

City of Monterey Park

COVID-19

Small Business Assistance Program (SBAP)



## **GUIDELINES**

Management Services Department

320 W. Newmark Avenue  
Monterey Park, CA 91754

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# **CITY OF MONTEREY PARK**

## **SMALL BUSINESS ASSISTANCE PROGRAM GUIDELINES**

### **I. INTRODUCTION**

The City of Monterey Park, hereafter referred to as the “City”, has established a Small Business Assistance Program (SBAP), hereafter called “The SBAP”. The SBAP is designed to address the adverse impacts of the novel Coronavirus (COVID-19) to the economy, including jobs and businesses. SBAP grants will support small businesses with 5 or fewer full-time employees and/or full-time equivalent employees on the current payroll undergoing financial hardship due to a loss or reduction in revenue directly related to COVID-19. Part-time employees must be computed for full-time equivalent.

The City has committed approximately \$232,478 in federal Community Development Block Grant (CDBG-CV) funding under the Coronavirus Emergency Relief and Economic Security (CARES-CV) for business stabilization grants of up to \$42,000.00 per eligible businesses. These business assistance guidelines have been established by the Monterey Park Management Services Department.

### **II. SMALL BUSINESS ASSISTANCE PROGRAM (SBAP) OVERVIEW**

#### **A. PROGRAM ADMINISTRATION**

The City’s Management Services Department staff will serve as the primary contact for implementation of the program guidelines. The City will:

- Market the SBAP;
- Accept and process applications;
- Ensure businesses meet eligibility requirements;
- Recommend approval of grants;
- Ensure disbursement of grant funds;
- Maintain grant files and fiscal records;

#### **B. PROGRAM ASSISTANCE**

The program will provide grant assistance for the payment of current and/or commercial rent that is in arrears. The grant amount awarded to each applicant will depend on the business’ monthly rent and available program funding. Rental arrears include months beginning April 2020. No months of rent that are in arrears prior to April 2020 will be paid through the program.

#### **C. ELIGIBLE APPLICANTS**

Funding is available for microenterprise businesses. A microenterprise is defined as a commercial enterprise that has five or fewer full-time or "full-time equivalent" permanent employees, one or more of whom owns the enterprise. "Full-time equivalent" permanent employee means part-time permanent employees shall be counted as full-time permanent employees when the combined weekly work hours of the part-time permanent employees are at least 40 hours. Example: Joe works 15 hours per week, Martha works 15 hours per week

and Helen works 20 hours per week. Combined they work 55 hours per week so they count as one full-time employee.

The following industries will receive priority access to funding:

- Restaurants
- Retail businesses
- Salons/Personal Care businesses (must sell product)

All businesses assisted under the SBAP must also meet the following requirements:

- Be located in the City of Monterey Park and have a physical location;
- Have 5 or fewer full-time employees and/or or full-time equivalent employees (including owner) on its current payroll;
- Have been operational on or before September 1, 2019;
- Have a valid City of Monterey Park business license at the time of application;
- Have no outstanding code violations with federal, state or local governments;
- Meet HUD's criteria of a low-income benefit (see Section III for additional information);
- Have a verifiable loss of revenue/income due to COVID-19 that justifies the need for assistance;
- Are **not** behind in rent prior to **April 1, 2020**;
- Cannot have more than **six (6) times** the amount of monthly rent in available assets (i.e., business checking **AND/OR** savings account);
- Have **not** experienced a profit loss before January 1, 2020;
- Have **not** received assistance for the payment of commercial rent from other sources, including federal, state or county governments, the Small Business Administration (SBA), the Chamber of Commerce, etc.; **AND**
- Does not have not access to business capital or liquid assets;
- Submits a completed, signed application (application may be signed electronically).

#### **D. INELIGIBLE APPLICANTS**

The following types of businesses are **not eligible** for program assistance:

- Liquor or tobacco stores;
- Corporate and franchise stores or restaurants;
- Any business that does not comply with local, state or federal laws

#### **E. ELIGIBLE USE OF FUNDS**

Grant funds must be used to cover commercial rent for the business. A copy of the lease agreement and landlord information will be required for direct payment of the business' commercial rent to the landlord. Direct payment to the landlord will reduce staff time in ensuring funds are used for eligible purposes.

Applicants who receive Small Business Administration assistance through the Paycheck Protection Program, Economic Injury Disaster Loan Emergency Advance, SBA Express Bridge Loan, or SBA Debt Relief will not be eligible if those funds are a duplication of the commercial rent benefits provided by the City.

