



CITY OF SPRINGFIELD, MASSACHUSETTS

THE CITY OF FIRSTS

MAYOR DOMENIC J. SARNO

CDBG Small Business Assistance Program Program Guidelines



Introduction

The CDBG Small Business Assistance 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).

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. “Small businesses” include any Springfield business with less than 500 employees with an active storefront in Springfield. The goal of the program is to expand upon and augment existing conditions and services rather than assist with basic operating costs – proposed funding uses should demonstrate how the grant funding would create new opportunities for the business.

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. Applicant must be current on all federal, state and City taxes, fines and fees.

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.

Funding Availability

The program is structured as a grant program, conditional upon performance of all program requirements. No single project will receive more than \$50,000, however typical awards will range from \$5,000 - \$15,000. Projects that show extenuating need, significant projected job and revenue growth, and/or additional benefits to the community, may be eligible to exceed the typical award range.

Due to limitations on funding availability, business owners who own multiple businesses may not receive awards for multiple businesses under this program, including businesses they may only own a portion.

If the applicant received \$25,000 or more of City financial assistance after January of 2019, including but not limited to American Rescue Plan Act (ARPA) and Storefront Improvement Program funding, they are ineligible for the program. A property address, business owner, or property owner may only receive project funding from this program once every five (5) years of the contract date. Applicants involved in multiple ownership organization types (LLC’s, etc.) will be considered an owner in each organization.

Program Goals

- To assist the growth of small for-profit businesses in Springfield, and to 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 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.

Types of Businesses Eligible

Active, open, existing small businesses with an active storefront in the City of Springfield in CDBG-eligible areas are eligible for funding. “Active, open and existing” means a single-business ground floor storefronts are eligible, with at least 30 hours per week, consistent, accessible hours and does not include collaborative workspaces. 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/>

Eligibility of the businesses is determined by City staff. Eligible types of businesses include (but are not limited to):

- Retail shops (i.e. clothing, antique shops)
- Restaurants, taverns, pubs, and bars with a significant amount of food service
- Personal services (i.e. barber shops, hair/nail salon, dry cleaners, laundromats)
- Certain repair services (i.e. office equipment, radio/television, bicycle, furniture, locksmith)
- Business services (i.e. advertising, office management)

Businesses that have been active in Springfield for less than 2 years, which will be determined by the Secretary of State’s corporate listing or registered with the City of Springfield City Clerk, must submit an approved business plan with their application.

Businesses without business plans must go through the Massachusetts Small Business Development Corporation (MSBDC) to create a business plan, which the program administrator can provide the contact information for. New businesses that already have business plans must also have the MSBDC review and approve of their business plan. Businesses that have been active in Springfield for more than 2 years do not have to submit a business plan.

Non-Eligible Businesses

- Businesses that received \$25,000 or more City funding after January of 2019
- Home-based and web-based businesses
- Banks, savings and loan associations
- Non-profit uses
- Auto repair shops, auto retail establishments, and auto/transportation related businesses
- Gas stations
- Adult entertainment establishments
- Liquor stores
- Night clubs

- Bars with no significant food service
- National franchises and international franchises (exceptions can be made for locally owned franchises)
- Real estate investment businesses or residential use-associated businesses
- Properties with no active tenants
- Cannabis-related businesses
- Pawn shops

Funding Uses

Eligible uses include (but are not limited to):

- Equipment purchases (i.e. computers, point of sale devices, kitchen equipment, fixtures)
- 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
- New additions to current inventory and/or currently offered services
- Website services that increase/improve the business's online presence
- Additions to staffing (business must have certified payroll)

Ineligible uses include (but are not limited to):

- Reimbursements for rent, utilities, mortgages, debts of any kind, etc.
- Property taxes, fines or fees owed to the City
- Payroll/employee wages of existing staff
- Vehicle-related expenses
- Ongoing or already completed construction/buildout/contracted work
- For exterior buildout/construction – see the [Storefront Improvement Program ineligible uses and design guidelines](#)

