

**CITY OF NILES
SMALL BUSINESS
GRANT FUND PROGRAM
CDBG-CV**

Program Guidelines

1. Executive Summary

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) provides much needed assistance to the American people as the country works diligently to combat COVID-19.

HUD is making available \$3.064 billion through the Community Development Block Grant program, of which \$2 billion is meant to assist States, Communities and Non-profits to carry out and fund COVID-19 response activities.

Included in the HUD CDBG Eligible Activities to Support Coronavirus and Other Infectious Disease is a provision to avoid job loss caused by business closures related to social distancing by providing short-term working capital assistance to small businesses to enable retention of jobs held by low- and moderate-income persons.

The City of Niles has established the CDBG-CV Small Business Grant Program, a program to assist vulnerable businesses located within the City of Niles, Census Tract 260210205, Block Group 3 to qualify- the boundaries are the St. Joseph River to the West, 9th to the East, Wayne St. to the North and Broadway to the South with access to short-term working capital in order to mitigate the impacts of revenue losses caused by the COVID-19 pandemic and associated Executive Orders. The Small Business Grant Program includes \$80,000.00 of the CDBG funds received under the CARES Act.

2. Award Details

The grant maximum Small Business Assistance Grant is \$10,000.

The grant range is \$2,500 - \$10,000 .

Grants are intended to provide funding to help eligible small businesses replace lost revenue needed to pay for the following regularly occurring costs, provided that they retain or create jobs held by individuals with low-moderate income:

- Payroll for employees
- Rent/mortgage
- Utilities
- Other similar expenses that occur in the ordinary course of the recipient's business

3. Eligibility Criteria

A company located in the City of Niles Census Tract 260210205, Block Group 3 that demonstrates that it is otherwise affected by the COVID-19 outbreak **AND** meets all the following requirements:

- Employ no more than twenty-five (25) people.
- Annual Revenues less than \$1,000,000
- The owner may not operate other businesses within the city limits.
- Demonstrates an income loss as a result of the COVID-19 outbreak and thereby the need for

working capital to support payroll expenses, rent, mortgage payments, utility expenses, or other similar expenses that occur in the ordinary courses of business;

- Business must provide documentation that at least 90% of full-time and part-time employees receive a gross income of less than or equal to \$44,000 per year;
- Business must agree to hire and retain low/moderate income employees and maintain documentation proving as such- the City of Niles staff will help you understand this requirement including the waiver assigned by HUD through the CARES Act.
- Business must agree to retain the same level of staffing at the time of grant signing for 3 years

4. **Application Process**

Applications will be accepted until all funds are utilized.

Required business information:

- Application
- Monthly expenses (payroll, rent/mortgage, utilities, inventory, etc.)
- Economic Impact Statement & Basic Business Plan
- Current Financial Statement
- Forecasted monthly revenue loss for March – December 2020
- Any additional aid received or expected to receive
- Any deferred and/or abatements of rents, debt service, utilities, franchise fees or other expenses received or expected to receive due to COVID-19
- Information regarding how COVID-19 has adversely impacted their business (and ability to provide supporting documentation if requested)
- 3 years of profit and loss statements or as many years as they can provide (or profit and loss from opening to present for business open less than 1 year), including cash flow projections
- Proof of occupancy- deed or lease
- Business EIN and DUNS number
- Signed W-9

All applications are reviewed on a competitive basis and not every proposal will be approved. The review process will take place once all the required documentation and supporting evidence is submitted.

Incomplete applications will not be considered.

5. **Selection Process**

All applications submitted will be reviewed by the City of Niles Community Development Director. Initial screenings will determine business eligibility based on the above criteria and completeness of application. Applications deemed eligible and complete will be scored by the Community Development Director. The Community Development Director or a representative may choose to reach out to the applicant to request clarification or additional documentation.

Scoring criteria is set forth in **Exhibit A**.

6. Distribution of Funds

Once a decision has been made, the applicant will be notified regarding the approval or denial and amount of award. Upon approval of the application, the applicant will be required to execute a grant agreement with the City Council at a regular meeting of the Niles City Council. Once this has been done, the City of Niles will issue a check for the approved grant amount and mail it to the confirmed mailing address within approximately 10 business days.

IMPORTANT NOTE: Any grant award may be considered taxable income and you will receive a 1099 for the funds at the end of this tax reporting year. Each business should consult with its tax professionals to determine whether the grant award is considered taxable income.

