

CITY OF KINGSPORT, TENNESSEE
COVID-19 CDBG-CV Small Business Assistance Grant Program
Policies & Procedures – CV ROUND 3
Version 1.0

APPLICATIONS WILL BE ACCEPTED FIRST COME, FIRST SERVED BEGINNING April 1, 2021

PURPOSE

The City of Kingsport will invest up to \$110,000 in a partnership with the **Kingsport Office of Small Business Enterprise**, through its Community Development Block Grant (CDBG) program funded by the US Department of Housing and Urban Development (HUD) to assist small businesses located within the City of Kingsport in preventing, preparing for, and responding to the COVID-19 pandemic. Funds under this program are limited and is intended to focus resources to supplement existing federal or state programs already available to effectively support Kingsport businesses.

The following requirements, selection criteria and procedures will be adhered to during the grant selection and disbursement process:

FUNDING REGULATIONS

This grant program is funded by HUD via the Community Development Block Grant Coronavirus Response (CDBG-CV) funds. The Coronavirus Aid, Relief, and Economic Security Act (Public Law 116-136) (CARES Act) authorized this funding for grants to prevent, prepare for, and respond to coronavirus. This grant program has been designed following guidance issued by HUD in its “Notice of Program Rules, Waivers, and Alternative Requirements under the CARES Act for Community Development Block Grant Program Coronavirus Response Grants, Fiscal Year 2019 and 2020 Community Development Block Grants, and for Other Formula Programs.”

ELIGIBILITY REQUIREMENTS

Businesses must meet ALL of the following criteria to qualify for grant award consideration:

- Must have a commercial business location within Kingsport city limits.
- Must be a for-profit business.
- Has been impacted by COVID-19 (documentation will need to be provided),
- No duplication of benefits occurs from other sources of CARES Act funding
- Eligible businesses include:
 - tourism related businesses
 - accommodations (i.e. hotel, motel, bed and breakfast)
 - restaurants/food service, professional services (i.e. banking, legal, design, real estate)
 - cultural & educational services
 - arts
 - recreation
 - retail
 - health practitioners
 - personal care (i.e. beauty/barbershop, nail salon, dry cleaner and more)

- Must have \$1,000,000 or less in annual gross revenue (for calendar year 2019).
- Must have 20 or fewer W-2 employees (including the owner(s) of the business).
- May have applied for and received (or applied for and been denied) grant funding from the United States Federal Government for Federal COVID-19 related business assistance programs.
 - Documentation will be required to substantiate application and receipt of funds, denial, or lack of qualification for other COVID-19 Federal aid programs.
 - If applicant received federal funding (via a loan or grant), applicant will need to provide evidence of a continued “unmet need” that the federal funding was not able to fulfill.
- All grant awardees will be required to enter into a CDBG-CV Grant Agreement with the City prior to issuance of grant funds. The CDBG-CV Grant Agreement will require the Awardee to return any funds to the City for which awardee may later receive federal funding to avoid Duplication of Benefits (DOB) per HUD policy.
- Must be structured as a sole proprietorship, partnership, corporation, S corporation (S subchapter) or limited liability company (LLC). Individuals who are self-employed are also eligible to apply.
- Must be owned by a person whose annual income is at or below the HUD low to moderate income guidelines per the Kingsport-Bristol-Bristol TN/VA MSA; **OR**, the business must retain at least one low to moderate income job / position for at least six (6) months. See attachment A
- Must have been in operation in the City of Kingsport on or before January 1, 2020, and must be currently in compliance with all state or local regulations or requirements.

The following business types are specifically ineligible for assistance per HUD guidelines:

- Home-based businesses;
- Nonprofit organizations/businesses;
- Businesses that involve the sale of medical or recreational cannabis;
- Private club or business that limits membership for reasons other than capacity;
- Businesses with any portion of its gross annual revenues from legal gambling activities
- Businesses engaged in the production or wholesale selling of tobacco products, vaping, liquor or sexually explicit materials;
- Businesses engaged in the production or wholesale/retail selling of firearms;
- Pawnshop, liquor store, adult bookstore, non-therapeutic massage parlor, strip club or nightclub;
- Storage facility, trailer-storage yard or junkyard;
- A business in which a majority owner or member of the immediate family is an elected official or employee of the City of Kingsport;
- An establishment similar to any enumerated above; or
- Businesses deemed ineligible by the US Department of Housing and Urban Development (HUD) or the City of Kingsport.
- Multiple applications/applicants may not simultaneously compete for funding for the same property parcel or address.

