

City of Victorville



Reopening Victorville

Small Business Assistance Grant

CITY OF VICTORVILLE

BACKGROUND

On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief and Economic Security (CARES) Act to prevent, prepare for and respond to the Coronavirus. As a direct entitlement city of Community Development Block Grant (“CDBG”), the Act will provide \$445,791 in funds to the City of Victorville to assist its small business community during this unprecedented crisis.

PROGRAM OVERVIEW & PURPOSE

The Reopening Victorville Small Business Assistance Grant Program is a one-time grant program, where eligible businesses can receive up to \$15,000, as reimbursement, to retain jobs, continue quality services, spur economic growth in the community and provide medical, food delivery, cleaning and other services to support the stay at home order, and prevent the spread of infectious diseases. Reimbursement may be used for overhead expenses, rent, utilities, City Business License renewals, expanding business services to promote social distancing and protocols to prevent the spread of infectious diseases such as the Coronavirus.

Prior to receiving funding, the City of Victorville small businesses must demonstrate compliance with State/County public health orders, and incorporate safety and social distancing practices and measures in their business operations. Businesses must be located in the City of Victorville and have a storefront location. Operators of Barber Shops and Hair Salons who rent a storefront are also eligible.

Priority will be given to businesses that have not received any federal and/or state assistance such as the Economic Injury Disaster Loan (EIDL) and the Paycheck Protection Program (PPP).

All businesses assisted must meet one the following CDBG National Objectives:

- Benefiting persons of low to moderate income (Low Mod Area Benefit); or
- Job retention (Special Economic Development)

BUSINESS ELIGIBILITY

The City will be accepting application starting June 5 through June 20, 11:59 p.m. The application deadline is June 20, 2020.

For business owners applying for multiple locations, the first qualifying business location would be eligible for up to \$15,000.

An eligible business should meet the following criteria:

- Physically located within a City of Victorville CDBG Target Area where the business serves 51% Low to Moderate income residents based on proximity to neighborhoods and the goods or services it provides, as determined by City staff.

If the City determines that your business services at least 51% Low to Moderate income residents, the business is eligible to participate;

- Employ no more than 20 employees, including the business owner(s);
- Must have been operational for at least one (1) year;
- Must be able to demonstrate a loss of income due to COVID-19;
- Must have or must register for a Data Universal Number System (“D-U-N-S”) **and** Commercial and Government Entity Code (City staff are available to assist);
- Must submit all documents required as described in the Required Documents Section;
- Must apply for the San Bernardino County COVID Compliant Business Partnership Program, and comply with all CalOSHA COVID-19 industry standards;
- Must meet one (1) of the following eligibility criteria below:
 - a) Income Qualification – The business owner is determined to be within 80% of family household income limits pursuant to Department of Housing and Urban Development (HUD) requirements (Micro-Enterprise). Applicants must use total household size as their measure of eligibility. These income limits are determined annually by HUD and listed in the table below. Applicants must complete and sign the Self-Certification Form and provide a copy of their most recent Business and Personal tax returns documenting IRS filing (2018 Income Taxes, minimum). Copies of all 2020 calendar year bank statements for personal and business accounts must be submitted.

Household Size	Income Limit
1	\$42,200
2	\$48,200
3	\$54,250
4	\$60,250
5	\$65,100
6	\$69,900
7	\$74,750
8	\$79,550

2020 Income Limits

- b) Low Moderate Jobs Activities (LMJ) – Business that *retain* permanent jobs where at least 51% of that, computed on a full-time equivalent basis, involves the employment of Low to Moderate income persons. Full Time Employees (FTE) can be determined as an employee who is employed at least 30 to 40 hours per week or a combination of employees, who, in combination, are counted as the equivalent of a full-time employee. Business employee’s must complete and sign a self-certification (“Employee Beneficiary Form”) indicating household size, income, ethnicity, race and acknowledgement and disclaimer. In addition, the Business owner will provide a written, signed statement containing their commitment that it will make at least 51% of the permanent full-time jobs available to low and moderate income persons and will provide

training for any of those jobs requiring special skills or education for the minimum of one year from funding date.