Restaurants, salons, and other personal services awarded grant funds through the program will have the opportunity to be reimbursed up to \$1,000 to purchase items and equipment to provide outdoor services. Items may include:

- Umbrellas;
- Outdoor heaters;
- Tents;
- Tables & chairs

Businesses must submit evidence of the cost and purchase including original receipts to the Program coordinator in order to be reimbursed.

#### **F. INELIGIBLE USE OF FUNDS**

Ineligible uses of funds include:

1. Personal expenses;
2. Repayment or refinance of existing debt;
3. Taxes, fines or penalties;

### **III. CDBG PROGRAM REQUIREMENTS**

#### **A. LOW- AND MODERATE-INCOME BENEFIT**

Under federal regulations, use of CDBG funded activities must meet the national objective of benefit to low- and moderate (“low-mod”) income benefit. Businesses may meet this low-mod criterion through serving a low-mod area, be a low-mod owner, or create or retain low-mod job(s). All businesses must provide documentation meeting HUD’s low/mod income requirements prior to receiving a business assistance grant. In keeping with the CDBG requirements, the business applicant must meet one of the following low-mod criteria to be considered for grant funding:

1. **Low- and Moderate-Income Area (LMA)** - The business is located in a HUD-defined low- and moderate-income area and provide a service to the area (refer to map on page 10); **OR**
2. **Low- and Moderate-Income Clientele (LMC)** - The business owner’s current household income is at or below 80% of the Los Angeles median income, adjusted for household size business; **OR**
3. **Low- and Moderate-Income Jobs** – The business intends to create or retain at least one full-time equivalent, permanent low- and moderate-income job and the business.
  - a. The business can show that 51% of its employee on payroll are low- and moderate-income, full-time or equivalent employees; and
  - b. The grant funds provided will ensure permanent employment of the retained employee for a period of two years;
  - c. If the low- and moderate-income job retained is vacated within two years, the business will take the necessary steps to fill the position with another low- and moderate-income employee.

All employees, part time and full time, on the business payroll at the time of grant application will be counted. The term “employee” includes all owners of the business on the payroll, even if the owner’s “salary draws” are not on a regular basis. The SBAP administrators will require the business to provide third party records documenting the current number of employees on the payroll, including all owners of the business. If the microenterprise business owner is the only employee, the owner must be income eligible or the business must be located in a low- and moderate-income area as defined by HUD.

**B. MEETING CDBG NATIONAL OBJECTIVE REQUIREMENT**

All businesses qualifying under the Low- and Moderate-Income Job category must provide documentation meeting HUD’s low/mod income requirements prior to receiving a business assistance grant. The SBAP Program administrators will verify that the business, business owner and/or employee household, as applicable, meet one of HUD’s low/mod income requirements listed in section III (A) on page 5.

Low- and moderate-income households for the purpose of this program must have a gross annual household income at or below those shown in the table below, as adjusted for household size.

HUD LOW-MODERATE INCOME (LMI) LIMITS			
Household Size	Maximum Income	Household Size	Maximum Income
1	\$63,100	5	\$97,350
2	\$72,100	6	\$104,550
3	\$81,100	7	\$111,750
4	\$90,100	8	\$118,950

Source: U.S. Department of Housing and Urban Development. These income figures are subject to change annually (last updated: 4/02/20).

Gross income for the purposes of determining business owner and/or employee household income includes all unemployment, wages, overtime, retirement, disability, pension, social security, child support, alimony and other regular earnings of the household members before any deductions (i.e., taxes, retirement contributions, union dues, etc.). Income is based on earnings from the time of the application projected for the next 12 months. All income sources are verified using third party sources such as employers, Employment Development Department (EDD), pension funds, social security administration, Internal Revenue Service (IRS), etc. If a member of the household is an adult student (living away from home), he/she may be counted as a member of the household in determining the household size. However, the adult student must be verified as: (1) dependent, (2) full-time student, and (3) living away from home.

**C. CONFLICT OF INTEREST**

Applicants for business assistance shall not be an employee, agent, consultant, officer or elected official or appointed official of the City who exercises or have exercised any function or responsibilities with respect to activities relating to this Program or who are in a position to participate in a decision-making process or gain inside information with regard to these activities, may obtain a financial interest or financial benefit from this Program, or the proceeds

from such activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one year thereafter.

