

CITY OF PASCO
2024 SMALL BUSINESS RELIEF PROGRAM GUIDELINES
LEWIS STREET OVERPASS CONSTRUCTION STREET CLOSURE

Summary

Community Development Block Grant (CDBG) is a federally funded program through the U.S. Department of Housing and Urban Development (HUD). CDBG entitlement funds are passed through grants from Washington State.

In response to the economic hardships experienced by small businesses resulting from the Lewis Street Overpass Construction Street Closure, the City of Pasco is launching the Small Business Microenterprise 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 (forgivable loans), to retain jobs for City residents, or emergency assistance (payment of operating expenses) for qualified small microenterprise owners. This Program is a gap financing program in response to the LEWIS STREET OVERPASS CONSTRUCTION STREET CLOSURE for businesses that have been impacted.

CDBG funds may be used to sustain economic opportunities for qualified small microenterprise owners. Businesses within the geographical area are eligible to apply. These areas generally coincide with Pasco's older business districts.

Submit applications to:

Community & Economic Development Department
City of Pasco - 2nd Floor | 525 N 3rd Ave | Pasco, WA 99301

CDBG Target Areas are those census tracts within the City where over 51% of the individuals have incomes of 80% of the median income or less. These are, by and large, areas where many Pasco's lower income people work.

Purpose

The Pasco Small Business Microenterprise Grant Program is designed to promote economic stability by providing immediate relief to Pasco small businesses negatively impacted by LEWIS STREET OVERPASS CONSTRUCTION STREET CLOSURE.

The goal of this program is to:

- 1) Help small businesses survive the LEWIS STREET OVERPASS CONSTRUCTION STREET CLOSURE.
- 2) Retain employment and continue to pay employees.
- 3) Maintain the provision of goods and services for Pasco residents.

National Objective

The CDBG National Objective for Economic Development projects is Low-Mod Jobs Creation and Retention – (LMJ), 24 CFR 570.208(a)(4) and Low-Mod Clientele – (LMC), 24 CFR 570.208(a)(2)

Funding

The maximum grant award may be up to \$15,000, for eligible businesses upon approval. Business must meet all CDBG compliance criteria. Grants will be based on need and ranked by priority. Relief will be in the form of a one-time forgivable loan for reasonable, allowable, and necessary operating expenses.

PRE-APPLICATION

A business must meet **ALL** of the following criteria to be eligible to apply:

1. Must be a private, for-profit Small Microenterprise Businesses with 5 or less full-time equivalent employees (FTE).
2. Business must have a current State of Washington Business License, and a City of Pasco business license for a commercial location operating within the geographical area or have had their license since the first month of operations.
3. Business owner must one of the following:
 - US Citizen
 - Permanent/Temporary Resident (Alien #)
 - Permanent/Temporary Resident authorized to work (Alien # or Admission #)
 - ITIN and UEI

ELIGIBILITY

A business must meet **ALL** the following criteria to be eligible to apply:

4. Business and/or any owner may not be suspended, debarred, proposed for debarment, declared ineligible, or voluntarily excluded from participation in federal transactions.
5. Business must demonstrate a negative impact due to LEWIS STREET OVERPASS CONSTRUCTION STREET CLOSURE of at least 15%.
6. Business must not have received duplicate benefits (financial assistance in the form of grants, subsidized loans, insurance, or reimbursement).
7. Business must be feasible, not failing before LEWIS STREET OVERPASS CONSTRUCTION STREET CLOSURE (1 year prior).
8. Business may **NOT** be delinquent in State and/or Federal licensing and filings.
9. National chains, defined as franchises/for-profit corporations are not eligible; **except in the case where the franchisee or brand has a Pasco-based owner.**

CDBG funds awarded to a business must meet the following requirements:

- Microenterprise Business owner is low-moderate income, less than or equal to 80% of the Area Median Income (AMI)
- Business will create/retain at least **one full-time or full-time equivalent (40 hours/week) low or moderate-income permanent job (LMI Job) within 12 months.** Moderate-income means less than or equal to 80% of the Area Median Income (AMI).
- If business is retaining LMI job(s) – business must demonstrate clear objective evidence that permanent LMI job(s) would be lost without CDBG assistance.

