

# **SMALL BUSINESSES RELIEF GRANT**

## **Program Guidelines**

### **Program Introduction and Procedures**

The City of Sterling Heights invites all interested and eligible small businesses, with 500 or fewer employees, which are based in the City of Sterling Heights, to apply for CARES Act CDBG-CV funding to assist in the preparation, prevention and response to the coronavirus pandemic. With this funding the City intends to provide short-term working capital assistance to enable an eligible small business to retain jobs held by low to moderate income persons. The award amount per business will not exceed \$10,000 and will be allocated on a merit basis.

### **Definitions**

**Small Business** – For the purpose of this grant, an eligible small business must be based in and have a physical establishment in Sterling Heights, and have no more than 500 employees.

**DUNS Number** – Number issued by Dun & Bradstreet needed to receive federal grants.

**System for Award Management (SAM)** – The federal government system to track contractors 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). <https://fedgov.dnb.com/webform/displayHomePage.do>

### **What is the Community Development Block Grant (CDBG) Program?**

The United States Department of Housing and Urban Development (HUD) administers the Community Development Block Grant (CDBG) Program to assist low and moderate-income persons in several ways including: elimination of slums and blight, preserving and improving the supply of affordable housing, development of needed public facilities and improvements and business growth through the creation and retention of jobs and business opportunities.

The Coronavirus Aid, Relief and Economic Security Act (CARES Act) granted the City of Sterling Heights additional CDBG funding (CDBG-CV grants), specifically to

- prevent,
- prepare for, and
- respond to the coronavirus pandemic

The City of Sterling Heights has elected to use a portion of its CDBG-CV allocation to fund Economic Development within the City with Grant Programs, and assist businesses affected by the coronavirus pandemic.

## **How can CDBG-CV Funds be used?**

Federal regulations require that CDBG-CV funds be used for eligible activities that meet both CDBG and CARES Act objectives. CDBG-CV funding shall:

Meet one of three national CDBG objectives:

- Benefit low- and moderate-income persons;
- Aid in the prevention or elimination of slum or blight; and
- Meet a need having a particular urgency

Meet CARES Act objectives by preventing, preparing for or responding to the coronavirus pandemic.

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

Funds, up to the maximum grant amount of \$10,000 will be provided for eligible costs incurred between March 16, 2020 and March 1, 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.

## **Award Details**

The award amount per business will not exceed \$10,000 and will be allocated on a merit basis. Grants are intended to provide funding to help eligible small businesses affected by the coronavirus pandemic pay for the following regularly occurring or one time COVID related costs, provided that they retain or create jobs held by individuals with low-moderate income:

- Payroll for employees
- Rent/mortgage
- Utilities
- Purchase of materials or equipment needed to adapt business spaces and activities to comply with applicable CDC and social distancing guidelines related to the COVID pandemic

## **Eligibility Criteria**

A company based in Sterling Heights that meets all the following requirements:

- ❖ demonstrates a loss of revenues due to the COVID-19 pandemic or associated Executive Orders;
- ❖ has 500 employees or less;

- ❖ can provide documentation that at least 51% of full-time and part-time employees receive a pay rate of less than or equal to \$44,000 per year.

## **2020 INCOME LIMITS**

	<b>1 Person</b>	<b>2 Persons</b>	<b>3 Persons</b>	<b>4 Persons</b>	<b>5 Persons</b>	<b>6 Persons</b>	<b>7 Persons</b>	<b>8 Persons</b>
<b>Low Income (80%)</b>	44,000	50,250	56,550	<b>62,800</b>	67,850	72,850	77,900	82,900

### **Application Process**

Required business information:

- Monthly expenses (payroll, rent/mortgage, utilities, inventory, etc.)
- Actual monthly revenue for February 2020 –January 31, 2021
- 2019 & 2020 Profit Loss Statements

To apply, please follow the steps below:

- Fill in all applicable fields of the application;
- Ensure that any required documentation has been uploaded;
- Submit.

Applications will be available online for a four week period. Additional rounds of funding may be necessary until all designated grant funds are disbursed or the City of Sterling Heights determines that grant funds are no longer necessary to mitigate the negative effects of the COVID-19 pandemic.

Additionally, the City of Sterling Heights will only fund Direct Costs. Direct Costs are those that have a direct and specific link to the eligible activity which can be readily identified. **Applicants must be able to prove that CDBG-CV grant funds were used for the approved use.**

## **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 Sterling Heights 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 Sterling Heights 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 Sterling Heights.

## **Selection Process**

All applications submitted will be reviewed by a third party and City staff. Initial screenings will determine business eligibility based on the above criteria and completeness of application. Applications deemed eligible and complete will be scored by staff. Staff may choose to reach out to the applicant to request clarification or additional documentation as necessary.

Scoring criteria is set forth in Exhibit A.

## **Distribution of Funds**

Qualified and eligible Small Business Owners will be contacted in the order of highest to lowest score (see attachment A). They will have 15 days to submit the Detail of Eligible Reimbursement Costs form along with the required documentation for reimbursement.

Owner must accept and sign the application and grant agreement within 15 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 applicant. Once the grant agreement is fully executed, a check will be placed on the next available list of bills for approval by City Council (City Council meets twice a month). Upon approval, the check will be mailed directly to the Owner of the Business.

**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.

## **Use of Grant Funds**

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

- Payroll for employees
- Rent/mortgage
- Utilities
- Purchase of materials or equipment needed to adapt business spaces and activities to comply with CDC and social distancing guidelines

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. 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. Documentation must be kept for five years.

## **Applicant/Grant Recipient Information**

Documents in the City of Sterling Heights's possession may be subject to disclosure under the Michigan Freedom of Information Act ("FOIA"). Accordingly, the City cannot guarantee the confidentiality of an applicant's or grant recipient's submissions. The City 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 Sterling Heights 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**  
**Small Business Relief Grant**  
**Scoring Criteria**

**Attachment A**

**APPLICANT RESPONSE WEIGHTING MATRIX**

Max score = 100 points

1. Capacity: At what capacity has your business been operating since March 16, 2020? (max 20 points available)
  - a. Completely shut down and still closed – 20 points
  - b. Shut down (reopened at limited capacity) – 12 points
  - c. Shut down (reopened to normal capacity) – 8 points
  - d. Remained open (limited capacity) – 4 points
  - e. Remained open (normal capacity) – 0 points
2. Employees: How many full and part time employees did you have in 2020? (max 30 points available):
  - a. Between 1-20 – 30 points
  - b. Between 21-40 – 20 points
  - c. Between 41-60 – 10 points
  - d. Between 61-80 – 5 points
  - e. Over 80 – 0 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 20 points available)
  - a. 76-100% - 20 points
  - b. 51-75% - 12 points
  - c. 26-50% - 8 points
  - d. Less than 25% - 4 points
4. Jobs: Roughly what percentage of jobs will be retained or created in the next year? (max 30 points available)
  - a. 76% or more – 30 points
  - b. 51% -75% – 20 points
  - c. 50% - 25% – 10 points
  - d. 24% or less – 5 points

Economic Development team will verify business eligibility based on self-reported data submitted in the application for the eligibility criteria set forth in the Program Guidelines.

Staff will review eligible applications based upon 4 criteria.

- Capacity
- Number of Employees in 2020
- Revenue Lost
- Jobs retained or created

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.

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