

CITY OF WARREN

MICROENTERPRISE ASSISTANCE

PROGRAM (ROUND 2)

BACKGROUND

The City of Warren has allocated up to \$475,000 in Community Development Block Grant CARES Act (CDBG-CV) funding for grants to qualified microenterprises that have been negatively impacted by COVID-19. CDBG-CV funds must be used specifically to prevent, prepare for, and respond to the COVID-19 pandemic.

With this funding the City intends to provide short-term working capital assistance to existing microenterprises to enable the retention of jobs held by low to moderate income persons.

DEFINITIONS

Microenterprise – For the purpose of this grant, it is a bricks and mortar business in the City of Warren that has 5 or less employees one of whom is an income eligible owner.

DUNS Number – Number issued by Dun & Bradstreet needed to receive federal grants. <https://fedgov.dnb.com/webform/displayHomePage.do>

System for Award Management (SAM) – The federal government system to track organizations that are debarred from obtaining any federal awards. <https://www.sam.gov/SAM/>

EIN/TIN Employer Identification Number/Tax Identification Number -Also known as the Federal Tax ID number is used to identify a business entity and to file taxes with the Internal Revenue Service (IRS). In some cases a social security number can be used.

Household Income –Household income is calculated by combining the annual gross income (before deductions) of everyone 18 and older living in the household regardless of relationship. All sources of income (including unemployment) must be counted for all household members over 18 years old. Stimulus checks issued in April and December 2020, do not count towards household income for this purpose.

Household Size – Number of people who live in the house regardless of the relationship to the owner.

Section 3 Business –Section 3 is a provision of the Housing and Urban Development (HUD) Act of 1968. The purpose of Section 3 is to ensure that preference for employment, training and contracting opportunities generated from the expenditure of certain HUD funds is directed to local low- and very low- income persons particularly those who

receive federal housing assistance, and businesses that are owned or substantially employ such persons. For more information go to:

<https://www.hud.gov/sites/documents/SEC3BIZFAQ.pdf>

Section 3 Business Registry – Registry maintained by HUD for qualified Section 3 Businesses. For more information go to:

<https://portalapps.hud.gov/Sec3BusReg/BRegistry/BRegistryHome>

ELIGIBILITY

To be eligible your business must be a qualified microenterprise located within the City of Warren, whose owner is income eligible. The business must be able to document all of the following:

1. The business is a microenterprise (a bricks and mortar establishment with 5 or less employees, where at least one of which is the owner) by providing previous four weeks of payroll;
2. The owner's household income must be less than 80% AMI (see appendix A Income Limits adjusted to Household Size) Owner and all adult household members must sign a self-certification attesting to the income reported in the application;
3. For-profit business established for at least 18 months;
4. Registered with the City of Warren, if applicable;
5. Must be registered with LARA
6. Must have a DUNS number;
7. Must have active status with no exclusions on System for Award Management (SAM);
8. Not delinquent on federal, state or local taxes;
9. Must provide a W-9 in the business name;
10. Must not currently be in bankruptcy
11. Owner must disclose any conflict or potential conflict of interest with any city employee, elected official, or appointee of an elected official;
12. Attest that their business was negatively affected in some way by COVID-19
13. The owner must also certify income loss during the crisis at the time of application and pledge to continue the business to the best of their ability;
14. Marijuana related businesses will not be considered because they are a prohibited use of federal grant funds.

INTENDED USE OF CDBG-CV FUNDS

Grant funds are intended to be used as short term working capital to assist microenterprises maintain their businesses through the COVID-19 crisis, thus avoiding job loss from the closure of the business.

Funds will be provided on a reimbursement basis for eligible costs incurred between **October 1, 2020 and March 31, 2021**, which have not been fully covered by another source/program (see Duplication of Benefits). In order to receive reimbursement, the grantee will be required to verify these expenditures by submitting documentation such as paid receipts, cancelled checks, bank statements, etc.

The following is a list of costs incurred by the business that are eligible for reimbursement:

1. Rent for a commercial location within the City of Warren
2. Mortgage payment for a commercial location within the City of Warren
3. Utilities (gas, water, electric, and/or internet) for a commercial location within the City of Warren
4. Installation of equipment to ensure a safe working environment for patrons and/or employees
5. Purchase of equipment used to ensure a safe working environment for patrons and/or employees
6. Personal Protective Equipment (PPE) and/or supplies necessary to operate the business
7. New or expanded technology applications due to COVID-19
8. Other COVID-19 related expenses as approved by Community Development

INELIGIBLE USE OF FUNDS

- Repayment of existing non-business debt, such as personal credit card debt
- Personal expenses such as buying a new car or making non COVID-19 repairs to the business
- New construction or building addition to your business
- Assistance to a non-profit
- Political or general governmental activities

DUPLICATION OF BENEFITS

A duplication of benefits occurs when a person, household, business, government, or other entity receives financial assistance from multiple sources for the same purpose, and the total assistance received for that purpose is more than the total need for assistance. Receiving other assistance does not automatically disqualify the business from this program. . However, the amount of assistance provided by the City of Warren will be for the business' unmet need.

In order to prevent the duplication of benefits, applicants must identify all sources of funds that the business received, or will receive as a result of the coronavirus pandemic. Sources of funds include but are not limited to; federal, state or local loan/grant programs, private or bank loans, and nonprofit donations. You will be required to self-certify all other COVID-19 related benefits received on the Duplication of Benefits Form prior to receiving the grant funds.

If the business or its owner(s) applies for assistance or receives an award after the date of its application, it must immediately disclose to the City of Warren such application and/or award. If the grantee subsequently receives a duplicative benefit from another source, the grantee agrees to repay the funds to the City of Warren.