ELIGIBLE EXPENSES

Businesses may receive reimbursement under this program for only the following documented business expenses incurred during a 6 month period **between March 12, 2020 and June 30, 2021**:

- Rent
- Utilities (Electric, Natural Gas, Water, Internet, Telephone, etc.)
- Personal Protective Equipment and other COVID-19-related costs
- Space and technology upgrades to reopen and conduct business safely, including furniture, barriers, and equipment required to accommodate social distancing.
- Sanitization (cleaning service and/or supplies- EPA-approved disinfectants, gloves, and masks).

Ineligible expenses specifically include but are not limited to the following expense categories:

- Employee wages and benefits (including fringe benefits associated with employment, such as health insurance)
- Accounts payable
- Inventory / merchandise
- Renovations to, modifications of, or expansions of existing buildings

GRANTMAKING

Businesses meeting the requirements above shall be considered **eligible for a \$5,000 maximum grant** award to assist with up to six (6) months of qualifying expenses. Note: the 6 months period does not need to be sequential.

The City will disperse grant fund award payments directly to the applicant. Awardee will be required to enroll online as a vendor in the City's Self Service vendor registration portal and provide the City with an IRS W9 form (Request for Taxpayer Identification Number and Certification).

Applications will be accepted and processed on a first come, first served basis **beginning April 1, 2021**. As many qualified applicants as possible will be funded until all funds have been awarded.

HOW TO APPLY

Business owners may apply for the Small Business Assistance Grant at the following web address: <https://www.kosbe.org/> or <https://www.kingsporttn.gov/city-services/community-development/>

Qualifying businesses selected to receive grants will be contacted with a request to submit additional documentation prior to issuance of grant award.

Applications will be reviewed by City of Kingsport Community Development, KOSBE Staff, with final approval from a designated review board. If an application is incomplete and requires additional documentation, applicants will be notified and given four (4) business days to respond or submit necessary documentation. If the applicant is unable to complete the application, it will be denied.

The most common types of supporting documents to substantiate the eligibility of reimbursable expenses are receipts, invoices, and proofs of payment.

Below are examples of the forms of documentation that will be requested:

Itemized Receipt	Invoice	Proof of Payment
An original document from the merchant showing:	An original document from the merchant showing:	Needed in tandem with an invoice. The following are common proofs of payment.
Merchant's Name Transaction Date Amount Paid Description of purchased item(s) Description of additional charges (taxes, service, delivery, etc.) Form of payment used	Merchant's Name Invoice Date Amount Billed Description of billed item(s) Description of additional charges (taxes, service, delivery, etc.)	Photocopy of a cancelled check (front and back) Credit card sales slip Monthly credit card statement

In addition to expense documentation, applicants will also be required to provide the following:

- A copy of the applicant's government-issued identification card or driver's license.
- Applicant's most recently completed form 2019 IRS Form 1040 (all owners 51% or business or more), Schedule C (sole proprietorship), Form 1120 (corporations), and other IRS forms as may be necessary to evidence for-profit business status and \$500,000 or less in annual gross revenue.
- Self-Certification of Income Form for Business Owner (to qualify for the retained LMI job / position).
- Self-Certification of Income Form for Qualifying Employees (or QuickBooks, General Ledger, Payroll Statements or Canceled Checks to evidence payment by the business of a LMI wage for a job / position).
- Applicants must complete a KOSBE Request for Counsel Form
- Applicants are required to verify with KOSBE the Economic Impact, 6 months from agreement date

SELECTION AND DISBURSEMENT PROCESS

Businesses can apply via the online application at the link above. Applicants will be required to submit evidence, testimony or documentation detailing the impact of COVID-19 on their business and how the requested grant funds will assist the business in preventing, preparing for, and responding to the COVID-19 pandemic.

During the application process, applicants will be asked to provide personal information including name, address, phone number, gender, race, and ethnicity of owners to satisfy federal CDBG reporting requirements.

The City will fund as many qualified applicants as possible, as funding allows.

