OFFICE OF PLANNING AND
ECONOMIC DEVELOPMENT

CITY OF SPRINGFIELD SMALL BUSINESS ASSISTANCE PROGRAM

Funded by the Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) Program

Mayor Domenic J. Sarno

Introduction

The CDBG Small Business Assistance Program is intended for small businesses in Community Development Block Grant (CDBG)-eligible areas in the City of Springfield. The program aims to provide financial support, increase economic activity, and retain and create jobs for small businesses. Applications that avoid basic operating costs as proposed uses and that demonstrate how the proposed uses would build upon current economic activity will score favorably.

This program is funded by the United States Department of Housing & Urban Development (HUD), under the CDBG program. The program is administered by the Office of Planning & Economic Development (OPED) and the Community Development Department (CD).

Interior buildout projects that comply with the program guidelines are eligible expenses. Since the program funding comes from a federal program, any elements of construction must comply with federal construction guidelines, including on-site construction monitoring, environmental/historical review, access and review of all project files, and submission of project receipts and proof of payment. Completion of all required forms will be strictly enforced.

As part of the federal funding requirement, **Davis-Bacon wages** must be paid and included within bids submitted by contractors. Awardees that do not adhere to all project requirements will be required to reimburse the City of Springfield for all awarded funds. For any construction project elements costing more than $2,000, the applicant must supply at least two (2) quotes to ensure cost reasonableness. For any purchases or non-construction project elements costing more than $3,500, the applicant must supply at least two (2) quotes/prices to ensure cost reasonableness.

For any exterior buildout proposals, applicants will be required to comply with the Storefront Improvement Program guidelines, which the program administrator can provide information for.

Program Goals

The goal of the Small Business Assistance program is to increase economic development in eligible zones throughout the City, not exclusive to downtown-oriented businesses. Increasing economic activity takes many forms, but specifically through this program (and per the goals of CDBG/HUD programming), it will primarily focus on the following goals:

- To assist the growth of small, ground floor, for-profit businesses in Springfield, and to specifically create and retain jobs.
- To preserve special characteristics of neighborhood shopping areas by helping small businesses become successful, to foster a sense of place, and attract visitors to the area.
- To promote an attractive environment for new investment and business activity in the City of Springfield.
- To foster the economic revitalization of the commercial corridors through increased sales and increased valuation of properties.

Funding Limit: Business owners may apply for up to $25,000.

Applicants that have received prior small business assistance funding (including but not limited to American Rescue Plan Act or CDBG Small Business Assistance funding) since 2021 are not eligible. A property address, business owner, or property owner may only receive project funding from this program once every five (5) years. Applicants involved in multiple ownership organization types (LLC's, etc.) will be considered an owner in each organization.

Businesses that have been established for less than 2 years (which will be documented either through the Secretary of State database or the City Clerk's business certificate) must submit a business plan, written and reviewed with the Massachusetts Small Business Development Center (MSBDC). Businesses can make an appointment with MSBDC here: Massachusetts SBDC | UMass Amherst. Solicitation of MSBDC will be verified by the Program Administrator. Businesses that have been established for more than 2 years will be required to submit their 2 most recent tax returns.

Ineligible Applicants: Applicants who have defaulted on past City of Springfield business loans/grants, are ineligible to apply. Applicants that have defaulted on any HUD loans, grants or fees are also ineligible for the program.

Applicants must be current with any city, state, or federal taxes, fines, or fees including any active code violations prior to going to contract. If the property owner, is different than the business owner and has active violations or owes any fees/taxes, the business owner in not eligible for the program as well.

If during the contracting process the program administrator finds that the awarded business has outstanding financial obligations to the City of Springfield or has any current violations, funding awards will be withheld until payment receipts for outstanding are submitting to the program administrator

Project Design: The City maintains final approval on design of all improvements. No commitments should be made to contractors prior to city design approval. While it is not required to provide architectural sketches, applicants should include as much detail about the planned designs as possible, including but not limited to materials and appearance. Without sufficient details about the design, the review committee cannot move forward with application review. For businesses located in historic districts, applicants will be required to obtain the approval of the Springfield Historic Commission for all exterior changes to the property. It is highly encouraged to acquire renderings and as much detail about the project as possible from their contractors for the Historical Commission to review at their meetings. If the Historical Commission does not have sufficient project design details, they may require more

information and require the business owner to reappear before them at subsequent meetings.

