



SMALL BUSINESS STOREFRONT POLICIES & PROCEDURES (CDBG-CV)

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PROGRAM GUIDELINES

PROGRAM OVERVIEW

The City of Rialto's Business Grant Program offers one-time \$10,000 grants to offer immediate financial assistance to small businesses located in the City of Rialto to aid in maintaining their business location. Businesses are not expected to pay back grants.

Previously approved businesses that were granted up to \$4,000 may reapply for an additional \$6,000 (not to exceed \$10,000) upon demonstration of additional need for funds by providing:

- Current Revenue Loss documents
- Past Due Rent or Utility Bills

The program is funded through a grant from the U.S. Department of Housing and Urban Development as eligible under Sections 105(a)17 of the Housing and Community Development Act of 1974.

As a recipient of this funding the City of Rialto and its recipient, (i.e., businesses) are required to meet a national objective. The City of Rialto's Small Business Grant Program meets the following national objectives, depending on the business' eligibility:

- **LMA:** Benefiting persons of low to moderate income; or
- **LMJ:** Job creation or retention

Applications will be accepted until all funds are expended.

Please carefully review the guidelines below as successful applicants must:

1. Submit complete applications; and
2. Provide documentation that they meet the eligibility requirements and terms and conditions; and
3. Submit all required documentation.

BUSINESS ELIGIBILITY

To be eligible, businesses must meet all requirements to be eligible for the program. Eligibility requirements are outlined below:

- Business must be physically located within Rialto City limits.
- Business has a current business license in the City of Rialto
- Business must employ 25 or less Full-Time employees, including the owner(s) Part time employees are excluded from the count.
- Per HUD, the business must be For-Profit.
- Business has been operational for at least six (6) months.
- Provide or obtain a cost-free Unique Entity ID (UEI) Number (Sam.gov) if a grant is awarded. If needed, staff will assist businesses with registering and obtaining a UEI number.
- Business does not have existing municipal code violations.
- Business must not have been a grantee recipient from the City of Rialto in the last 24 months.

- Meet **one** of the following criteria below:
 - **LMA:** The service activity of the business is primarily residential, where at least 51 % of the residents are LMI persons, and the business’ services meet the needs of the service area residents. If the commercial district is composed of stores and businesses that serve local customers that meet the LMI then it qualifies **OR**
 - **LMJ:** Currently employ and retain or will create at least 51% full-time equivalent positions with low- and moderate-income (LMI) persons or in the case of staff turnover, have the identified position filled by LMI person (see details below) **and** demonstrate that without grant assistance the job would be lost.

INELIGIBLE BUSINESSES

Businesses that meet one of the following criteria are not eligible for participation in the program.

- Business that has previously received grant funding from the City
- Business that does not meet qualifications for LMA or LMJ National Objectives
- Businesses that fall into the following categories: *gaming, liquor or tobacco stores, marijuana dispensaries and manufacturing*
- Business or activity that does not comply with local, state or federal laws
- Businesses with active code violations
- Home-based businesses
- Businesses outside of the City of Rialto city boundaries
- Businesses currently in the process of bankruptcy proceedings

REQUIRED DOCUMENTATION

For an application to be considered complete, all listed documents must be submitted.

- Completed and fully signed Application
- Attachment A, which documents business eligibility under the LMA national objective **OR**
- Attachment B (along with supplemental documents), which documents the business eligibility under the LMJ national objective
- Report of Wages Form DE 9C, or Payroll Records
- Tax Returns for 2021 and 2022
- Financial documents demonstrating the business suffered a reduction in gross receipts of at least for one quarter in 2021 or 2022 compared to the same quarter in 2020 **must** be submitted with the application.
- The reduction of revenue loss can be shown in one of two ways:
 - Comparing the business annual gross revenue as reported on the tax return in 2021 or 2022 to 2020; or
 - Comparing the gross revenue in any quarter in 2021 or 2022 with revenue in the **same** quarter of 2020. For example, if a business wants to use the second quarter (Q2) of 2020 where they recorded \$20,000 in gross revenue, they are eligible if they recorded a gross revenue of \$15,000 or less in Q2 2021 or 2022
- If eligible, businesses must submit all required supporting documents for all items/expenses
- Form W-9 Request for Taxpayer Identification Number and Certification

ELIGIBLE USE OF FUNDS

Awarded funds are intended to help businesses retain staff and continue to provide quality services to the residents of Rialto. Below are some examples of eligible activities:

- Commercial lease or mortgage payments
- Utilities
- Overhead expenses (e.g. payroll, not including the owner)
- Business services (web site development, etc.) to increase capacity to carryout business activities
- Business inventory, materials and supplies
- Equipment purchases necessary for the business operation, excluding vehicles.
- Marketing and Promotional Materials

Businesses are required to identify their intended use of funds during the application process. If a business finds it necessary to change their intended use of the funds, they must seek approval from the City in writing five (5) days before making any changes and submit an updated itemized list of business expenses.