Included in this written agreement are:

- A listing by job title of the jobs to be created which will be available to low to moderate income persons.
- A list of which jobs require special skills or education.
- A list of which jobs are part-time.
- A description of the actions to be taken by the business to ensure that low and moderate income persons receive first consideration for these jobs.
- A listing by job title of the jobs filled, and which jobs were available to low and moderate income persons.
- A description of how first consideration was given to any such persons for these jobs including type of hiring process, names of the low and moderate income persons interviewed for each job, and those hired, and
- Other items as deemed necessary by the HUD or the City.

In order for jobs to be considered retained as a result of CDBG assistance, there must be clear and objective evidence that the permanent job(s) would be lost without CDBG assistance. Clear and objective evidence would include the following:

- A notice issued to affected employees or a public announcement to that effect; or
- Analysis of financial records which show the business is likely to cut back employment in the near future without assistance.

INELIGIBLE BUSINESSES

Due to federal, local and program funding restrictions, businesses that meet one (1) or more of the following criteria are **not** eligible for participation in the program:

- Non-profits with or without storefront;
- Home-based businesses;
- Businesses with more than 20 FTE employees as of the end of 2019;
- Financial and lending establishments;
- Insurance or real-estate brokerages;
- Retail chains and franchises;
- Race tracks, gambling facilities or adult entertainment;
- Businesses that do not currently employ Low to Moderate Income (LMI) persons or that are in a census tract, block group that does not service LMI persons;
- Businesses that fall into the following categories: liquor or tobacco stores, cannabis or marijuana dispensaries and manufacturing,
- Businesses engaged in any illegal activity, or operating illegally in non-compliance with local, state or federal regulations, and
- Other Businesses as deemed ineligible by the City.

ELIGIBLE USE OF FUNDS

Awarded funds are intended to help businesses retain staff and continue to provide quality services to the residents of Victorville. Use of funds is at the business owner's discretion, with final approval made by the City. Examples of eligible activities are as follows:

- Measures to establish, stabilize, and expand businesses that provide medical services, food delivery, cleaning, and other services to support home health and quarantine due to the Coronavirus or other infectious disease;
- Purchases or modifications to business to offset costs and impacts directly related to complying with COVID-19 related business protocols such as touchless payment options, counter barriers, air filtration upgrades, etc.;
- Overhead expenses;
- Rent and utilities;
- Business services (i.e. website development) to increase the capacity of carryout business activities;
- Labor expense (excluding the owner):
- Business inventory and supplies;
- Eligible capital or equipment purchases necessary for business operation, excluding vehicles; cannot exceed \$2,000.00. Items will be approved by the City.
- To pay for the renewal of a City Business License

Businesses that applied for the County of San Bernardino's COVID Compliant Business Partnership program, but did not receive funding will be required to use a portion of the City's grant funds to purchase PPE materials.

Businesses are required to identify and provide copies of reimbursable expenses as their intended use of funds during the application process. Program staff will follow up with the business and collect relevant documents that support appropriate use of grant funds.

INELIGIBLE USE OF FUNDS

Funds may not be used for the following activities:

- Personal property;
- Repayment or refinance of existing debt or to pay operating deficits, tax arrearages, governmental fines or penalties or general governmental expenses;
- Personal income or emergency situations;
- Political or religious activities, lobbying or any activity prohibited in the CDBG regulations in 24 CFR 570
- Pay for code enforcement violations, illegal repairs, etc., and
- Other activities as deemed ineligible by the City

REQUIRED DOCUMENTATION

All applications must include the following:

- Completed, signed application with necessary attachments;
- City of Victorville Business License and Certificate of Occupancy;
- Proof of Business Insurance;
- State Identification Card or Driver's License;
- Income Self-Certification Form (if qualifying under income criteria);
- IRS Transcripts for most recent tax returns (if qualifying under income criteria);
- W-9 Form – Request for Taxpayer Identification and Certification;
- Written statement/evidence which documents the business eligibility under the Low Moderate Job Activities criteria (if qualifying under the LMJ criteria);
- Pro-Forma (2020 12-month actual and projected cash flow);
- Business Plan (including procedures for maintaining compliance with the San Bernardino County Readiness and Reopening Plan, procedures for notifying the public of your reopening, and the intended use of grant funds);
- Confirmation email by the San Bernardino County of COVID-Compliant Business Partnership Program application submission (approval or denial);
- Bank Statements (January through May);
- Tax Returns (most recent for business and all owners/principals);
- Satisfactory credit history of all owners (City will perform a credit verification);
- Duplication of Benefits Affidavit;
- Documentation clearly substantiating number of employees, such as 2019 Payroll Statement, and
- Commitment to participating in training and education for COVID safety in the workplace; Commitment to implement County Public Health guidelines in business, and
- Other documentation as deemed necessary by the City.