Construction/Buildout Requirements

For grant uses involving construction or buildout, there are additional reporting and documentation requirements:

- Proposed projects cannot proceed without property owner approval. Businesses with buildout projects must submit a property owner approval form with their application
- Work must be conducted by properly licensed contractors. The City encourages the use of Springfield-based contractors and MBE/WBE/VBE certified contractors. Before releasing payments to the awarded business, proper permits and contractor licenses must be submitted to the program administrator.
- This program requires compliance with Davis-Bacon/prevaling wages for all construction projects totaling more than \$2,000, and will require City monitoring of all construction activity.

As such, each applicant will need to produce at least two (2) prevailing wage competitive proposals from licensed and bonded contractors. **Submitted quotes must indicate on the quotes that the contractor is using Davis-Bacon wages. 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.**

- 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) prevailing wage quotes must be provided for each aspect. This means that if the applicant submits a quote for glasswork and a quote for façade work, there must be a minimum of two (2) quotes each for glasswork and façade work.
- The City maintains final approval on design of all improvements that may be funded through this program. If the project includes exterior storefront improvements, the city will provide Design Guidelines from the Storefront Improvement Program to follow.
- The City will not fund or reimburse projects that have already begun construction prior to a contract being executed or an award letter being granted. Do not start any project construction without receiving a fully executed contract and award letter from the City of Springfield.
- Once under contract, no project may change project scope or contractors without the prior notice and approval of the City of Springfield program administrator. Changes of scope and/or contractors without City approval may result in the project being placed in default.
- The City encourages property owners to restore historic elements of properties when possible. Businesses located in any historic district making exterior improvements is required to appear before the Historic Commission for project approval prior to contracting. In 1939, a photo of each property in the city was taken and many are available at the City of Springfield Building Department. Many are now scanned online at: <https://springfieldpreservation.org/wpa/>. The City reserves the right to deny applications with construction elements that are not historically appropriate, don't comply with the Storefront Improvement Program design guidelines, or do not generally apply appropriate design principles.
- After receiving a fully executed contract and award letter from the City, the awarded business must submit a project schedule and a signed contractor agreement to the program administrator. Work cannot begin on the site until both documents are submitted.

Program Requirements

- Applicants must submit 2022 and 2023 tax returns with their application – applications will not be considered complete until the tax returns are included in the application.

- The business must be located in a CDBG-eligible area. The program administrator can confirm if the business location is eligible before the business submits an application.
- Business must remain located in the city of Springfield for a minimum of one (1) year following issue of the grant. Business relocating out of Springfield within one (1) year of the award will fall out of compliance and will be required to return funding.
- This grant is intended only for commercial for-profit businesses. This program is not intended for non-profit organizations.
- Expenditures that exceed the approved project costs shall be the sole responsibility of the applicant.
- As a requirement of the federal funding source, each project including construction needs to complete an Environmental Review, 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. This process does not do environmental testing on properties; rather it is a larger review on 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 must 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.
- The subject property must not have delinquent taxes, including property taxes, and neither the tenant nor the property owner may have other delinquent taxes outstanding. Property owners or tenants with delinquent taxes, fines or fees will be ineligible to apply for this grant funding until they are current.
- **Disbarred/Debarred/Defaulted Applicants:** Debarred businesses, at the state or federal level, are not eligible for the program. Applicants who have defaulted on past City of Springfield business loans/grants, and/or currently have active code violations are ineligible. Applicants must also be current for any city, state, or federal taxes, fines, or fees prior to applying. Applicants that have defaulted on any HUD loans, grants or fees or have a significant history of nonpayment of City loans/grants are also ineligible for the program. **For businesses renting their storefront, if the property owner owes taxes and/or fees to the City, the business is ineligible for the program.**
 - Tax certification affidavits must be submitted with the business's application. When an application is completed, the program administrator will confirm with the City Clerk's office whether or not the applicant or the property owner of the business's location owes any City taxes or fees. If there are due fees and/or taxes at the time of application,

the applicant will have 30 days to address them before the business is deemed ineligible for the program.