#### **IV. APPLICATION PROCESSING**

##### **A. PROGRAM MARKETING AND OUTREACH**

The City will conduct program marketing. Examples of marketing include media coverage with ads in local papers and distribution of marketing brochures to local business networking organizations. Social media marketing will include Twitter, Facebook, and the City's website. The City will host one (1) webinar to provide applicants with general program and application information.

##### **B. EQUAL OPPORTUNITY COMPLIANCE**

This Program will be implemented in ways consistent with the City's commitment to state and federal equal opportunity laws. No person or business shall be excluded from participation in, denied the benefit of, or be subjected to discrimination under any program or activity funded in whole or in part with CDBG program funds on the basis of his or her religion, religious affiliation, age, race, color, ancestry, national origin, sex, marital status, familial status, physical or mental disability, sexual orientation, or other arbitrary cause.

##### **C. APPLICATION DOCUMENTATION**

The application, application check list and the following documents must be submitted to be considered for assistance:

1. Valid Monterey Park Business License.
2. Valid California driver's license or identification card for each business owner.
3. Proof of loss or reduction of business Income due to COVID-19 (i.e., revenue loss, reduction in employee hours, layoffs, furloughs, modified business hours, etc.).
4. Business income tax returns:
  - a. 2019 business tax return ; **OR**
  - b. 2019 personal tax returns if business income is reported on a Schedule C.
5. Year-to-date **monthly** profit and loss statements – October 2019-October 2020.
6. Business Bank statements: October 2019-October 2020.
7. EDD Quarterly Contribution Return and Report of Wages (ending September 30, 2020) (Form DE 9).
8. Commercial rent/lease agreement showing amount of lease.
9. Statements for outstanding rent/lease payments, if in arrears.

##### **IF APPLYING AS A BUSINESS LOCATED IN A LOW- AND MODERATE-INCOME AREA**

10. Provide a written explanation of the service your business provides to the neighborhood/area (Refer to Map on page 10).

##### **IF APPLYING AS A LOW- AND MODERATE-INCOME BUSINESS OWNER**

11. Business owner(s) self-certification of household income.
12. Business owner's 2019 personal tax return.

**IF APPLYING AS AN EMPLOYER OF LOW- AND MODERATE-INCOME EMPLOYEES**

13. List of employees currently on payroll (full and part time, including owner).
14. Completed IRS 4506-T by All employees on payroll.
15. Employee self-certification(s) of income from the business completed by all employees of payroll.

**D. APPLICATION PROCESS**

Businesses may apply online from the City of Monterey Park website at (<http://www.montereypark.ca.gov/1314/COVID-19-Programs>). The City will receive applications beginning **November 23, 2020 at 8 a.m.** Incomplete applications and/or those without all required support documentation will not be reviewed. The City will applications on a first-come, first-serve basis until all funds are exhausted.

**Application Submittal** - Submit the application and copy of all required supporting documentation:

- On-line at (<http://www.montereypark.ca.gov/1314/COVID-19-Programs>).

**TIMELINE**

- |                           |                               |
|---------------------------|-------------------------------|
| 1. Application Available  | November 23, 2020             |
| 2. Eligibility Processing | First come, first serve basis |

**E. APPLICANT CONFIDENTIALITY**

All personal and business financial information will be kept confidential. Program participant files with personal and business confidential information will be kept in locked secured storage units.

**F. DISPUTE RESOLUTION/APPEALS PROCEDURE**

Any business applying for a financial assistance grant through the CDBG program has the right to appeal if their application is denied. The appeal must be made in writing to the City. A written response to the appeal will be provided to the applicant by the City within 30 days of receipt of the applicant's appeal letter.



## **G. EXCEPTIONS / SPECIAL CIRCUMSTANCES**

Exceptions are defined as any action which would depart from policy and procedures stated in the guidelines. The City reserves the right to make exceptions but must comply with federal program requirements for business assistance.

## **H. GRANT APPROVAL AND DISBURSMENT OF FUNDS**

Once applicants are determined eligible, the Program Administrator will contact the business for execution of paperwork and subsequent disbursement of funds. Payment of rent will be made directly to the business' commercial landlord. No grant shall exceed \$42,000. CDBG funds will only be disbursed for eligible uses based on documented need.

# ATTACHMENT A

## CITY OF MONTEREY PARK - LOW- AND MODERATE-INCOME AREAS

