

City of Scottsburg

CDBG Small Business Assistance Grant

Phase 3

PURPOSE

The City of Scottsburg will invest up to \$250,000 through an Indiana Office of Community and Rural Affairs Community Development Block Grant (CDBG) program funded by the US Department of Housing and Urban Development (HUD). This program will support qualifying local businesses in the City of Scottsburg that have been impacted by the COVID-19 pandemic. Funds under this program are limited and it is the City's intent to focus these resources to effectively support local Scottsburg businesses that retain the employment of citizens.

The following requirements, selection criteria and procedures will be adhered to during the grant selection and disbursement process.

FUNDING REGULATIONS

Businesses will be classified into two groups to ultimately determine eligibility for the program:

1. Non-Microenterprise – Business with more than five (5) employees, but less than 100 employees, or a business of less than five (5) employees, one of which is NOT the owner
2. Microenterprise – Business of five (5) or fewer employees one of which is the owner. Independent contractors are also included in this group.

The use of CDBG grant funding is governed by federal regulations, which state that funds must primarily benefit individuals of low and moderate income (LMI). The City of Scottsburg will require each applicant to provide information to determine if the business meets the CDBG LMI requirements. The City will balance the grant portfolio as necessary to ensure compliance with the CDBG LMI requirements for those non-Microenterprise businesses.

Microenterprises can qualify if the owner is LMI or at least 51% of the employees are LMI. The Microenterprise applications cannot be included in the aggregate, so each Microenterprise must meet the LMI criteria to qualify for consideration.

The business, no matter what category, must also certify that the jobs being retained with CDBG grant funding would be lost without assistance from the grant

program. This certification can be in the form of a letter from the applicant addressed to the City of Scottsburg selection committee.

ELIGIBILITY REQUIREMENTS

In addition to the above CDBG regulation requirements, businesses meeting **ALL** of the following criteria shall qualify for grant award consideration:

- Must have a business physically located within the corporate limits of the City of Scottsburg
- Must be a for-profit business – the following business types **are specifically ineligible** for assistance:
 - Nonprofit organizations
 - A business in which a majority owner or member of the immediate family is an elected official of the City of Scottsburg.
 - Businesses deemed ineligible by the US Department of Housing and Urban Development (HUD) or the City of Scottsburg
- Must be structured as a sole proprietorship, partnership, corporation, S corporation (S subchapter) or limited liability company (LLC). Individuals who are self-employed are also eligible to apply
- Must have been in operation on or before March 1, 2020, and must be currently in compliance with any state or local regulations or requirements
- Eligible businesses can include essential and non-essential businesses so long as the business is continuing to pay employees, provide health insurance, or is willing to certify that previously furloughed/terminated employees will be rehired with the proceeds of this grant or other supplemental federally-funded grant or loan programs
- Multiple applications/applicants cannot simultaneously compete for funding for the same property parcel or address

GRANTMAKING

Businesses meeting the requirements above shall be considered eligible for a maximum grant award of \$10,000.

Grant funds may only be used by awardees for working capital expenses that include, but are not necessarily limited to, employee salaries, general operating expenses (rent or utilities), inventory, and advertising/marketing expenses.

The City intends to fund as many qualified applicants as possible. Should funding become limited, the following criteria will be utilized to prioritize applications:

- Businesses that are Minority, Women or Veteran owned
- The number of jobs retained as of the date of the application, as well as, the number of jobs that are planned to be rehired due to the assistance from the City
- The degree to which businesses have been impacted due to being considered “non-essential” and have lost their sources of revenue
 - Applicants should provide a description of how their business has been impacted within their application and have additional documentation available upon request
- The degree to which businesses primarily provide public-facing retail or public-facing services and have lost their sources of revenue
 - Applicants should provide a description of how their business has been impacted within their application and have additional documentation available upon request
- The degree to which the business has been directly impacted by new public health requirements (social distancing) related to the COVID-19 pandemic
 - Applicants should provide a description of how their business has been impacted within their application and have additional documentation available upon request such as profit/loss statements to support such claims
- The level of participation by the business’s in other federally funded programs such as the Payroll Protection Plan and/or Small Business Administration’s Economic Disaster Injury Grant and Loan Programs
- Businesses that employ at least 51% low and moderate income persons

HOW TO APPLY

The application will be available on the City's website and social media outlets. Applicants will be able submit completed applications physically at the Scottsburg City Hall. Once an application has been submitted, the applicant will receive an email from the City confirming the receipt of the application within two (2) business days. If the applicant does not receive a receipt within two (2) businesses days, the applicant should contact Jill Saegesser with The Wheatley Group at (502)396-6202 or via email at jill@thewheatleygrp.com.

SELECTION and DISBURSEMENT PROCESS

Businesses can apply via the process outlined previously. Applicants will be required to submit evidence, testimony or documentation supporting their case regarding the impact of COVID-19 on their business.

During the application process, businesses will be asked to provide the following information: business name, employee codes or initials, what type of job that employee holds and the employee's average annual income from the position. This information will be utilized to determine eligibility.

The City intends to fund as many qualified applicants as possible, as funding allows. The City will utilize a selection committee to review the applications for recommendation to the City Council. The selection committee will prioritize the applications using the categories previously listed. The selection committee will then provide a list of recommended recipients to the City of Scottsburg City Council for final approval. Recommended grantees will be required to enter into a grant agreement with the City.

Once a grant agreement is approved, 100% of funds will be disbursed to recipients.

Grantees should be aware that the City is required to follow up with each grantee on an annual basis. This follow up will include the status of each business, the change in the number of jobs, and any additional information as requested by the State of Indiana, for a period of two (2) years after closeout.

Please note that grant funds are considered **taxable** income and those recipients will be receiving a 1099G from the City.

The City reserves the right to reject any or all applications received and/or negotiate or cancel in part or in entirety grants resulting from application awards if it is in the City's best interest to do so. The City further reserves the right to

establish the amount of grant funds awarded and award funds to other applicant(s) should funds become available due to de-obligation, etc.