Grantees will be required to enter into a CDBG-CV Grant Agreement with the City.

Upon the approval of the CDBG-CV Grant Agreement by the City Manager and Board of Mayor and Aldermen, 100% of the grant funds will be disbursed to the awardee.

This grant is intended for business expenses incurred on or after March 12, 2020, when World Health Organization (WHO) declared COVID-19 a global pandemic.

The City reserves the right to reject any or all applications received and/or negotiate or cancel in part or in entirety grants resulting from application awards if it is in the City's best interest to do so. The City further reserves the right to establish the amount of grant funds awarded; raise the individual grant ceilings; and to award funds to other applicant(s) should funds become available due to de-obligation, etc.

GRANT TIMELINE

On-line applications will be accepted starting at Noon on Thursday, April 1, 2021. Grant award disbursements start on or after May 31, 2021 until funds are exhausted.

Applications will continue to be accepted until funds are exhausted or notice is earlier provided.

The application, review, and award process will generally follow these steps:

1. Applicant submits on-line application.
2. **City, KOSBE and a designated review board** reviews the submitted application to confirm initial eligibility.
3. **KOSBE** contacts all applicants to confirm findings:
 - Eligible applicants are directed to submit required documentation and register as a vendor with the City.
 - Ineligible applicants are provided an opportunity to revise and resubmit an application if eligibility is possible.
4. **City and KOSBE** reviews applicant's submitted required documentation for conformity with HUD requirements.
5. **City staff** drafts CDBG-CV Grant Agreement and forwards to applicant for review and execution.
6. Upon receipt of applicant's executed Grant Agreement, the Mayor will execute the agreement on behalf of the City.
7. Grant funds will be disbursed by the City to the awardee.
8. **KOSBE** will follow-up with the awardee six (6) months post award to ensure at least one (1) job / position has been retained. Awardee may be required to provide additional documentation to the City at that time.

CONTACT FOR QUESTIONS

City of Kingsport Community Development Department

www.kingsporttn.gov

JessicaMcMurray@kingsporttn.gov

(423) 224-2877

Kingsport Office of Small Business

www.KOSBE.org

(423) 392-8811

PROGRAM MARKETING

Program marketing will be conducted the KOSBE a program of the Chamber of Commerce. Examples of marketing include but not limited to:

- Press release w/ local media
- Postings City of Kingsport and KOSBE website
- Social media platforms,
- Distribution of information

EQUAL OPPORTUNITY COMPLIANCE

The 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 (number or ages of children), physical or mental disability, sexual orientation, or other arbitrary cause.

APPLICANT CONFIDENTIALITY

All personal and business financial information will be kept confidential to the extent permitted by law. Files submitted by applicants with personal and business confidential information will be securely stored.

DISPUTE RESOLUTION/APEALS PROCEDURE

Applicants whose applications are not selected or not deemed eligible have the right to appeal the decision of the City, limited to procedural errors in the selection process. In the event that no such procedural errors are found to have occurred, the decision of the City shall be final. An aggrieved applicant may, within seven (7) business days after the selection of prospective eligible applicants, appeal in writing to the Community Development Program Manager or their designee. The appeal must state all facts and arguments upon which the appeal is based. The Program Manager, or the appointed Designee, will review the content of the City's COVID-19 CDBG-CV Small Business Assistance Grant Program Policy & Procedures, the applicant's application, and the facts which form the basis for the appeal. The Program Manager, or the appointed Designee, will render a written decision within thirty (30) business days of the receipt of the appeal.

EXCEPTIONS / SPECIAL CIRCUMSTANCES

The City, however, reserves the right, at its sole discretion, to deviate from City-imposed policies and procedures in extenuating circumstances. A request for exception to program guidelines shall be submitted to staff in writing by applicant. Exceptions are defined as any action which would depart from policy and procedures stated in this document.

Attachment A

Kingsport-Bristol-Bristol, TN-VA MSA

<u>Family Size</u> Effective 4/1/2021 – 3/31/2022	<u>80% AMI Income Limits</u> Effective 4/1/2021 – 3/31/2022
1	\$33,400
2	\$38,200
3	\$42,950
4	\$47,700
5	\$51,550
6	\$55,350
7	\$59,150
8	\$63,000