Terms

Funds will be disbursed by reimbursement for documented eligible project expenses by Wednesday May 7, 2024.

Loan may be forgiven over a (one) period as the business meets the required LMI job creation/retention requirement as outlined in the written agreement.

Eligible Uses (CDBG funds can be used for):

Ineligible Uses (CDBG funds cannot be used for):

Rent
Mortgage
Utilities
Payroll
Other operating expenses

Loan Payments to Small Business Assoc. (SBA)
Governmental Uses or Expenses
Political Activities
Personal Property
Saving
Physical Improvements

Application Process

Applicants must complete and submit a funding application and will be reviewed on a first-come, first-eligible served basis and ranked according to priority need. All required supporting documentation **MUST** be submitted with completed application in order to be considered for funding.

Applicants will be notified in writing of their application's approval or rejection and funding amount. Amount of funding awarded to a business will be based on needs assessment up to \$15,000. Applications will be accepted continuously until program funding is depleted; thereafter, no further applications will be considered.

Review Process

The following priorities will be considered when awarding funds:

- The business provides jobs to low-income individuals.
- The number of jobs that the business sustains during a normal business cycle (pre–LEWIS STREET OVERPASS CONSTRUCTION STREET CLOSURE).
- The business demonstrates that it has lost a significant share (15% or more) of revenue due to the Lewis Street Overpass Construction Street Closure.
- The business demonstrates a strong chance of remaining open post the reopening of the Lewis Street Overpass.
- The business has operated consistently for one year.
- All eligibility criteria have been met.
- Scored and ranked according to need.

Underwriting Analysis

The following criteria will be evaluated:

- No Duplication of Benefits
- Costs are reasonable, allowable and necessary
- Needs Assessment of total financing
- Financially feasible

Priority scoring:

Business must meet at least 4 criteria to be priority, less that 4 will be wait listed and assisted if funds are still available.			
Date	Initials	Description	Comment
		Business losses due to Lewis Street Overpass Construction Street Closure are greater than 15%	
		Business has laid off employees/ or will imminently	
		Business has separate location (not home based)	
		Business in distressed area (Downtown area)	

		Business has applied for other emergency assistance and been denied	
		High need- Fixed expenses-3 times the potential revenue, no other income	

MEETING THE HUD NATIONAL OBJECTIVE

All CDBG-funded activities must meet a CDBG program national objective. The national objective for this program is **Low or Moderate Income (LMI) Jobs** - jobs that are held by or made available to low and moderate-income (LMI) persons. HUD defines LMI person whose earnings are less than 80% of the area median income by family household size. ***See Income Limit Chart at bottom of this page.***

The applicant must satisfy the following LMI national objectives of the CDBG program:

Low or Moderate Income (LMI) Job - The business must **create or retain** permanent jobs, at least 51 percent of which (computed on a full-time equivalent basis) will be made available to or held by LMI person.

The following requirements must be met for jobs to be considered created or retained.

1. If a Business **creates jobs**, there must be documentation (Employee Certification Form) indicating that at least 51 percent of the jobs will be held by or made available to, LMI persons.
2. If a Business **retains jobs**, there must be sufficient information documenting that the jobs would have been lost without the CDBG assistance and that one or both of the following applies to at least 51 percent of the jobs:
 - The job is held by a LMI person (Employee Certification Form); or
 - The job can reasonably be expected to turn over within the following year and steps will be taken to ensure that the job will be filled by or made available to a LMI person.
3. Job Pirating is not permitted. Job pirating refers to the use of federal funds to lure or attract a business or its job from one labor market to another. Job pirating is prohibited under Section 588 of the Quality Housing and Work Responsibility Act of 1998.

The following requirements apply for jobs to be considered **available** to or held by LMI persons.

1. Created or retained jobs are only considered **available** to LMI persons when:
 - Special skill that can only be acquired with substantial training or work experience or education beyond high school are not a prerequisite to fill such jobs, or the business agrees to hire unqualified persons and provide training; and
 - The grantee and the assisted business take action to ensure that LMI persons receive first consideration for filling such jobs.

