



CITY OF SANTEE - MICROENTERPRISE ASSISTANCE PROGRAM (MAP) POLICIES & PROCEDURES

What is the purpose of the Santee Microenterprise Assistance Program (MAP) Program?

The Coronavirus Pandemic has economically damaged small businesses everywhere including in Santee, causing loss of revenues, layoffs and closures. The City of Santee received \$162,104 in the first round of special Community Development Block Grants (CDBG-CV) funds from the US Department of Housing and Urban Development under the “Coronavirus Aid, Relief, and Economic Security Act” (CARES Act) for preventing, preparing for, and responding to the Coronavirus.

The City of Santee, has created the MAP Program to provide grants to eligible small businesses (microenterprises) for documented revenue losses, to help them continue to operate and rebound.

Must businesses be located in Santee to be eligible for MAP Funds?

Yes. There must be a brick and mortar business location in the City of Santee.

What kinds of small businesses are eligible?

Low Moderate Income (LMI) Microenterprises - Santee for-profit businesses with five or fewer employees INCLUDING the owner(s). The owner’s income must not exceed HUD’s definition for “low” as adjusted for household size. Owner must also be able to demonstrate a loss of revenues due to the coronavirus pandemic equal to or in excess of the grant amount.

What kinds of small businesses are NOT eligible?

The following small businesses are not eligible for MAP assistance:

- Business and microenterprise business owners that have received other sources of funding for MAP eligible expenses, may not be eligible if the receipt of MAP funding would result in a duplication of benefits. Other sources of funding include but are not limited to: Federal, state and local loan/grant programs, private or bank loans, non-

profit donations or loans. See “Duplication of Benefits” question on page 4 for additional information.

- Businesses with more than five employees
- Lending and investment institutions
- Insurance companies
- Non-Profit organizations
- Businesses engaged in any illegal activity per local, state or federal regulations with federal regulations taking precedence over local or state regulations
- Home-based businesses
- Chain stores and franchises
- Businesses with services/products available only to those over 18 years of age

How does an LMI Microenterprise qualify?

The microenterprise has a low-moderate income (LMI) owner or owners. A microenterprise that can document revenue loss caused by coronavirus-related closures and/or government issued health orders and that is owned by an LMI owner(s) may qualify for a grant. The owner must document that his or her household income does not exceed HUD income limits adjusted for household size, using the “HUD 2020 Income Guidelines.” The owner will initially indicate the number of persons (related or not) that reside in owner’s household and the combined annual gross income in the household pursuant to the table below, based on the most current Adjusted HOME Income Limits from HUD (2020). However, owner household income will have to be **verified** as per paragraph 2 below.

Number of Persons in household	With gross annual income not to exceed:		Number of Persons in household	With gross annual income not to exceed:
1	\$64,700		5	\$99,800
2	\$73,950		6	\$107,200
3	\$83,200		7	\$114,600
4	\$92,400		8	\$122,000

LMI owners must provide documentation of their income such as the most recent tax returns, profit & loss reports detailing payments to owners, and similar documents. The City of Santee and its contractor, the East County Economic Development Council, will rely on Annual Income as defined in accordance with 24 CFR Part 5.609.

The applicant must also document business debts, losses and expenses attributable to coronavirus-related closures and/or government issued health orders. These documented debts and expenses must equal or exceed the amount the grant requested.

What can MAP funds be used for?

MAP funds awarded by the City of Santee are to provide financial assistance for business stabilization due to COVID-19 related revenue shortfalls including commercial rent/lease/mortgage payments, utility payments up to four months and the purchase of equipment and supplies related to the implementation of COVID-19 safety measures.

To be reimbursed for the purchase of equipment and supplies related to the implementation of COVID-19 safety measures pursuant (e.g. plexiglass, hand sanitizing stations, barriers, personal protection equipment for employees) to State and County Public Health guidelines, the MAP applicant must provide receipts.

Applicant businesses that have suffered losses but have managed to pay rent and utility bills can still be eligible for a MAP grant. In these cases, businesses awarded grant funds will be eligible to be reimbursed for rent/lease/mortgage and utility payments for up to four (4) months after the execution of a grant agreement. Receipts for rent/lease/mortgage and utility payments must be provided by the grantee (business) to be eligible for reimbursement.

