

City of Tustin

COVID-19 Related

Small Business Emergency Grant Program Phase II

Program Guidelines



Program Overview

About the Program

The City of Tustin has created a Small Business Emergency Grant Program, which will provide funding to small businesses needing financial assistance in overcoming the temporary loss of revenue due to the COVID-19 outbreak. This second phase of funding expands the eligibility criteria to allow for-profit businesses which have previously received alternative sources of funding such as the Economic Injury Disaster Loan (EIDL) or Paycheck Protection Program (PPP) Loan to participate as well as allows businesses not located within a commercial or industrial space (e.g. home-based businesses.) to participate. The program is based on the availability of funds, program guidelines and submission of all required information and supporting documentation. Small businesses with twenty-five (25) or less employees (full or full-time equivalent combination) may be eligible to receive a working capital grant of up to ten thousand dollars (\$10,000). Home-based businesses may be eligible to receive a grant of up to two thousand, five hundred dollars (\$2,500) and will be limited to no more than twenty percent (20%) of the eligible Phase II grant recipients. The grant may be used for working capital to cover the day-to-day business operating expenses such as rent/lease payments, mortgage payments, utility expenses, inventory, Personal Protection Equipment (PPE) or other similar expenses that occur in the ordinary course of operations.

Funding Availability

Source of funds for the program are provided by the Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act received through a Disbursement Agreement from the County of Orange to the City of Tustin. The City will release one million dollars (\$1,000,000) of these funds for this second phase of the program. These funds are to be used for eligible expenses including costs associated with the provision of economic support in connection with the COVID-19 public health emergency, such as expenditures related to the provision of grants to small businesses to reimburse the costs of business interruption caused by required closures and if such costs will not otherwise be reimbursed by the federal government.

The City's Economic Development Department will be responsible for oversight of the Small Business Emergency Grant Program and disbursement of funds will take place through the City's Finance Department. The City's Program Partner, the Orange County/Inland Empire Small Business Development Center (OCIE SBDC) will be responsible for program administration, marketing, application processing, underwriting and for review and approval of financial and business documentation for disbursement approval. City staff is obligated to fulfill the terms and conditions of the funds as established by the City Council, these program guidelines, and Federal, State, and local rules and regulations.

City Reserved Rights

The City reserves the unqualified right, in its sole and absolute discretion at any time: (1) to amend or terminate this program with no recourse for any proposing applicant; (2) to choose or reject any or all applications received in response to this program; (3) to modify the application deadlines; (4) to request additional information of the applicants as deemed necessary and appropriate by the City; (5) to conduct further due diligence with applicants or any third party; (6) to modify the City's

objectives or the scope of the program; (7) to modify program requirements, general terms and conditions, or eligible activities; and/or (8) to disqualify any proposing applicant on the basis of any real or perceived conflict of interest that is disclosed or revealed by materials submitted or by any data available to the City.

Eligibility

To be eligible to apply for the Phase II Small Business Emergency Grant Program, a business must meet certain criteria that has been established by the City of Tustin and both the CARES Act and the U.S. Department of Treasury for activities utilizing funds. The business must also demonstrate the need for financial support resulting from the temporary loss of revenue due to the impact of COVID-19.

General Terms and Conditions

The business applicant must meet the following minimum requirements to be considered for grant funding:

- The business must be a for-profit business and physically located in Tustin, businesses not located within a commercial or industrial space (e.g. home-based businesses.) will be limited to no more than twenty percent (20%) of grant recipients and a maximum grant amount of two thousand, five hundred dollars (\$2,500);
- Residential or real estate projects including short-term rental operators are not eligible;
- The business must have an active Tustin business license for a minimum of six (6) months;
- As of July 28, 2020, the business must have had any combination of a total of twenty-five (25) or fewer full or full-time equivalent employees (two part-time employees equal one full-time employee), including the owner;
- The business must be in good standing with the City (current on bills, no liens or judgements, etc.), unless directly correlated to COVID-19 impacts;
- The business must certify that it did not receive funding from the previous Tustin Small Business Emergency Grant program;
- The business must disclose whether or not it has received funding from the Paycheck Protection Program (PPP) or Economic Injury Disaster Loan (EIDL). If the business has received PPP or EIDL funds, it is still eligible to receive City grant funds; however, priority will be given to applicants that have not received funding through these programs;
- The business must submit the application and all required supporting documentation; and
- The business applicant must provide proof of financial hardship causing business interruption due to COVID-19 in **one** of the following ways:
 - a) The business has been deemed non-essential and has been forced to shut down by the state or local government;
 - b) Revenues from the business are down more than 25% for the quarter ending June 30, 2020 compared to a prior comparable quarter;

- c) The business has had to lay off at least one of its employees (full- or part-time employee) since March 1, 2020;
- d) One or more of the employees in the business have contracted COVID-19, while at work.

* City employees and elected and appointed officials are not eligible to participate in this program.

Eligible Activities

Eligible activities for the use of funds should be used to cover fixed expenses for the business. The primary fixed expenses include such items as rent or mortgage expense, utilities, inventory, PPE, or other operational expenses for the business. Applicants will fill out a use of funds section of the application form that will breakdown how the funds will be spent within their business. Each applicant will need to sign and verify that the use of funds will be spent on business expenses, such as those expressed above. Any use of funding other than that to support the business is strictly prohibited.

The U.S. Department of Treasury has issued guidance on the use of funds and the following is a nonexclusive list of expenditures that shall not constitute Eligible Expenses payable from the grant amount:

- (1) Damages covered by insurance.
- (2) Payroll or benefits expenses for employees whose work duties are not substantially dedicated to mitigating or responding to the COVID-19 public health emergency.
- (3) Expenses that have been or will be reimbursed under any federal program, such as the reimbursement by the federal government pursuant to the CARES Act of contributions by States to State unemployment funds.
- (4) Reimbursement to donors for donated items or services.
- (5) Workforce bonuses other than hazard pay or overtime.
- (6) Severance pay.
- (7) Legal settlements.

