

**City Of La Crosse
SMALL BUSINESS RELIEF GRANT PROGRAM**

GUIDELINES

DRAFT

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 La Crosse is launching the 2020 Small Business 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 grant program in response to the COVID 19 outbreak for businesses that have lost business. 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 La Crosse Department of Planning and Development has modified existing economic development programs to create a combined funding mechanism that will serve businesses with up to seventy-five (75) employees at the time of application. Grants provided will be up to \$5,000 per 10 employees, with a maximum of \$25,000 per business.

Initial applications will be accepted until **April 24, 2020**. Additional applications may be accepted after that date based on funding availability.

2.0 PROGRAM REQUIREMENTS

2.1 Eligibility and Terms

Eligible businesses may be awarded up to \$25,000 in grant funds through the Relief Program application process.

i. Eligibility

- For-profit business located in City of La Crosse
- Applicant is 51% + majority owner of business
- Owner/applicant is a qualified Low/Mod Income household (for businesses with no more than 5 employees) OR business commits to retain at least one FTE job held by a Low/Mod Income household
- Owner is 18 years or older
- Owner has or will have a valid SS #, EIN & DUNS, Business Bank Account
- Owner/Applicant is not currently in bankruptcy
- Owner/Applicant is current with property taxes and City fees, or has a payment plan in place with County and/or City as of March 30, 2020
- Business will have active liability insurance within 30 days
- Satisfied deliverables of other City-based funding requests (as applicable)
- Businesses and/or applicant must be current on terms of existing City financial assistance products as of March 30, 2020
- Not have a conflict of interest with the City of La Crosse

ii. **Terms**

- Maximum request: \$25,000
- Minimum request: \$1,000
- Project report provided to City within 60 days of final fund draw down.
- Provide the City of La Crosse with a monetary deposit of \$100 per job that is expected to be retained. These funds will be returned once the business has documented the retention of jobs after 6 months.

iii. **Fees**

Application Fee: **NONE**

Job retention deposit: **\$100 per job**

2.2 PROGRAM SERVICE AREA

Financing under this Program is available to eligible for-profit businesses registered and located within the City of La Crosse jurisdictional boundaries. The location of the business will consider the place of business administration and registration address.

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 La Crosse as well as Common Council appropriated Tax Increment Financing (TIF) funds. As such, some of these funds have Federal requirements, as described below. (Staff has the right to waive federal requirements, per grant if utilizing non-federal funds for said award.) **Applications will be accepted until April 24, 2020.** Additional applications may be accepted after that date based on funding availability.

Funds will be disbursed by reimbursement to the applicant for documented eligible project expenses, or paid directly to third party vendors for purchase orders.

2.4 ELIGIBLE APPLICANTS

- For-profit businesses with up to seventy-five 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 La Crosse 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 La Crosse 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 operating without appropriate zoning and/or permits.

2.6 ELIGIBLE USE OF FUNDS

The City of La Crosse Planning and Development Department 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. As secondary requests, the City will also consider requests for inventory, supplies, furniture, software, construction costs less than \$2000.

- Purchasing inventory, supplies, accounting and inventory software, furniture, fixtures, and equipment
- Rehabilitation of owner-occupied or leased space (maximum \$2000 construction costs)
- Professional services including engineering, architectural, local permits or fees, business consulting services as approved by City staff
- 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.
- 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 over \$2,000

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 and TIF 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 one job 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)
- Provide a valid DUNS number and CAGE code
- Allow City to complete an Environmental Review (NEPA) before providing funds

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 an Environmental Review
- 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 La Crosse. Additionally, the job retention performance deposit will not be returned.
- Allow City to collect certain income and demographic data from applicants and their employees.
- Allow the City to collect 3rd party documentation such as financial information that demonstrates that potential business closure or layoffs
- Amount – up to \$5,000 of grant funds per 10 employees for a maximum grant award of \$25,000. 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.
- Job Retention or Creation Performance Deposit – A \$100 deposit for each job that is anticipated to be retained or created is recorded in agreement. The funds will be withheld from the grant disbursement until the business provides evidence that they have met this requirement.