- If during the contracting process the program administrator finds that the awarded business owes City taxes/HUD fees or have any current violations, funding awards will be withheld until tax payment receipts are submitting to the program administrator.
- 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.** Contact the City's Building department and/or Department of Public Works to get information on the appropriate permits.
- For equipment purchases greater than \$3,500, two quotes will need to be collected for each purchase. The City reserves the right to request quotes for purchases below \$3,500 to ensure cost reasonableness.
- Awarded businesses will be required to list the City as additionally insured and maintain certain coverage limits on their insurance during the contract period. A sample certificate of insurance including the language and limits is available for download on the City's website.
- Businesses in recognized Neighborhood Revitalization Strategy Areas (NRSA) will score favorably. The program administrator can confirm if the business is in a NRSA. If you would like to learn more about NRSAs, review the City's [NRSA plan](#).
- Businesses that have been active in Springfield for less than 2 years, which will be determined by the Secretary of State's corporate listing and submitted tax returns, must submit a business plan with their application. Businesses without business plans must go through the Massachusetts Small Business Development Corporation (MSBDC) to create a business plan, which the program administrator can provide the contact information for. New businesses that already have business plans must also have the MSBDC review and approve of their business plan. Businesses that have been active in Springfield for more than 2 years do not have to submit a business plan.
- For applicants seeking payment for new payroll expenses – after contracting is complete, the business will need to provide proof of payment to new employees. This will include relevant payroll ledgers and/or cancelled checks, for employees paid. This should include the name of the employee, hours worked, dates of pay period, and withholdings. Payroll submissions will be reviewed to ensure compliance with minimum wage, overtime and tip credit requirements.

Additional Review

Properties within a Local 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.

Project Goals and Evaluation Criteria

Projects will be reviewed by the Office of Planning & Economic Development and Community Development Department 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.

After receiving a completed application, City staff from OPED and CD will assess the application using the scoresheet attached to the end of these guidelines. In alignment with the program goals, OPED and CD will keep the following 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.
- Certified MBE/WBE/VBE status
- Commitment to matching funding
- Demonstrated need and lack of other funding opportunities
- Business environmental/structural remediation and stabilization

APPLICATION AND GRANT PAYMENT INFORMATION

Application Process

If a business is seeking to undertake construction using grant funding, **the business cannot begin construction until given an executed contract, not an award letter**. The City will not fund projects that have already begun or begin before contracting is complete. For businesses seeking to purchase equipment, they shall not make any purchases until the business receives a fully executed contract.

Step 1: Eligibility for the program is determined by the business's address, so interested applicants will reach out to the program administrator to confirm if the business may submit an application:

Wilson Darbin
Office of Planning & Economic Development
70 Tapley Street, Springfield, MA 01104
Phone: 413-750-2810
Email: wdarbin@springfieldcityhall.com

Step 2: Eligible applicants will fill out the online application through Cognito forms: (link to application). Applications **must** be filled out online.

NOTE: The application will request a Unique Entity Identifier (UEI), a federal identification number assigned to business entities receiving federal funding. The UEI does not need to be available at the time of application, but will be required when contracting begins. When contracting begins, the program administrator can assist the awardees with acquiring the UEI.

Documents needed for the application are available for download on the City's website.

For projects including construction – Attach 2 competitive quotes from licensed contractors clearly stating that the contractor used Davis-Bacon/prevaling wages when calculating labor costs to the application. Quotes without the prevailing wage statement, sufficient information or clear scopes of work will not be accepted.

For business owners that are tenants – Attach a current lease and a signed property owner approval form to the application.

Step 3: Once the application is complete, the business owner must **submit** the application and an automatic confirmation email will be sent to the applicant.

