

LINCOLN PARK EMPLOYEE RETENTION FUND SMALL BUSINESSES COVID-19 RELIEF GRANT FUND PROGRAM

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 Lincoln Park has established the Lincoln Park Employee Retention Fund, a program to assist vulnerable businesses located in Lincoln Park 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 \$300,000 of the CDBG funds received under the CARES Act.

2. Award Details

Grants will be available in amounts equal \$5,000, \$10,000, \$15,000 and \$20,000.

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 Lincoln Park that meets all the following requirements:

- (i) demonstrates a loss of revenues due to the COVID-19 pandemic or associated Executive Orders;
- (ii) has 50 employees or less;
- (iii) 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 meets one of the following criteria:

- (i) retains at least 50% of employees on payroll during COVID-19 pandemic **OR**
- (ii) 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

Required business information:

- Monthly expenses (payroll, rent/mortgage, utilities, inventory, etc.)
- Actual monthly revenue for February – April 2020
- Forecasted monthly revenue loss for May – July 2020
- Business incorporation documents

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 Lincoln Park 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 Economic Development 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.

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 Lincoln Park 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 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

Documents in the City of Lincoln Park's possession may be subject to disclosure under the Michigan Freedom of Information Act ("FOIA"). Accordingly, the City of Lincoln Park cannot guarantee the confidentiality of an applicant's or grant recipient's submissions. The City of Lincoln Park 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 Lincoln Park 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
LINCOLN PARK EMPLOYEE RETENTION FUND
Scoring Criteria

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.

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 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

- 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