2023 Income Limit Chart – Effective June 15, 2023

HUD 80% AMI limits, per household size, for Pasco, Kennewick, and Pasco WA			
1 person ≤ \$55,170	2 person ≤ \$59,150	3 person ≤ \$66,550	4 person ≤ \$73,900
5 person ≤ \$79,850	6 person ≤ \$85,750	7 person ≤ \$91,650	8 person ≤ \$97,550

SUPPORTING DOCUMENTATION TO ATTACH AND SUBMIT WITH COMPLETED APPLICATION

- 1) Copy of Business License (State of Washington and City of Pasco)
- 2) Proof of Insurance
- 3) Financial Statements (Prior Year and January 1 – present)
 - a) Income Statement
 - b) Quarterly Taxes- DOR submittal needs to include March 2024 submittal. We encourage early submittal so a clear impact can be shown.
- 4) Current signed IRS Tax Return
- 5) Utility Receipt Payments- Electric, Gas, Water/Sewer/Stormwater, Garbage
- 6) W-9 in the Business Name (To create vendor with Finance)

Applicant Financial Disclosure & Notification:

DISCLOSURE, ASSURANCES AND SIGNATURES

This is notice to you as required by the Right to Financial Privacy Act of 1978, that the City of Pasco (Grantee) has a right of access to financial records held by the financial institution in connection with the consideration or administration of the City's Community Development Block Grant /Small Business Relief Fund program for which you have applied.

Applicant agrees that the acceptance of this application does not commit the City to enter into an agreement, to pay any costs incurred in its preparation, to participate in subsequent negotiations, or to contract for the project. Further, the acceptance of this application does not constitute an agreement by the City that any contract will be entered into by the City. The City expressly reserves the right to reject any or all applications or to request more information from the applicant.

The applicant also agrees that the City will only consider funding for an application that has been completed in full, met all eligibility requirements and has attached all supporting documentation. Applicant hereby certifies that all information contained in this document and any attachments is true and correct to the best of the applicant's knowledge.

The city, the Department of Housing and Urban Development, the Comptroller General of the United States, Washington State Auditor's Office, or any duly authorized representatives, will have access to any books, documents, papers, and records that are directly related to the program assistance for the purposes of monitoring, making audits, examination, excerpts, and transcripts. All records supporting the costs will be maintained for a period not less than 6 years following completion of the program agreement period, agreement termination, or default, whichever shall first occur.

No person who is an employee, agent, consultant, officer, appointed official, or elected official of the City of Pasco or its subrecipient who exercises or has exercised any functions or responsibilities with respect to CDBG activities, or is in a position to participate in a decision-making process, or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit, or have interest in any program assistance, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.

Income eligibility and/or creating or retaining a LMI job is a condition of receiving CDBG funding and must be committed prior to award of funds. Recipient of funds will be required to report at the end of 2024 the job creation/retention has occurred. The Written Agreement will further outline CDBG requirements during the one-year period. A recipient will be required to repay CDBG funds if LMI job creation/retention is not fulfilled within the one-year period. Documenting Duplication of Benefits related loss is a condition of receiving CDBG funds.

I UNDERSTAND AND BY SIGNING, AGREE:

All information I have provided in this application is true and correct to the best of my knowledge. I agree to notify you promptly in writing upon any material change in the information provided herein. You are authorized to make such inquiries, as you deem necessary and appropriate to verify the accuracy of this application.

I also agree to comply with nondiscriminatory employment practices and Affirmative Action Programs under Title VI and Section 112 of the Civil Rights Act of 1964 and applicable provisions of federal statutes and regulations concerning equal employment opportunity laws and civil rights laws, and the provisions of the Americans with Disabilities Act. Grant recipients must give equal consideration to all qualified job applicants and treatment of employees without regard to race, color, religion, sex (including pregnancy, gender identity and sexual orientation) national origin, age (40 or older), disability.

Applicant

Date

Co-Applicant

Date

Co-Applicant

Date