

**CITY OF LIVONIA
SMALL BUSINESS
GRANT FUND PROGRAM
CDBG-CV**

Program Guidelines

1. Executive Summary

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) provides much-needed assistance to the American people as the country works diligently to combat COVID-19.

HUD is making available \$3.064 billion through the Community Development Block Grant program, of which \$2 billion is meant to assist States, Communities and Non-profits to carry out and fund COVID-19 response activities.

Governor Whitmer issued Executive Order 2020-20 mandating closure of certain businesses that are considered places of public accommodation and instituted a shelter in place restriction for all Michigan residents and ceased all in person non-essential business operations in the State of Michigan.

Included in the HUD CDBG Eligible Activities to Support Coronavirus and Other Infectious Disease is a provision to avoid job loss caused by business closures related to social distancing by providing short-term working capital assistance to small businesses to enable retention of jobs held by low- and moderate-income persons.

The City of Livonia has established the CDBG-CV Small Business Grant Program, a program to assist vulnerable businesses located in Livonia with access to short-term working capital in order to mitigate the impacts of revenue losses caused by the COVID-19 pandemic and associated Executive Orders. The fund is to be created with \$127,501.00 of the CDBG funds received under the CARES Act.

2. Award Details

Grants will be available in amounts equal \$2,500, \$5,000, \$7,500, and \$10,000.

Grants are intended to provide funding to help eligible small businesses to replace lost revenue needed to pay for the following regularly occurring costs, provided that they retain or create jobs held by individuals with low-moderate income:

- Payroll for employees
- Rent/mortgage
- Utilities

- Other similar expenses that occur in the ordinary course of the recipient's business

3. Eligibility Criteria

A company located in Livonia that meets all the following requirements:

- (i) Is either:
 - a. in an industry referenced in Executive Order 2020-20 or a subsequent order of similar intent ("EO 2020-20") **OR**
 - b. demonstrates it is otherwise affected by the COVID-19 outbreak;
- (ii) AND meets one or more of the following:
 - a. provides support to impacted employees, **OR**
 - b. is a supplier of goods or services to a company outlined in Executive Order 2020-20 and requires additional employees to support the companies or employees impacted by Executive Order 2020-20;
- (iii) AND meets all the following:
 - a. has 50 employees or less; **AND**
 - b. demonstrates the need for working capital to support payroll expenses, rent, mortgage payments, utility expenses, or other similar expenses that occur in the ordinary courses of business; **AND**
 - c. demonstrates an income loss as a result of Executive Order 2020-20, or the COVID-19 outbreak; **AND**
 - d. can provide documentation that at least 90% of full-time and part-time employees receive a pay rate of less than or equal to \$44,000 per year; **AND**
 - e. retains at least 50% of employees on payroll during COVID-19 pandemic; **OR**
 - f. can provide documentation that at least 75% of employee positions available in 2020 will be retained/reinstated within one month of business operating restrictions being lifted.

4. Application Process

Applications will be accepted until Friday, June 19, 2020.

Required business information:

- Monthly expenses (payroll, rent/mortgage, utilities, inventory, etc.)
- Forecasted monthly revenue loss for April-July 2020
- Any Additional aid received or expected to receive
- Any deferred and/or abatements of rents, debt service, utilities, franchise fees or other expenses received or expected to receive due to COVID-19

- Information regarding how COVID-19 has adversely impacted their business (and ability to provide supporting documentation if requested)
- Three years of profit and loss statements or as many years as they can provide (or profit and loss from opening to present for business open less than one year)
- Proof of business location (e.g., copy of current lease or deed, utility bill, etc.)
- Business EIN and DUNS number
- Signed W-9

To apply, please follow the steps below:

1. Fill in all applicable fields of the application
2. Ensure that any required documentation has been uploaded
3. Submit

Applications will be available on an open-ended basis until all designated grant funds are disbursed or the City of Livonia determines that grant funds are no longer necessary to mitigate the negative effects of the COVID-19 pandemic.

5. Selection Process

All applications submitted will be reviewed by the CDBG Business Grant Committee. Initial screenings will determine business eligibility based on the above criteria and completeness of the application. Members of the committee may vary by application based upon the location of the business and may include, but not limited to, members of the CDBG staff, housing commissioners, City of Livonia department supervisors, local chambers of commerce, and community development organizations. Applications deemed eligible and complete will be scored by staff and/or committee. Staff and/or committee may choose to reach out to the applicant to request clarification or additional documentation.

Scoring criteria is set forth in **Exhibit A**.