Equal Opportunity Policy

The City of Tustin and the OCIE SBDC shall not discriminate upon the basis of sex, age, race, creed, color, religion, national origin, marital status, ancestry or physical handicap in accepting applications and processing program application.

Marketing and Outreach

The City of Tustin and the OCIE SBDC will create marketing and outreach pieces to promote the Phase II Small Business Emergency Grant Program. The goal will be to alert small businesses throughout the City about the grant program and bring awareness to those small businesses that need this financial support.

The Small Business Emergency Grant Program outreach and marketing will include:

- City's website and social media channels
- E-Flyers
- Press release
- Webinars about the grant program in English and Spanish assistance

E-Flyers

City staff and the OCIE SBDC will create e-flyers that will be sent out to small businesses within the City. The flyer will outline the program and discuss eligibility requirements. Flyers will also be sent to other business development partners within the City such as the Tustin Chamber of Commerce and others who have direct links to small business owners within the City.

Press Release

Prior to the application period, the City of Tustin will send out a press release to announce the program.

Webinars

The City of Tustin and the OCIE SBDC will conduct one informational webinar, prior to the opening of the applications for the Small Business Emergency Grant Program and will outline the program, the application, and additional documents needed to respond. The webinars will be conducted in English and Spanish assistance will be available.

Application Process

Application

The Small Business Emergency Grant Program application includes information about the small business, the number of employees in the business, location of the business, amount of time in business and month-by-month total gross revenues from January 1, 2020 through June 30, 2020.

Application Period

The business grant application will be available at **9:00 am on Tuesday, July 28, 2020**. Applicants may apply for the grant program by visiting www.tustinca.org/businessgrant and submitting the application online.

Applications must be submitted online and will be accepted from Tuesday, July 28, 2020, to Tuesday, August 4, 2020. The applications period will close promptly at 5 PM on August 4, 2020. Applications received online after this due date and time will be considered late and will not be accepted.

If the number of applications exceeds the amount of funding that is available for disbursement, the City will implement a lottery system for all eligible small businesses. Once applications have been pre-approved, if necessary, they will be assigned a number and entered into a lottery for selection. The selected businesses will be **notified beginning August 11, 2020** and will then be asked to submit all required business and financial documentation for review and verification.

Documentation Requirements

Upon pre-approval and selection for funding, the business will be required to submit the following documents by **August 24, 2020** for review and verification in order to receive the grant:

- The business shall provide bank statements for the quarter ending June 30, 2020 (April -June, 2020) and bank statements for a prior comparable quarter (such as the quarter ending March 31, 2020 (January-March, 2020) or the quarter ending June 30, 2019 (April- June, 2019))
- Current City of Tustin Business License
- Business Impact statement and Self-certification in the application

Although selection is not guaranteed, businesses should begin to collect the required documentation in order to expedite the approval process in the event they are selected.

Grant Review and Approval Process

Review

The application will be reviewed by the OCIE SBDC to determine application completeness and preliminary eligibility. **The application must be complete by the application submittal deadline date of August 4, 2020, 5:00 pm.**

Lottery

The City of Tustin is expecting Phase II of the Small Business Grant Program to have an overwhelming number of applications. If the number of applications far exceeds the amount of funding that is available for disbursement, the City will implement a lottery system for all eligible small businesses. Once applications and eligibility have been approved, they will be assigned a number and entered into a lottery. Potential grant recipients will be contacted by email, phone and/or letter **starting August 11, 2020.**

Verification and Eligibility Determination

Upon pre-approval and selection, the OCIE SBDC shall request of the applicant all required documentation for review and verification for grant approval. OCIE SBDC will assign a consultant to work with each individual grantee to assist with completing all required documentation. Grantees documentation will be submitted directly to OCIE SBDC on a secured site. If the grant request meets the criteria for program funding all required documentation **must**

submitted by August 24, 2020, 5:00 pm.

Grant Disbursement

As each business recipient submits a complete set of required documentation, it will be reviewed and verified, and funds will be disbursed to the individual business. The City will award grant funds in a single disbursement. **All grant funds shall be expended on eligible expenses by no later than December 1, 2020.** Any portion of the grant funds not expended on eligible expenses shall be returned to the City by no later than December 1, 2020.

Post Grant Follow Up

The OCIE SBDC will continue to work one-on-one with each grantee, throughout the next twelve (12) months. All awardees will be required to update the City on their business and if additional employees have been hired or employees retained. A six-month and twelve-month report will be created by the OCIE SBDC and the City of Tustin, to document the success of the program. By acceptance of the grant, the business agrees to comply with City information requests that may include use of photos or business logos.

Program Complaint and Appeal Process

Complaints concerning the Small Business Emergency Grant Program should be made to the City of Tustin Economic Development Department. If unresolved in this manner, the complaint or appeal shall be made in writing and filed with the City Manager's Office.

Contact Information

For additional information regarding the Small Business Emergency Grant Program, please contact the following:

City of Tustin
Economic Development Department
300 Centennial Way
Tustin, CA 92780
(714) 573-3117
TustinEconDevDept@tustinca.org

For questions about the guidelines and application or assistance in completing the application and to set up a one-on-one consultation (at no cost), please contact the OCIE SBDC at:

Manal Richa,
Director
Small Business Development Center- CSUF
800 N. State College Blvd. SGMH 4157
Fullerton, CA 92831
(657) 278-1801 office
Manal.Richa@ociesbdc.com