Program staff will follow up with business owner within three (3) months until required deadline to submit and collect relevant documents that support appropriate use of grant funds.

INELIGIBLE USE OF FUNDS

Funds may not be used for the following activities:

- Personal property
- Repayment of refinance of existing debt or to pay operating deficits tax arrearages, governmental fines or penalties or general government expenses.
- Personal income or emergency situations, including repayment of personal cash loans.
- Political or religious activities, lobbying or any activity prohibited in the CDBG regulations in 24 CFR 570

PROCESSING

Due to limited funds, the City will only accept and process applications until all funds have been exhausted. If the City has remaining available funds, the City reserves the right to re-open the application period.

VERIFYING & DOCUMENTING ELIGIBILITY

Application

Staff shall review all applications and attachments for thoroughness and completion. The staff is responsible for making sure that all eligibility documents have been submitted by the business owner. Applications are to be reviewed on a first-come, first-serve basis. Staff should ensure all eligibility documents are submitted by business owners and review applications and attachments on a first-come, first-serve basis for thoroughness and completion.

Attachment A: Meeting the LMA National Objective

Under the LMA national objective the services in the area are of benefit to low-and moderate-income (LMI) persons. To be eligible for this grant, the service activity must be primarily residential, where at least 51 percent of the residents are LMI persons, and the business' services meet the needs of the service area residents.

Attachment B: Meeting the LMJ National Objective

Under the LMJ objective activities are meant to retain jobs and/or benefit areas with low-and moderate-income (LMI) persons. To be eligible for this grant, the business must create or retain permanent jobs, at least 51 percent of which (computed on a full-time equivalent basis) are to be made available to or held by LMI persons.

For businesses creating jobs, jobs must be created and filled no later than six (6) months after receipt of grant funds.

AWARDING THE GRANT

Upon verification of eligibility the City will confirm the eligibility status with the business via email. The City will then provide the business with an agreement outlining the terms and conditions of the award. Upon receipt of a signed agreement the City will disburse the one-time grant up to \$10,000.

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. Duplication of benefits occurs when Federal financial assistance is provided to a person or entity through a program to address losses and the person or entity has received (or would receive, by acting reasonably to obtain available assistance) financial assistance for the same costs from any other source (including insurance), and the total amount received exceeds the total need for those costs.

All businesses are required to complete a Duplication of Benefits (DOB) Affidavit as part of the application process. This affidavit acknowledges the City's requirement that any person or entity receiving CDBG assistance must agree to repay assistance that is determined to be duplicative.

To meet HUD's requirements, the City has developed a method of assessing whether the use of CDBG-CV funds will duplicate financial assistance that is already received or is likely to be received by acting reasonably in evaluating need and the resources available to meet that need. The assessment process is as follows:

1. Upon receipt of the completed application packet to the Program, the City of Rialto will review the Duplication of Benefits Affidavit to determine if the applicant has reported receiving any potentially duplicative assistance or will be receiving.
2. If so, the City or Consultant will request additional information from the applicant, including:
 - a. Dates funds were received or will be received.
 - b. Specific uses of funds received, including receipts and dates as appropriate.
3. Based on a review of this information, the City may:
 - a. Determine that there is no duplication and proceed with consideration of the application for the full amount requested.
 - b. Determine that there is a partial duplication and proceed with consideration of the application for an amount that reduces the request by the Duplication of Benefits ("DOB") amount
 - i. $(\text{Amount Requested}) - (\text{Amount of DOB}) = \text{Eligible Amount}$
 - c. Determine that there is a complete duplication and deny the application
4. The City will require all successful applicants to provide documentation as to how funds are actually expended and will review this documentation to ensure no duplication has taken place.

All application documents, including the Affidavit shall be retained in compliance with HUD's record retention requirements.

MONITORING

Staff is responsible for providing on-going monitoring to ensure that grant funds are used in the way they were intended.

Staff will review the business' application to identify how the business said they would use funds and will collect supporting documents within three (3) months until all funds have been exhausted by the indicated deadline in the agreement. If a business finds it necessary to change their intended use of the funds, they must seek approval from the City in writing before making any changes and submit an updated itemized lists of business expenses at least five (5) days in advance.

All collected documents will be placed in a business's program file.

CONTACT INFORMATION

Please direct all questions to:

Avant Garde

Ashley Sanchez

Phone: (909) 816-2863

Email: rialtocares@rialtoca.gov

PLEASE SUBMIT APPLICATION AND ALL SUPPORTING DOCUMENTS EITHER BY MAIL:

City of Rialto Small Business Grant Program

Finance Department

C/O Avant Garde

150 S. Palm Avenue

Rialto, CA 92376

OR

BY EMAIL TO:

rialtocares@rialtoca.gov