Project Start: The City will not fund or reimburse projects that have already begun construction prior to a contract being executed. Do not start any project construction without receiving a fully executed contract and notice to proceed in writing from the City of Springfield.

Project Changes: Once under contract, scope and/or contractor changes are not permitted without the prior notice and approval of the program administrator. **Changes of scope and/or contractors without approval from the program administrator will result in the project being placed in default, resulting in the funding award being returned and/or the project being cancelled**.

Types of Businesses Eligible:

Businesses must be open and operating with an active commercial space in the City of Springfield. Businesses must be located in CDBG-eligible census tracts. Since eligibility is determined by the business location, reach out to the program administrator to confirm eligibility or use the City's online GIS database at: https://maps.springfield-ma.gov/gis/

Eligible types of businesses include (but are not limited to):

- Retail shops (i.e. clothing, antiques, etc.)
- Restaurants, taverns, pubs, and bars with food service (NOTE: only bars/pubs where the majority of revenue comes from food sales, not alcohol sales)
- Professional services (i.e. insurance, accountants, architects, doctors, lawyers, etc.)
- Personal services (i.e. barber shops, hair/nail salon, dry cleaners, laundromats, etc.)
- Certain repair services (i.e. office equipment, radio/television, bicycle, furniture, locksmith, etc.)
- Business services (i.e. advertising, office management, etc.)

Types of Businesses Not Eligible:

- Home-based and web-based businesses
- Banks, savings and loan associations
- Non-profit uses (exceptions may be made if the organization can demonstrate a strong retail presence)
- Auto repair shops, auto retail establishments, and auto/transportation related businesses
- Gas stations
- Adult entertainment establishments
- Liquor stores
- Night clubs
- Regional franchises and international franchises
- Real estate investment businesses or residential use-associated businesses
- Properties with no active tenants
- Cannabis- or tobacco-related businesses
- Properties used entirely for residential purposes
- Properties with no active tenants
- Businesses with exterior roll down/steel doors (funds may be used for removal)
- Businesses with exterior security/steel window bars (funds may be used for removal)

- Businesses with a significant history of non-compliance with code enforcement orders

Funding Uses
Businesses may apply for up to $25,000 for the below funding uses.
Proposed funding uses should be oriented toward expanding the current capacity of the business or address business expenses that are not related to operating costs. The business's application should demonstrate how the funding uses create new opportunities within the business or address a long-term need. Eligible uses include (but are not limited to):

- Equipment purchases (i.e. stoves, refrigerators, computers, etc.)
- Furniture purchases
- Interior and exterior buildout – all construction must comply with federal construction requirements (described under Construction/Buildout Guidelines) and exterior buildout projects must comply with the Storefront Improvement Program design guidelines
- Plumbing, electrical, or other building improvements
- Website & marketing services that increase/improve the business's online presence
- New employee payroll

Ineligible uses include (but are not limited to):

- Reimbursements for rent, utilities, etc.
- Property taxes, fines or fees owed to the City
- Current employee payroll
- Vehicle-related expenses
- Mortgage payments if the business owner owns the property
- Ongoing or already completed construction/buildout
- For exterior buildout/construction – see the Storefront Improvement Program eligible uses and design guidelines for listed uses

Program Requirements

- Applicants are not required to provide an applicant match, but applications including a match will score favorably.

- The business must be located in a CDBG eligible census tract. Before submitting an application, notify the program administrator to determine the business's eligibility. A map showing the eligible census tracts can be found on the City's small business assistance webpage: https://www.springfield-ma.gov/planning/business-assistance

- Businesses in HUD Neighborhood Revitalization Strategy Areas (NRSA) will score favorably. The Program Administrator can confirm if the business is in a NRSA when confirming eligibility.

- Applications may be submitted by property owners and/or tenants; however, if a tenant submits an application, the property owner must provide written permission for the work to be completed. The application must include a Property Owner Acknowledgement form signed by the property owner and business owner.