6. Distribution of Funds

Once a decision has been made, the applicant will be notified regarding the approval or denial and amount of award. Upon approval of the application, the applicant will be required to execute a grant agreement. Once this has been done, the City of Livonia will issue a check for the approved grant amount and mail it to the confirmed mailing address within approximately 10 business days.

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.

7. Use of Grant Funds

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

- Payroll for employees
- Rent/mortgage
- Utilities
- Other similar expenses that occur in the ordinary course of the recipient's business

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 within 45 calendar days from the disbursement of grant funds. 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.

8. Applicant/Grant Recipient Information

Except as noted below, the City of Livonia will not share an applicant's or grant recipient's proprietary and confidential data with any third parties except as needed during the grant review, disbursement, and monitoring process as required by law. In the event an application is reviewed by an employee of a governmental body, including by not limited to the City of Livonia, documents in the governmental body's possession may be subject to disclosure under the Michigan Freedom of Information Act ("FOIA"). Accordingly, the City of Livonia cannot guarantee the confidentiality of an applicant's or grant recipient's submissions. The City of Livonia 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 Livonia 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
LIVONIA SMALL BUSINESS GRANT FUND
Scoring Criteria

First, the staff will verify business eligibility based on self-reported data submitted in the application for the eligibility criteria set forth in the Program Guidelines.

Second, at least three staff members will review eligible applications based upon six criteria. Staff scored will be averaged and result in an overall score.

1. Percentage of lost revenue
2. Age of business
3. Profitability
4. Total number of employees for the last three years
5. Current employees (including independent that work in establishment full-time)
6. Location – within a Census Tract Target Area

Third, a review committee will evaluate applications receiving an average staff score of 25 and higher based on six criteria: Percentage of lost revenue, age of business, profitability, the total number of employees the last three years, the current number of employees and location. All applications will be scored on a scale of 0-100. Each of the six criteria is worth a maximum score of 16 or 20 points to the 100-point score. Up to 10 additional points can be added to an applicant's overall score based on a business's community impact, as determined by the review committee. Selection criteria are weighted as follows:

Percentage of lost revenue

- 0-24% revenue loss: 4 points
- 25-49% revenue loss: 8 points
- 50-74% revenue loss: 12 points
- 75% or higher revenue loss: 20 points

Age of business

- Less than 1 year: 0 points
- 1-2 years: 4 points
- 3-5 years: 8 points
- 5+ years: 16 points

Profitability

- One of the last three years: 8 points
- Two of the last three years: 12 points
- Three of the last three years: 16 points

Total number of employees that last three years:

- 2-4 employees: 4 points
- 5-10 employees: 8 points
- 11+ employees: 16 points

Current Employees – this includes subcontractors

- 1-4 employees: 8 points
- 5-8 employees: 12 points
- 8+ employees: 16 points

Location – Census Tract

- Within a local 2010 Census Tract Target area: 16 points

Grant amounts will be determined based on a business's overall score rank in relation to all applications received. Applications are eligible for the following grant awards based on their overall score, subject to funding availability:

- Overall score is greater than 70: \$10,000
- Overall score is between 50-69: \$7,500
- Overall score is between 35-49: \$5,000
- Overall score is between 25-34: \$2,500
- Score less than 25: not eligible

Staff reserves the right to consider access to additional/outside capital and/or other COVID-19 relief assistance when determining final grant amounts. Additionally, final grant amounts will not exceed a business's financial need as determined using the following three factors:

- What are the operating expenses for the next 90 days?
- What is projected revenue for the next 90 days?
- How much aid has the awardee already secured?
 - $(\text{Revenue} + \text{aid}) - \text{expenses} = \text{grant range}$
 - \$2,500, \$5,000, \$7,500, or \$10,000

Staff will sort applications CDBG Business Grant Committee and 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 four criteria.

1. Percentage of lost revenue
2. Number of employees in 2019
3. Percentage of employees retained or created
4. Location

Up to 10 additional points can be added to an applicant's overall score based on a business's community impact, as determined by the reviewer. Selection criteria are weighted as follows:

Percentage of lost revenue

- 0-24% revenue loss: 4 points
- 25-49% revenue loss: 8 points
- 50-74% revenue loss: 12 points
- 75% or higher revenue loss: 20 points

Number of Employees in 2019 (Full and Part-Time)

- Less than 2: 0 points
- 2-10: 10 points
- 11-20: 20 points
- Over 20: 30 points

Percentage of Jobs Retained or Created

- 50%: 10 points
- 51%-74%: 20 points
- 75+%: 30 points

Location – Census Tract

- Not located within a CDBG eligible census track area: 0 points
- Located within a CDBG eligible census track area: 20 points

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. Reviewers may also consider tax/utility payment history and code enforcements/violations against the business owner before final disbursement determinations are made.

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