Businesses may generally apply for assistance only once but this policy may change depending upon factors such as whether sufficient funds remain after initial allocations and whether the City receives additional funds from HUD for COVID-19 related purposes.

MAP funds may not pay for reimbursement of expenses or revenue losses incurred prior to date of the City of Santee's declaration of a local emergency on March 18, 2020.

Do businesses have to pay back map funds to City of Santee?

No. Such funds, if used for eligible costs, do NOT have to be repaid as they are grants.

However, applicants are required to self-certify that they have not, and will not be, receiving CARES Act Funding or other funding which would result in either a duplication of benefits or the receipt of assistance in an amount greater than the applicants need. The duplication of benefit from CARES Act or other funds will cause the ineligibility of the applicant and require the immediate repayment of funding from the City of Santee CDBG-CV Microenterprise Assistance (Grant) Program.

What is the maximum grant allowed?

The maximum grant for a low-moderate income microenterprise is \$10,000. Grant size depends upon the demonstrated amount of revenue losses for the business plus the reimbursable costs for COVID-19 related safety measures and supplies.

When can businesses apply for the MAP funds?

Applications are accepted from 9:00am on Monday, ???until 5:00pm on ???, 2021. Only completed applications submitted with ALL required supporting documents will be considered for funds; partial or incomplete submittals will not be reviewed for eligibility.

What other factors must City of Santee establish via application, documentation or records?

1. That the business has experienced a measurable loss of revenue due to coronavirus-related closures and/or government issued health orders as documented through weekly or monthly sales or income documentation. Revenue losses must be documented through documentation such a profit-loss statements, business quarterly tax documents, general ledgers, or register receipts.
2. That the business has less than \$2,000,000 in gross annual receipts as through profit and loss statement.
3. That the business can establish through acceptable documentation that it's been in operation as of September 18, 2019; at least six months prior to March 18, 2020, when the City of Santee declared a "Local Emergency".

What is meant by avoidance of "Duplication of Benefits"?

Under the federal Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act), the City must ensure that it prevents the "duplication of benefits" when using CDBG-CV funds, such as those used by the City under its MAP Program to assist small businesses impacted by COVID-19. A duplication of benefits occurs when person, household, business, or other entity receives financial assistance from multiple sources for the same purpose, and the total assistance is more than the total need.

Essentially, duplication of benefits occurs when a person, household, business, or other entity receives assistance from multiple sources for the same purpose and the total assistance received for that purpose is more than the total need. Example: if a grantee receives City of Santee MAP funds in the amount of \$2,000 per month for April, May, June, and July and the business or business owner receives federal funds (SBA Disaster Loans, Pandemic Unemployment Assistance (PUA) and the Paycheck Protection Program (PPP)) or funding from another source. for these same months in excess of the amount of business needs or total losses, this is a duplication of benefits.

Each applicant will have to sign a self-certification that it will not apply for or accept other federal, state, local or private loans or grants or other assistance for the same purposes for which City of Santee MAP funds will be used or in excess of total costs for that same purpose.

Is the MAP program Equal Opportunity Compliant?

The MAP program will be implemented in ways consistent with the City and East County Economic Development Council'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 statuses (number and ages of children), physical or mental disability, sexual orientation, or other arbitrary cause.

How does a business obtain MAP funds?

An applicant must complete the required MAP funding application and submit ALL supporting documents to the East County Economic Development Council (ECEDC). The application is available on the ECEDC's website (<https://eastcountyedc.org/>).

- 1.** Complete the on-line application form and upload all documents needed to support the business's need for assistance as well as the required documents on the ECEDC's website.
- 2.** Once submitted, the ECEDC will review applications and required supporting documents for completeness. ECEDC staff may contact you to obtain any missing documents, which you must send as soon as possible as only complete application packages will be reviewed for grant eligibility.
- 4.** Incomplete application packages (e.g., incomplete application form, failure to submit ALL required supporting documents) WILL NOT be accepted for further processing by the City of Santee or East County Economic Development Corporation. A business cannot reserve its place in the application queue by submitting a partial or incomplete application.
- 5.** The ECEDC will review the completed application package and based on it will either accept or deny the application and will notify applicants by email. If an application is denied, the ECEDC will state the reason(s) why.
- 6.** If an application is approved by the ECEDC it will then be reviewed by City of Santee staff. City staff may require additional documentation for the application to be considered complete.
- 7.** It is anticipated that grant requests will exceed available funding. In order to assure fairness in the award of funds, applications received during the application period will be administered on a first-come, first-served basis based upon when the application is determined "complete"..
- 8.** Upon approval by the ECEDC and City of Santee, the applicant will be required to execute a Grant Agreement with the City of Santee. The Grant Agreement will contain conditions of the grant, including but not limited to, the prohibited receipt of any other Federal funding for the impacted business or household.