- Both the tenant and property owner must agree to maintain the improvements in good condition for one (1) year following issue of the grant. The business must also remain fully open for at least two (2) years at the project address following the issue of the grant. If a business moves locations, in or out of the City less than two (2) years after the project is completed, the business owner must provide proper reasoning demonstrating the necessity of the relocation. Otherwise, the business will not be compliant and will be required to return awarded funding.

- Businesses must remove any existing exterior roll-down security gates and remove existing exterior security/steel window bars in order to receive funding. Removal of these security systems are costs that are eligible for funding under this grant program and may be included in the project scope.

- Expenditures that exceed the approved project costs shall be the sole responsibility of the applicant.

- Applicants will be accepted and screened for basic compliance (i.e., location, property eligibility, intended improvements, etc.). Applications will then be evaluated on their individual merits and compliance with program goals. The scoresheet for the program can be found at the end of the program guidelines.

- As a requirement of the federal funding source, the City of Springfield will need to complete an "Environmental Review," which includes a state-level historic construction review that begins when the project is approved. This is the responsibility of the city and not the applicant, however it does take time and the applicant may need to provide additional information/design details in order for this to be completed. This process does not do environmental testing on properties; rather it is a larger review of project impact and can include items such as historic preservation impact. The city Program administrator will provide you with more information on the timeline of that process. Environmental Review can take up to four (4) weeks or more, but during this time, the awarded businesses can compile their contract documents.

- The subject property may not have active code enforcement actions. Properties/businesses with active code violations are not eligible for the program and if the program administrator discovers violations during the contracting process or during the contract period, the City will withhold funding or require the business to return the funding.

- The subject property must be structurally sound and in compliance with applicable building codes, sanitary codes, and zoning regulations.

- Applicants must comply with all state and local laws and regulations pertaining to licensing, permits, building code, zoning requirements, environmental requirements, etc. **OPED approval of the project does not include license/permit approval,** and the Program Administrator will require submission of contractor licenses prior to reviewing applications. The Program Administrator may also require the submission of permits prior to releasing funding. Applicants

and their contractors are responsible for acquiring the appropriate permits.

- Applicant must be registered with the City Clerk's office and provide a business license for the grant application and/or contract.

- Work must be conducted by properly licensed contractors. The City encourages the use of Springfield based contractors. Contractor licenses must be submitted with bids submitted with application.

- This program requires compliance with Davis-Bacon wages for all construction projects, and will require city monitoring of all construction activity. As such, each applicant will need to produce at least two (2) Davis-Bacon wage competitive proposals from licensed and bonded contractors. Submitted quotes must indicate on the quotes that the contractor is using David-Bacon wages and the specific wage codes. If the contractor working on the site is not paying Davis-Bacon wages, the applicant will be forced to stop work and pay back the awarded funding.

- The two (2) provided quotes must have nearly identical scopes regarding materials, services, and anything else required for the project. If quotes with dissimilar scopes of work are submitted, the applicant will be asked to provide more quotes.

- If the applicant provides quotes for different parts of the proposed project, a minimum of two (2) Davis-Bacon wage quotes must be provided for each aspect. This means that if the applicant submits a quote for plumbing work and a quote for flooring work, there must be a minimum of two (2) quotes each for plumbing work and flooring work. Of the two (2) submitted quotes, the applicant must select the cheaper quote per the regulations set by the federal Department of Housing and Urban Development.

- Awarded businesses are subject to planned and unplanned site visits for contractor interviews. If the contractor working on the site is not paying prevailing wages, the applicant will be forced to stop work and pay back the awarded funding.

- In accordance with the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PROWRA), Section 214 of the Housing Act: 42 U.S. Code § 1436a and U.S. Department of Housing and Urban Development (HUD) Memorandum 25-03, in order to prevent federal public benefits being provided to those not lawfully present within the United States and/or those not lawfully entitled to public benefits based on immigration status, all applicants are required to provide documentation to demonstrate applicant identity and applicant legal status to receive federal public benefits. It is applicant's responsibility to sign the Declaration and Consent Form and provide the required documentation. The City of Springfield will be required to utilize the documentation provided to verify applicant legal status and eligibility to receive federal public benefits through the Systematic Alien Verification for Entitlements (SAVE) System operated by the U.S. Citizenship and Immigration Services Verification Division of the Department of

Homeland Security. The City of Springfield makes no representations and/or is not responsible for any action taken by the U.S. Citizenship and Immigration Services Verification Division of the Department of Homeland Security (DHS-USCIS) due to verification of legal status using the SAVE System.