VERIFYING & DOCUMENTING ELIGIBILITY

- Staff will review all applications for thoroughness and completion.
- Staff is responsible for ensuring that all eligibility documentation has been submitted by the business owner.
- Applications will be reviewed and rated according to a City scoring system with only the top 26 scoring applicants to receive funding.

UNDERWRITING

City staff will perform a review of all financial documentation and will create a cash flow to verify loss of income due to COVID-19. In addition, all eligible applicants will be subject to a credit check or verification by the City. Businesses eligible as "Micro-enterprises" are not subject to an underwriting process. Some business may receive a reduced amount as there may not be a need to fund the maximum amount of \$15,000.

REVIEW AND EVALUATION PROCESS

Staff will rank the applications based on a point scale. The rating points are based on a scale from 1 to 3, with 21 as the highest rating. Points will be given for businesses located in the Old Town Area, minority owned businesses and female owned businesses, business awarded the San Bernardino County COVID-Compliant Business Partnership funds, Low Income Owner, or Retaining Jobs for Low Income persons businesses, etc.

RANKING AND AWARDING THE GRANT

Upon verification of business eligibility, the City will provide the business with a list of necessary documents. Upon receiving all necessary documentation, including running a credit check, the City will rank and score all completed applications. Only the top scoring applications will receive funding until all grant funds have been exhausted. Businesses ranking the highest will receive an award letter and will have 30-days to submit copies of invoices and proof of payment to receive reimbursement by the City.

City staff will review all invoices and proof of payments to ensure these expenditures are reimbursable according to HUD rules and regulations. Upon confirmation of these expenditures, City staff will contact the Grantee to review and execute a Grant Agreement. The Grant Agreement outlines the terms and conditions of the award, monitoring and cause for reimbursement to the City. Upon execution of the Grant Agreement, the City will process a check to the business in the amount totaling eligible expenses, but not to exceed \$15,000. Not all businesses will receive the maximum \$15,000 as this grant is to provide 'gap' assistance due to COVID-19.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) RULES & REGULATIONS

Rules and regulations to the Small Business Assistance Program is subject to change without given notice.

MONITORING

Staff is responsible for providing on-going monitoring to ensure that grant funds were used according to the invoices provided. In addition, staff will monitor each business according to its category (Micro-enterprise or Special Economic Development).

Those businesses categorized as Special Economic Development will be monitored according to their written statement containing their commitment that it will make at least 51% of the permanent full-time jobs available to low and moderate-income persons.

City staff will verify the following:

- Job title of the jobs retained and available to low to moderate-income persons;
- A list of which jobs require special skills or education;
- A list of which jobs are part-time;

- Review of the actions taken by the business ensuring that low and moderate-income persons receive first consideration for these jobs;
- A listing by job title of the jobs filled, and which jobs were available to low and moderate-income persons.
- A description of how first consideration was given to any such persons for these jobs including type of hiring process, names of the low and moderate-income persons interviewed for each job, and those hired, and
- Other items as deemed necessary by the HUD or the City

For Micro-enterprises, a physical inspection of the business and its operations will be conducted.

A minimum of 48-hours will be given to the business owners notifying them of the City's need to conduct a monitoring visit and inspection. All Business are required to maintain procedures and comply with State and Federal health orders specific to COVID-19.

MANUAL DOCUMENTS AVAILABLE UPON REQUEST

- PROGRAM APPLICATION INCLUDING SUPPLEMENTS A & B
- SELF-CERTIFICATION FORM (if qualifying under income criteria)
- SAMPLE PRO FORMA
- SAMPLE BUSINESS PLAN
- DUPLICATION OF BENEFITS AFFIDAVIT
- CDBG TARGET AREA MAP
- CDBG LIST OF CENSUS TRACTS
- APPLICATION RATING & RANKING
- EMPLOYEE BENEFICIARY FORM