7. Use of Grant Funds

Grant recipient may use the grant funds only for the following regularly occurring costs:

- Payroll for employees
- Rent/mortgage
- Utilities
- Other similar expenses that occur in the ordinary course of the recipient's business

Grant recipient will be required to provide proof that the funds have been spent on the above approved uses as outlined in the applicant's original application within 45 calendar days from disbursement of grant funds. If the grant recipient fails to provide such proof and/or uses the grant funds for any other purpose, the grant recipient may be required to repay the grant funds.

8. Applicant/Grant Recipient Information

Except as noted below and in the Grant Agreement, the City of Niles will not share an applicant's or grant recipient's proprietary and confidential data with any third parties except as needed during the grant review, disbursement, and monitoring process as required by law. In the event an application is reviewed by an employee of a governmental body, including by not limited to the City of Niles, documents in the governmental body's possession may be subject to disclosure under the Michigan Freedom of Information Act ("FOIA"). Accordingly, the City of Niles cannot guarantee the confidentiality of an applicant's or grant recipient's submissions. The City of Niles specifically does not warrant that any documents submitted in connection with the grant application or the grant agreement are exempt from disclosure under FOIA. Applicants and grant recipients should clearly mark such information as proprietary and confidential. Applicant and grant recipient data will not be sold.

The information contained herein is subject to the actual grant agreement and the written terms and conditions contained therein, as the same may be amended from time to time. The City of Niles also reserves the right to make the final determination of any person's or organization's eligibility and/or qualifications for program benefits, and to make allocation of program benefits as it may, in sole discretion deem appropriate.

EXHIBIT A
NILES SMALL BUSINESS GRANT: Scoring Criteria

Staff will first verify business eligibility based on self-reported data submitted in the application for the eligibility criteria set forth in the Program Guidelines. Staff will then evaluate applications receiving an average score of 25+ points based on five criteria:

1. Percentage of lost revenue
2. Age of business
3. Profitability
4. Total number of employees the last 3 years
5. Current employees

All applications will be scored on a scale of 0-100. Each of the five criteria is worth a maximum score of 20 to the 100-point score. Up to 10 additional points can be added to an applicant's overall score based on a business's community impact as determined by staff. Selection criteria are weighted as follows:

Percentage of lost revenue

- 0 – 24% revenue loss: 4 points
- 25 – 49% revenue loss: 8 points
- 50 – 74% revenue loss: 12 points
- 75% or higher revenue loss: 20 points

Age of business

- Less than 1 year: 0 points
- 1 – 2 years: 5 points
- 3 – 5 years: 10 points
- 5+ years: 20 points

Current Employees – *this does not include subcontractors*

- 1 – 4 employees: 8 points
- 5 – 8 employees: 15 points
- 8+ employees: 20 points

Profitability

- 1 of the last 3 years: 8 points
- 2 of the last 3 years: 15 points
- 3 of the last 3 years: 20 points

Total number of employees that last 3 years:

- 2 – 4 employees: 5 points
- 5 – 10 employees: 12 points
- 11 or more employees: 20 points

Grant amounts will be determined based on a business's overall score rank in relation to all applications received. Applications are eligible for the following grant awards based on their overall score, subject to funding availability:

- Overall score is greater than 70: \$10,000
- Overall score is between 50 – 69: \$7,500
- Overall score is between 35 – 49: \$5,000
- Overall score is between 25 – 34: \$2,500
- Score less than 25: not eligible

Staff reserves the right to consider access to additional/outside capital and/or other COVID-19 relief assistance when determining final grant amounts. Additionally, final grant amounts will not exceed a business's financial need as determined using the following 3 factors:

- What are operating expenses for the next 90 days?
- What is projected revenue for the next 90 days?
- How much aid has the awardee already secured?
(Revenue + aid) – expenses = grant range:
\$2,500, \$5,000, \$7,500, or \$10,000

Grant amounts will be determined based on a business's overall score rank in relation to all applications received as well as the number of applications received. Reviewers may also consider tax/utility payment history and code enforcements/violations against the business owner before final disbursement determinations are made.

Final grant amounts will not exceed a business's financial need as determined using the following factors:

- Operating expenses for the next 90 days
- Projected revenue for the next 90 days