9. The City will provide the applicant with an executed copy of the Agreement. The City will notify the applicant that invoices and other acceptable documents requesting grant funds reimbursement may be submitted. No MAP funds will be granted prior to the execution of the Grant Agreement.

10. Dependent upon the losses suffered by the applicant and if rent\lease\mortgage and utility payments have been paid, grant funds will be paid directly to the organization to which the money is owed or to the business owner upon provision of paid receipts for businesses making payments after the grant agreement execution date.

11. The applicant will be required to sign, under penalty of perjury, a self-certification stating the applicant has not accepted/will not accept other federal, state, or local loans/grants for the same purpose for which the business will receive MAP funds from the City. Other funding sources include, but are not limited to, SBA Disaster Loans, Pandemic Unemployment Assistance (PUA) and the Paycheck Protection Program (PPP). Applicants must also assert that there are no outstanding state or local tax liens or legal judgements. Finally, the self-certification and grant agreement requires that if the business does so accept such other assistance the business will immediately notify the City of Santee and may be required to reimburse the City some or all MAP funds.

What documents may be submitted with a MAP application to verify need?

Documents which may be submitted (uploaded) with the MAP application include, but are not limited to, the following:

- A. Copy of Business License from City of Santee
- B. Internal Revenue Service (IRS) Form W-9
- C. Two most recent Business Quarterly Federal Tax Returns filed.
- D. Bank statements
- E. Profit and Loss Statements
- F. Current balance sheet no older than 90 days
- G. Copy of lease or rental agreement, or mortgage, for your commercial premises in Santee if you are seeking MAP assistance for commercial lease/rent/mortgage.
- I. Copy of lease, rent, or mortgage statement showing what is currently OWED for lease, rental agreement, or mortgage payments
- J. Copy of utility bills for utility payments owed for which you seek MAP assistance.
- K. Receipts for the purchase of COVID-19 related safety measures
- L. Other documents that would substantiate the microenterprises need for financial assistance.

What documents are required to be submitted with a MAP application?

- A. Signed CARES Act Funding Self-Certification
- B. Signed CDBG Self-Certification Form
- C. **AS A LOW/MOD INCOME OWNER OF A MICROENTERPRISE**, your most recent personal tax returns are required.

The City of Santee reserves the right to ask for further information under these Policies and Procedures in order to approve applications and/or process payments, including but not limited to, paystubs, cancelled checks, receipts, or copies of bank statements.

Meeting CDBG Microenterprise Definition Requirement

Applicants for this program must meet the CDBG definition of a microenterprise business. All employees, part-time and full-time, on the business payroll at the time of the 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 city will require the business to provide records documenting the current number of employees on the payroll, including all owners of the business. This is to ensure the microenterprise has five (5) or fewer employees. To be eligible for CDBG-CV microenterprise financial assistance, the microenterprise business owner(s) must also be eligible per the national objective requirement as provided below.

Meeting CDBG National Objective Requirement

Under federal regulations, use of CDBG funds for microenterprise activities must meet the national objective of benefit to low/moderate (“low-mod”) income persons under the Limited Clientele definition. As such, all microenterprise owners must be documented as meeting HUD’s low/mod income definition prior to receiving any Program services. This is in addition to meeting the definition of a microenterprise, as described above. The City and ECEDC will verify the microenterprise owner(s) meeting HUD’s low/mod income requirement by completing the HUD Part 5 income verification process. Financial assistance program applicants must submit document documentation to complete the Part 5 HUD income verification process to determine program eligibility.

City reserves right to amend Policies and Procedures

The City of Santee and East County Economic Development Council cannot foresee all contingencies and therefore reserves the right to make exceptions and revisions to these Policies and Procedures. Any such revision will not require and amendment to the agreement between the City of Santee and East County Economic Development Council for the Administration of this program.