

## **MICRO BUSINESS LOAN POLICY 2021**

### **General Statement of Purpose:**

The purpose of the Fitchburg Micro Business Grant Program is to encourage business development as self-employment for low-moderate income business owners and job opportunities for residents by providing financial assistance to entrepreneurs located in Fitchburg, Massachusetts.

The City of Fitchburg is committed to economic development growth at all levels from small, home-based, one-person businesses to large fortune 500 companies, and recognizes that different sized businesses need different tools to meet their needs. This program is designed to encourage low-moderate income entrepreneurs who are ready to start or expand a business by providing seed funding that does not require repayment if used in accordance with grant requirements.

### **Desirable Applications:**

The program, in keeping with the Economic Development Strategic Plan, will give preference to qualified applications that:

- demonstrate financial readiness
- demonstrate technical readiness
- Propose uses that activate the street by encouraging foot traffic, bring customers into the business and are consumer oriented.
- Proposed uses that fill a vacant commercial space.

### **Uses of Funding:**

Due to the nature of the federal Community Development Block Grant Funding used for this program, when possible, applications should keep funding requests to the following uses:

- Equipment
- Inventory
- Mobile equipment, (vendor cart/truck)
- Lease/utility expenses
- Payroll expenses

Less desirable uses include the following:

- Construction\*
- Property Acquisition

\*Construction using these grant funds requires the program's involvement in bidding for construction services, using federal/state wage rates, construction and wage rate monitoring. The Program is willing to entertain applications seeking Accessibility Improvements where there are architectural barriers to accessibility, and/or life safety equipment- (i.e. sprinkler system).

Prohibited uses:

- Requests for expenses already incurred.
- Requests for payment related to deals between friends, family, or coworkers.
- Requests related to real estate transactions
- Requests for 100% online businesses
- Requests related to multi-level marketing
- Requests related to social clubs
- Requests related to cannabis
- Requests related to real estate businesses

All funding, once approved, will require documentation of costs, (quotes) and copies of receipts when payment is made.

### **Grant Limits**

Applicants should make their grant request based on actual needs of the business, with documentation supporting proposed expenses. For smaller businesses with low overhead costs, the grant limit shall be \$10,000. For larger proposals the grant limit will be \$20,000. Grant limits may be exceeded only upon recommendation of the grant review advisory team.

### **Exceptions to Policy**

Policies within this document cannot foresee all grant request contingencies. The City reserves the right to make exceptions to Policy. Grant applicants who do not meet minimum requirements can request an exception. Exception requests which meet federal CDBG program standards, but which do not fully meet other standards of the program such as grant amount requested will be reviewed by the Community Development Department staff and grant review advisory team.

### **Grant Application Review**

The City of Fitchburg, through the Department of Community Development, will review applications on an ongoing basis as long as funding is available for the program. When multiple applications are under review, staff will review applicants on a first come, first serve basis. Exceptions may be made to this when a proposal has other time-sensitive funding commitments contingent on this commitment.

Applications will be reviewed based on the following criteria:

- Grant Eligibility Review- verification of microenterprise status
  - A Microenterprise is a commercial enterprise that has five or fewer employees, one or more of whom owns the enterprise. The owner must have a household income, at or below 80% of the Area Median Income.
- Application Completeness
  - The application is completed & signed
  - All required documents are submitted

- Financial Readiness
  - Applicant has full estimates of start up costs
  - Applicant provides personal financial records demonstrating financial stability
  - Existing businesses provide financial records showing financial stability of the business
  - All other sources of funds required for proposal are secured
  - Applicant in current on state, federal, and municipal taxes.
  - Applicant's credit report shows current debt obligations are being met.
  