- If the proposed project is funded, the Recipient and its contractors are obligated at all times to carry sufficient insurance coverage in amounts satisfactory to City and as required to protect Agreement assets from loss due to theft, fraud, and/or undue personal injury or property. Recipient is required to carry the following types of insurance coverages and amounts:

    - Comprehensive General Liability insurance shall be obtained (Limits: $1,000,000/$2,000,000 (per occurrence/annual aggregate)).
    - Where applicable, Comprehensive Automobile Liability coverage shall be obtained, including all owned Automobiles; Non-Owned Automobiles; Hired Car Coverage (limits: $500,000/$1,000,000 (per occurrence/annual aggregate)).

  The City of Springfield shall be listed as Additional Insured on all of the above policies and there shall be a stipulation that insurance provided shall not terminate, lapse or otherwise expire, prior to thirty (30) days written notice to that effect, given by the insurance carrier to the City, and that the insurance carrier will not invoke the defense of performance of governmental function of the provider in performing their contract with the City. Awardees unable to maintain the limits and list the City as additionally insured cannot receive funding.

Additional Review

Properties within a local or national Historic District or of other historic significance will need prior approval by the Springfield Historical Commission for any exterior changes. Properties located in an approved Urban Renewal District may require review and approval by the Springfield Redevelopment Authority. If you are uncertain if your business is in a historic district or an Urban Renewal District, contact the Program Administrator to confirm.

Project Goals/Criteria/Funding Determinations

Projects will be reviewed by the Office of Planning & Economic Development for how the applications meets the following goals. Please note, due to funding limitations, not all applications will be funded, and some may not be funded at the full request amount.

OPED will keep the following criteria in mind when assessing applications:

- Creation/retention of jobs
- The funding uses and how it leads to business growth in terms of sales, revenues, reach to customers, etc.
- Neighborhood benefit in terms of adding new amenities, commitments to hiring local residents, providing a much-needed service, etc.
- Commitment to matching funding
- Business environmental/structural remediation and stabilization

Application Process

It is important that applicants do not start any work until a contract between the city and applicant has been fully executed and you receive a notice to proceed from the Program Administrator.

Step 1: Interested applicants should contact the program administrator and provide basic project information, business information (address, etc.), and interest in program. Program administrator confirms eligibility for program based on business address and project scope.

Step 2: Applicants should then go to the following link to complete the online application: https://www.springfield-ma.gov/planning/business-assistance/storefront-grants

1. You will need the following attachments:
2. W9 Form with the legal business name and information
3. Vendor Maintenance Form
4. Declaration and Consent to Verify Legal Status
5. Property Owner Acknowledgement Form
6. Copy of construction bids from at least two (2) licensed and insured contractors that comply with Davis-Bacon wage rates and/or product prices
7. Copy of your lease if you are a tenant.

A blank copy of attachments 1, 2 & 5 can be found on the Office of Planning and Economic Development website here: Storefront Grants: Planning & Economic Development, City of Springfield, MA. During the quote acquisition process, the Program Administrator cannot be the point of contact for contractors; communication with contractors must be solely done by the applicant.

Step 3: Once application is fully complete, including all attachments, and submitted online, the program administrator shall review the application, and contact the applicant about additional questions/clarifications about the project. Applications will be scored by City officials including but not limited to from the Office of Planning and Economic Development and/or Community Development.

Step 4: The program administrator shall notify the businesses if their application was selected or not for funding. If selected for funding, the business will enter into the city contracting process, where the program administrator shall provide the required contract documents. No business shall begin improvements until a contract is fully signed by all parties and the program administrator provides a notice to proceed in writing.

Step 5: The program administrator will coordinate with appropriate city departments to complete the required Environmental Review. This process is required, and may take 30 days or longer depending on site characteristics.

Step 6: The program administrator will contact the applicant to notify them that the contract is fully executed and they can get the contractors schedule to begin work. The City will need the schedule in order to perform the Employee Interview. Once this is received the project can begin.