APPLICATION PROCESS

Expressions of Interest (EOI) will be made available on line and accepted from April 5 through May 5, 2021. To apply for a Microenterprise Grant from the City of Warren the owner must first complete the on line EOI available at

<https://www.cityofwarren.org/government/c-e-d-development/city-of-warren-micro-enterprise-grant-program/>

Information requested includes the business name, address, phone number and website address (if applicable). The owner should answer all questions on the form and email it to microgrant@cityofwarren.org.

The owner will be contacted directly to complete an Addendum that includes a list of employees and their positions, a brief narrative describing how the COVID-19 crisis has affected the business, plans for continuing the business through the COVID -19 state of emergency and the economic and /or community benefit the business creates for the City of Warren. Information regarding the number of years in business, type of business, and financial information will also be required. Each submission will require the following information be provided to document eligibility:

1. Fully completed, executed, and certified Addendum
2. HUD Self Certification of Annual Income by Beneficiary
3. Proof of registration or proof of active status with no exclusions on SAM
4. The previous four weeks of payroll (reports are accepted as long as they list all current employees)
5. Utility statement for Commercial location
6. Signed W-9 in the name of the business
7. The most recent profit/loss statement or a Schedule C from your business

PRIORTIZATION AND AWARD

Expressions of Interest will be reviewed for completeness and eligibility. Those that are complete will be prioritized using the scoring matrix in Appendix B.

Qualified and eligible Microenterprise Owners will be contacted in the order of highest to lowest score. They will have 15 days to submit the additional information including the Detail of Eligible Reimbursement Costs form along with the required documentation for reimbursement. After review and determination that documentation is sufficient, staff will recommend an award amount not to exceed **\$10,000** per microenterprise. (NOTE: Previous awardees are not to exceed \$5,000) The case is presented to the Community Development Committee for consideration and approval. If approved, an award is made and the owner will be notified of the amount. Owner must accept and sign the application and grant agreement within 30 business days of award. If grant agreement is not signed within the allotted timeframe, the award will be cancelled and the funds will be reallocated to another eligible microenterprise. Once the grant agreement is fully executed, a check will be placed on the next available list of bills for approval by City Council. Upon approval, the check will be mailed directly to the Owner of the Microenterprise.

MULTIPLE AWARDS

Microenterprise businesses that received awards in Round 1 are eligible for funding in Round 2 if they meet the criteria above. Those that previously received funding are eligible to apply for up to \$5,000 this time, provided the business is still operating as a microenterprise. All forms and information is required to be submitted again.

APPEAL PROCESS

The Community Development Committee will review all grant applications. The Committee consists of representatives assigned by the Mayor from various City Departments as well as a City Council ex-officio member appointed by the City Council.

All applicants will be notified in writing if their application was approved or denied. Within 10 business days of receipt of a denial, a business owner may submit an appeal. To do so, the Owner must submit in writing via email at microgrant@cityofwarren.org the reason why the application should be reconsidered. Your request to will be reviewed and re-considered by the Committee within 30 days and you will be notified by email of the results.

REASONABLE ACCOMMODATIONS

The City will make every reasonable effort to encourage the participation of non-English speaking persons, limited English proficiency persons and persons with disabilities. Any individual requiring a reasonable accommodation in order to participate in the program should contact Community Development at 586-353-0582 or by email at microgrant@cityofwarren.org as soon as possible to make arrangements.

REPORTING REQUIREMENT

HUD requires the collection and reporting of certain statistical data. Examples of this information are race, ethnicity, minority owned businesses, female head of household, etc. This information is part of the submission and is for statistical reporting purposes only.

APPENDIX A

INCOME LIMITS
APRIL 2020

| Household Size | Income Limit 80% Area Median Income (AMI) |
|-----------------------|--|
| 1 | \$44,000 |
| 2 | \$50,250 |
| 3 | \$56,550 |
| 4 | \$62,800 |
| 5 | \$67,850 |
| 6 | \$72,850 |
| 7 | \$77,900 |
| 8 | \$82,900 |

APPENDIX B SCORING MATRIX

Max score = 30 points

1. Capacity: At what capacity has your business been operating since March 16, 2020? (max 10 points available):
 - a. Completely shut down and still closed – 10 points
 - b. Shut down (reopened at limited capacity) – 8 points
 - c. Shut down (reopened to normal capacity) – 6 points
 - d. Remained open (limited capacity) – 4 points
 - e. Remained open (normal capacity) – 2 point

2. Ownership: Which of the following ownerships scenarios apply to your business? (check all that apply) (max 4 points available):
 - a. At least 51% owned and operated by one or more women – 1 point
 - b. At least 51% owned and operated by one or more veterans or service-disabled veterans – 1 point
 - c. At least 51% owned by a minority– 1 point
 - d. Section 3 registered business – 1 point
 - e. None of these scenarios apply to my business – No points

3. Revenue lost: Roughly what percentage of revenue has your business lost over the last six months compared to the same time in 2019? (max 4 points available)
 - a. Less than 25% - 1 point
 - b. 26-50% - 2 points
 - c. 51-75% - 3 points
 - d. 76-100% - 4 points

4. How many years has your business been in operation? (max 5 points available)
 - a. 1-2 years – 1 point
 - b. 3-5 years – 2 points
 - c. 6-10 years – 3 points
 - d. 11-20 years – 4 points
 - e. 20+ years – 5 points

5. Does your business provide medical, food delivery, cleaning or other services that support home health and quarantine?
 - a. Yes – 5 points
 - b. No – No points

6. Priority points given to businesses located between Eight Mile and Nine Mile Roads?
 - a. Yes – 2 points
 - b. No – No points