- Technical Readiness
  - Applicant has a quality business plan
  - Applicant has researched and documents market demand
  - Applicant has prepared financial statements, projections and if existing business, actuals. Financial Statements appear realistic.
  - Applicant has worked with a qualified business consultant, (NewVue Communities, SCORE, North Central Chamber of Commerce, etc. )
  - Applicant has a complete, documented scope of work for the project.
  - Applicant demonstrates appropriate knowledge of business product/service, including past experience in the field.
  - Applicant has appropriate training/licenses as applicable.
  - Business is allowable in the proposed location
  
- Community Benefit- Items below will be used to prioritize funding
  - Proposals for businesses providing goods and/or personal services to the community
  - Proposals for downtown based business
  - Proposals for consumer oriented businesses
  - Proposals for businesses that create foot traffic
  - Proposals for businesses that will activate a vacant commercial space
  - Proposals for businesses moving from home-based to a storefront
  - Proposals for Vendor Cart/Food truck based business when there is a commitment to vend in Fitchburg
  - Proposals for makers/artisans/arts and culture ventures
  - Proposals for recreation ventures
  - Proposals for shared commercial workspace
  - Proposals providing matching funds/personal investment
  - Proposals from Women and/or Minority owned businesses
  - Proposals where commercial landlord provides support, particularly lease support

Upon Completion of an initial review, applicants will be notified in writing and/or electronically of any additional information needed to complete the full review.

Upon completion of the full review, applications will be referred to the advisory team for concurrence of acceptance and approved grant amount. Applicants will then be notified in writing and/or electronically of their approval or denial. Approved applications will either proceed with next steps or go on a waiting list if necessary.

Program staff will review scope of project for the following before proceeding:

Determination if further environmental review is required. This will be required if the project includes acquisition, construction/alterations to the exterior, or demolition.

Determination of bid required procurement and/or Davis Bacon Wage Rate standards. If construction is undertaken, this is likely. These matters will be discussed with requirements of the City and applicant if they are applicable.

Applicants will meet in person( or remotely) to review a draft grant agreement and discuss expectations, procedures to request funds, and documentation required after funds have been spent. If ready to proceed, the agreement will be executed and W-9 form completed.

### **Other Expectations**

Approved applicants will be expected to work with the following team members through this process. The Business Downtown Coordinator, to complete or review their business marketing plan and the City's Economic Development Director, to review the process of navigating through other City department requirements as appropriate, and plan for the business opening, ribbon cutting and/or other press events. Approved businesses will be strongly encouraged to use the referenced staff as resources to ensure success and resiliency.

Applicants that participate in this grant program will be expected to cooperate with staff to provide information and documentation that highlights the impact of the program including success stories and documentation of the new jobs created, (if applicable), through the use of the grant.

### **Ability to appeal**

Applicants who are denied may choose to appeal the decision in writing to the Executive Director of the Department of Community Development. The appeal be reviewed and a response provided in writing within 20 days of the date of appeal request.

# BUSINESS LOAN PROGRAM

## DOCUMENT CHECKLIST / File Review

Business Name: \_\_\_\_\_ Applicant Name \_\_\_\_\_

Address: \_\_\_\_\_

Date	Initials	Item	Comment
		Completed Micro Business Grant Application	
		-Documentation of owners' household income. Documentation must be recent- within 4 months, -Recent bank statement for all accounts	
		Personal tax returns for the last two years	
		Scope/description of work proposed with grant funding (and any other funding uses)	
		Itemized cost estimate for proposed work	
		Business Plan- if you need assistance to create one, please contact us for a referral	
		Letter of Intent including: -background on business- current or proposed -amount of grant requested -uses for loan -timeline for opening/expanding	
		Sources and Uses financial statement for business assistance	
		Cash flow Projections and Profit/Loss Projections for the next two years	
		List of Assets and Liabilities for the business, (balance sheet)	
		Business/Personal financial statements if existing. And business tax returns for the last two years	
		Supporting documentation including lease agreements, patents, permits, licenses, etc.	
		Letter of explanation of any credit issues that may show up on a credit report	
		Owner's Signature and Date on Application	

Comments:

