invoices identifying how the funds from the City were spent. City staff will review invoice requests and initiate the payment process. CDBG funds will only be disbursed for documented eligible project expenses.

#### **4.7 APPLICATION REVIEW**

Applications to the Relief Grant Program are presented by business owners/agents to City staff. Staff will review the applications and score them according to the scoring criteria. Top scoring applications will be recommended for approval, until all funding is exhausted. City staff will provide monthly updates with business names and recommended amounts to the City of Sierra Vista.

Contracts for approved grant applications will be drafted by City staff and circulated for signatures to:

- Applicant
- Community Development Director

## APPENDIX A

### 2020 HUD LOW/MOD INCOME HOUSEHOLD THRESHOLDS

#### FY 2020 Income Limits Summary

Selecting any of the buttons labeled "Explanation" will display detailed calculation steps for each of the various parameters.

FY 2020 Income Limit Area	Median Family Income <a href="#">Explanation</a>	FY 2020 Income Limit Category	Persons in Family							
			1	2	3	4	5	6	7	8
<b>Sierra Vista-Douglas, AZ MSA</b>	\$66,300	Very Low (50%) Income Limits (\$) <a href="#">Explanation</a>	21,000	24,000	27,000	<b>29,950</b>	32,350	34,750	37,150	39,550
		Extremely Low Income Limits (\$)* <a href="#">Explanation</a>	12,760	17,240	21,720	<b>26,200</b>	30,680	34,750*	37,150*	39,550*
		Low (80%) Income Limits (\$) <a href="#">Explanation</a>	33,550	38,350	43,150	<b>47,900</b>	51,750	55,600	59,400	63,250

**NOTE:** Cochise County is part of the **Sierra Vista-Douglas, AZ MSA**, so all information presented here applies to all of the **Sierra Vista-Douglas, AZ MSA**.

The **Sierra Vista-Douglas, AZ MSA** contains the following areas: Cochise County, AZ;

\* The FY 2014 Consolidated Appropriations Act changed the definition of extremely low-income to be the greater of 30/50ths (60 percent) of the Section 8 very low-income limit or the poverty guideline as [established by the Department of Health and Human Services \(HHS\)](#), provided that this amount is not greater than the Section 8 50% very low-income limit. Consequently, the extremely low income limits may equal the very low (50%) income limits.

Income Limit areas are based on FY 2020 Fair Market Rent (FMR) areas. For information on FMRs, please see our associated FY 2020 [Fair Market Rent documentation system](#).

For last year's Median Family Income and Income Limits, please see here:

**Please include the following sources of income from all adult members of the household for income calculations if applying as a business owned by a low-/moderate-income household:**

Salary/Wages  Bonuses/Incentives  Commissions/Tips

Interest/Dividends  Grant Repayments  Unemployment Compensation

- |   |   |   |
|---|---|---|
| <input type="checkbox"/> Rent (As Landlord)             | <input type="checkbox"/> Reverse Mortgage           | <input type="checkbox"/> Court Settlement |
| <input type="checkbox"/> Self-Employment Draw           | <input type="checkbox"/> Social Security Survivors  | <input type="checkbox"/> Annuities        |
| <input type="checkbox"/> Alimony                        | <input type="checkbox"/> Child Support              | <input type="checkbox"/> 401(k)/403(b)    |
| Plans   |   |   |
| <input type="checkbox"/> Disability/Long Term Insurance | <input type="checkbox"/> Social Security Disability | <input type="checkbox"/> Military Pension |
| <input type="checkbox"/> VA Disability Benefits         | <input type="checkbox"/> Workers' Compensation      | <input type="checkbox"/> Union Pension or |
| Disability  |   |   |
| <input type="checkbox"/> Deferred Compensation          | <input type="checkbox"/> Pension/Profit-Sharing     | <input type="checkbox"/> Other (specify): |
| <input type="checkbox"/> Social Security/Retirement     | <input type="checkbox"/> Keogh/IRA Plans            |   |

## APPENDIX B

### CDBG SMALL BUSINESS RELIEF GRANT PROGRAM

#### SCORING MATRIX

If the purposed project meets all threshold criteria, City Staff will utilize the following project scoring criteria to evaluate the purposed project for the purposes of making funding recommendations. Scoring will help determine priority of project application versus other projects competing for grant funds. The highest scoring projects will be recommended for funding.

This table is provided as a reference only, and will be filled out by program staff and/or advisory committee.

#### Evaluation Criteria (100 Point Scale):

Capacity and Experience to Operate the Business ( <b>20 points</b> ) <ul style="list-style-type: none"><li>○ Applicant has the demonstrated capacity to operate the business sustainably. Consider project status, industry experience, and business development classes and resources.</li></ul>	
Readiness to Proceed ( <b>20 points</b> ) <ul style="list-style-type: none"><li>○ The Business has a thoroughly demonstrated a proof of concept and clear market analysis. Proposal includes a clear plan for implementation including a realistic timeline with set deliverables.</li></ul>	
Infectious Disease Response ( <b>20 points</b> ) <ul style="list-style-type: none"><li>○ Business will be severely impacted by the policies put into effect due to the coronavirus pandemic <b>OR</b> business provides a support service and will need funding assistance to implement new protocols or meet higher demand</li></ul>	
Job / Employee retention ( <b>30 points</b> ) <ul style="list-style-type: none"><li>○ Proposal ensures employee retention for at least 6 months. Up to 30 Pts awarded based on Full-Time Equivalent FTE job retention: 30 Pts for 5 or more FTE positions retained, 20 Pts for 3 or more FTE retained, 10 points for 2 FTE positions retained, 5 points for 1 FTE positions retained, and 0 points for a lower ratio of retained jobs. One FTE position is defined as 40 hrs per week, or any combination of part-time positions combining for 40 hours per week, including owners.</li></ul>	
Minority/Women Business Enterprise or Business Owner is Low-Moderate Income ( <b>5 points</b> )	
Project Costs ( <b>5 points</b> ) <ul style="list-style-type: none"><li>○ Project costs are reasonable, all other sources of financing committed, grant resources as not being substituted for other available resources</li></ul>	
<b>TOTAL</b>	

## **Appendix C**

### **Helpful links**

City of Sierra Vista- Community Development

<https://www.sierravistaaz.gov/city-departments/community-development/>

Federal EIN –

<https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online>

Dun & Bradstreet- DUNS –

<https://www.dnb.com/duns-number/get-a-duns.html>

CAGE code-

<https://www.sam.gov/SAM/>

HUD Section 3 Registration-

Info: <https://portalapps.hud.gov/Sec3BusReg/BRegistry/What>

Register here: <https://portalapps.hud.gov/Sec3BusReg/BRegistry/RegisterBusiness>