Grant Disbursement Process

There are two (2) ways grant funding can be disbursed to awarded businesses. Typically, the City awards grants on a reimbursement basis where businesses provide payment confirmation documentation, preferably in the form of cancelled checks, for either part of or the entirety of the project. For each round of submitted payment confirmations, awarded businesses must submit invoices showing the work completed with the payment as well. The City recommends the following steps for grant disbursement:

1. Complete the project after receiving the notice to proceed from the program administrator
2. Pay contractors for services and acquire cancelled checks/other documentation for the payment confirmation
3. Submit the cancelled checks/payment confirmations and contractor invoices to the program administrator, who will start the payment process. Additional documentation may be requested (i.e. bank statements)
4. If submitted payment confirmation is approved by project manager, in approximately 2 weeks after the payment confirmation is submitted a check for the full reimbursement will be available. If the payment confirmation covered only part of the project costs, then the business owner will repeat this process for the remainder of the funding.

The City will not reimburse project costs without documentation, so business MUST NOT pay contractors in cash. Submitted cancelled checks must include the front and back of the checks.

The City is also able to make upfront payments for the grant, which will typically be completed in at least three (3) payments – 25%, 50%, then 25% of the grant funding would be disbursed. To demonstrate the necessity of an upfront payment, contractor quotes should note that to begin work, they require a deposit/upfront payment or the contractor must provide a statement confirming the deposit requirement. Once the program administrator has this documentation, businesses will complete the following steps:

1. Pay their contractor, utilizing the entirety of the first check – the City will not provide another payment until the first payment is completely spent with payment confirmations
2. Acquire cancelled checks/payment confirmations and contractor invoices totaling the first check amount and send to the program administrator
3. The program administrator will begin the payment process, potentially requesting more documentation
4. The next check will be disbursed to the business owner upfront, and to acquire more funding, the business will send the program administrator the same documentation. Business owners are required to submit cancelled checks/payment confirmations for their final payment as well – if the business owner does not submit the payment confirmation within a reasonable amount of time, the business must return the grant funding and will be barred from applying to CDBG-funded City grants in the future

Post Loan Award Requirements

Following the award of a grant, the applicant will be monitored periodically by City staff to ensure compliance with the CDBG program. Therefore, the grant recipient shall agree to make company records and payroll available to the City upon request. The city will also schedule on-site monitoring visits and may ask to interview contractors and employees working on the project.

The business must remain in compliance and in operation for two (2) year from the date of contract. Should the business cease operations or significantly alter the improvements funded through this grant

within one (1) year of the date the contract was signed, repayment to the City of for the entire grant amount may be required.

Scoring Sheet – Small Business Assistance Program

APPLICANT NAME: _____ DATE:_____

1. **Program goals and guidelines (0-6 points)**

The proposed project improves the business interior and/or the streetscape and is compliant with the program guidelines – the proposed project would clearly positively impact the business. The applicant provided high quality quotes and other documentation.

____/6

_____
_____
_____

2. **Leveraging (0-4 points)**

The applicant will provide an applicant match from private or other kinds of funding sources. The applicant can provide documentation confirming the leveraging if possible.

_____/4

_____
_____
_____

3. **Community and economic development benefits (0-4 points)**

The applicant business offers needed services to city residents, participates in improving the community and offers additional benefits to the neighborhood it is located in. The improvements would encourage positive economic development.

_____/4

_____
_____
_____

4. **Neighborhood Revitalization Strategy Areas (NRSA)**

1 pt – The business is located in a registered NRSA.

0 pt – The business is not located a registered NRSA.

5. **<u>Strength of business and/or business plan (0-5 points)</u>**

FOR NEW BUSINESSES

The applicant provided a strong business plan with clearly outlined timelines and aggressive but realistic goals. It is evident that the MSBDC reviewed and approved of the business plan. The business is clearly growing or has strong projected growth.

FOR ESTABLISHED BUSINESSES

The business's tax returns clearly indicate that the business is growing and/or stable with increasing/maintained revenue.

____/5

_____
_____
_____

MAXIMUM SCORE: 20 POINTS

Applicants must score 15 points or greater to receive funding

FINAL SCORE: _____