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. Emergency Fund 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 Planning and 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 reserves the right, at its sole discretion, to deviate from policies and procedures in extenuating or special circumstances and when financial hardship has been documented. 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 to request reimbursement funds from the City. City staff will review invoice requests and initiate the reimbursement payment process. CDBG funds will only be disbursed for reimbursement to the borrower for documented eligible project expenses or may be paid directly to third party vendors for purchase orders.

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 Economic Development Commission or the City of La Crosse. Applications may also be approved subject to emergency authority granted to the Mayor of the City of La Crosse or the EDC.

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

- Applicant
- City of La Crosse – Mayor

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 Explanation	FY 2020 Income Limit Category	Persons in Family							
			1	2	3	4	5	6	7	8
La Crosse-Onalaska, WI-MN MSA	\$76,800	Very Low (50%) Income Limits (\$) Explanation	26,900	30,750	34,600	38,400	41,500	44,550	47,650	50,700
		Extremely Low Income Limits (\$)* Explanation	16,150	18,450	21,720	26,200	30,680	35,160	39,640	44,120
		Low (80%) Income Limits (\$) Explanation	43,050	49,200	55,350	61,450	66,400	71,300	76,200	81,150

NOTE: La Crosse County is part of the **La Crosse-Onalaska, WI-MN MSA**, so all information presented here applies to all of the **La Crosse-Onalaska, WI-MN MSA**.

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:

- | | | |
|---|---|---|
| <input type="checkbox"/> Salary/Wages | <input type="checkbox"/> Bonuses/Incentives | <input type="checkbox"/> Commissions/Tips |
| <input type="checkbox"/> Interest/Dividends | <input type="checkbox"/> Grant Repayments | <input type="checkbox"/> Unemployment |
| <input type="checkbox"/> 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) |
| <input type="checkbox"/> 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 |
| <input type="checkbox"/> 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 & TIF SMALL BUSINESS RELIEF GRANT PROGRAM

SCORING MATRIX

If the proposed project meets all threshold criteria, City Staff will utilize the following project scoring criteria to evaluate the proposed 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.

Evaluation Criteria (100 Point Scale + BONUS): Please see grant application.

<p>Capacity and Experience to Operate the Business (15 points)</p> <ul style="list-style-type: none"> ○ Applicant has the demonstrated capacity to operate the business sustainably. Consider project status, industry experience, and business development classes and resources. 	
<p>Readiness to Proceed (10 points)</p> <ul style="list-style-type: none"> ○ 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. 	
<p>Infectious Disease Response (15 points)</p> <ul style="list-style-type: none"> ○ Business will be severely impacted by the policies put into effect due to the coronavirus pandemic OR business provides a support service and will need funding assistance to implement new protocols or meet higher demand 	
<p>Job / Employee retention (30 points)</p> <ul style="list-style-type: none"> ○ 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. 	
<p>Minority Business Enterprise or Business Owner is Low-Moderate Income (10 points)</p>	
<p>Project Costs (10 points)</p> <ul style="list-style-type: none"> ○ Project costs are reasonable, all other sources of financing committed, grant resources as not being substituted for other available resources 	
<p>Located in a Neighborhood Revitalization Strategy Area (10 points)</p> <ul style="list-style-type: none"> ○ Business <i>is or will be</i> located in a neighborhood revitalization strategy area see here for maps: www.cityoflacrosse.org/nrsa 	
<p>Application Completeness (5 point BONUS)</p> <ul style="list-style-type: none"> ○ Up to 5 point bonus for application with concise descriptions and backup information, professional writing and accurate math. 	
<p>Use of City Managed Financing (5 point BONUS)</p> <ul style="list-style-type: none"> ○ 5 bonus points for application that has not been a recipient of City Financial Programs 	
<p>TOTAL</p>	

Appendix C **Helpful links**

City of La Crosse- Planning and Economic Development
<https://www.cityoflacrosse.org/your-government/departments/planning-economic-development>

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

WI Business Resources- registration and basic information
<https://openforbusiness.wi.gov/>

WI Dept of Financial Institutions-
<https://www.wdfi.org/corporations/>

WI Dept of Revenue-
<https://www.revenue.wi.gov/Pages/Businesses/New-Business-home.aspx>
<https://www.revenue.wi.gov/Pages/Form/with-home.aspx>

WI Dept of Workforce Development-
<https://dwd.wisconsin.gov/ui/>
<https://dwd.wisconsin.gov/wc/>

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>