Step 4: The program administrator will receive the confirmation of submission and will coordinate with appropriate city departments to review the application. A scoresheet showing the breakdown of the assessment can be found at the end of these guidelines.

Step 5: The program administrator shall notify the businesses if their application was selected 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. After the applicants submits all the required contracting documents, the contract will be signed by all appropriate City departments, For

projects including construction, applicants must not begin work until the contracting process is complete and given a notice to proceed from the City.

Step 6: The program administrator will contact applicant to notify them that the contract is fully executed and the project may begin.

Grant Disbursement Process

For all projects including construction, payment will not be disbursed until the Program Administrator receives the appropriate contractor licenses and permits. 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 and/or complete all approved purchases 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, within approximately 30 days 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 two (2) payments. 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, an upfront check will be made available. After receiving payment, 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 for the new expenses. Business owners are required 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 and/or by the end of the contract period, 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 one (1) 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 will be required.

Attachment A: Project Review Scoresheet

Scoring Sheet – CDBG Small Business Assistance Program

APPLICANT NAME: _____ DATE: _____

1. Funding use and impact (0-3 points)

3 pts – The applicant’s proposed funding use would clearly have a significant positive impact on the business and stimulates growth and economic activity, possibly including creating/retaining jobs.

2 pts – The applicant’s proposed funding use would have a notable impact on the business, stimulating some growth and economic activity, possibly including creating/retaining jobs.

1 pt – The applicant’s proposed funding use would have little to no positive impact on the business; job creation/retention is not addressed.

0 pt – Non responsive.

2. MBE/WBE/VBE (0-2 point)

2 pt – The applicant’s business is minority-, women- and/or veteran-owned.

0 pt – The applicant’s business is not minority-, women- and/or veteran-owned.

3. Leveraging (0-2 point)

2 pt – The applicant will provide a significant applicant match (>50%) from private or other kinds of funding sources. The applicant can provide documentation confirming the leveraging if possible.

1 pt – The applicant will provide minimal leveraging (>50%). Documentation of the leveraging may or may not be available.

0 pt – The applicant will provide no leveraging.

4. Community benefit (0-4 points)

4 pts – 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.

3 pts – The applicant business offers some needed services and/or benefits to the neighborhood it is located in; community involvement is minimal but present.

2 pts – The applicant business would have limited positive impact on the neighborhood and community; needed services and benefits are minimal.

1 pt – The applicant business would have little to no positive impact on the community – services provided are not evidently beneficial or necessary to the neighborhood.

0 pts - Non responsive.

5. 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.

6. Strength of business and/or business plan (0-4 points)

FOR NEW BUSINESSES

4 pts – 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. The applicant also pursued small business assistance resources through MSBDC or other regional organizations.

3 pts – While the business plan was clearly reviewed by the MSBDC, the business plan has certain gaps but projected growth and goals are clear. The applicant also pursued small business assistance resources through MSBDC or other regional organizations.

2 pts – The applicant provided an acceptable business plan with a relatively reasonable and understandable timeline. It may or may not be apparent that the MSBDC reviewed and

approved of the business plan. Business growth is not evident and the applicant did not pursue any small business assistance resources.

1 pt – The applicant provided a weak business plan with minimal detail that was not reviewed about the MSBDC. There is no evidence of business growth and the applicant did not pursue small business assistance resources.

0 pts - Non responsive.

FOR ESTABLISHED BUSINESSES

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

3 pts - The business’s tax returns indicate moderate growth and stability, but still shows an upward trajectory in revenue

2 pts – The business’s tax returns indicate little to no growth in revenue and it is ambiguous if the business has a positive trajectory

1 pt – The business’s tax returns do not indicate that the business is growing or stable and revenue is showing little to no growth.

0 pts - Non responsive.

MAXIMUM SCORE: 16 POINTS

Applicants must score 12/16 or greater to receive funding

FINAL SCORE: _____