



City of Palmdale

Business Assistance Program Guidelines

July 2020

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Introduction and Program Overview

The City of Palmdale (City), as an entitlement Grantee under the Community Development Block Grant (CDBG) Program, receives an annual allocation from the U.S. Department of Housing and Urban Development (HUD) to use in the implementation of eligible programs.

In response to the Coronavirus Pandemic (COVID-19) the U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) program has notified the City of Palmdale that it will receive a formula allocation from the first round of CDBG-CV funding to be used specifically for the prevention of, preparation for, and response to COVID-19. This allocation was authorized by the Federal Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Public Law 116-136, which was signed on March 27, 2020.

The City will be utilizing a portion of their CDBG entitlement funds to implement a Business Assistance (BA) program that provides grant assistance to businesses adversely impacted by the COVID-19 pandemic. The CDBG BA funds shall be used to provide support to businesses for payroll, rent, personal protective equipment, and other costs required to resume or expand business operations. The program will primarily meet the benefit to low- and moderate-income persons national objective, however, the City may use the urgent need national objective, if necessary.

The BA program will consist of two different components: Microenterprise Assistance and Small Business Assistance. As a general principal, BA program funding will only be provided in cases where it can be reasonably determined and documented that the applicant business has been adversely impacted by the COVID-19 pandemic. All grant payments will be made as reimbursements for actual costs. The business will be required to submit appropriate documentation in order to confirm eligibility for the relevant program and receive grant payment. Businesses that meet the Microenterprise Assistance requirements **must** apply for the Microenterprise Assistance program.

Program Definitions

Business Assistance

Oversight Committee: The Business Assistance Oversight Committee shall be a minimum of three members and consist of two members from the Economic Development Division and one member from Community Programs Division. All applications and all grant financial assistance shall be deemed eligible unanimously by this committee prior to the provision of CDBG funded Business Assistance.

Eligible Costs: Eligible costs include rent, utilities, payroll, personal protective equipment (PPE) required for business operation, business services to increase capacity to carryout business activities (e.g. point of sale



system, website development, etc.), or other costs determined to be eligible and necessary to resume or expand business operations.

Family: The term “families” refers to individuals or households, with or without children. As defined at 24 CFR 5.403, “family” includes, but is not limited to, the following, regardless of actual or perceived sexual orientation, gender identity, or marital status: 1) A single person, who may be an elderly person, displaced person, disabled person, near-elderly person, or any other single person; or 2) A group of persons residing together, and such group includes, but is not limited to a family with or without children (a child who is temporarily away from the home because of placement in foster care is considered a member of the family); an elderly family; a near-elderly family; a disabled family; a displaced family; and the remaining member of a tenant family.

Full-Time Equivalent: Full-Time Equivalent or FTE is used to measure the number of permanent jobs created or retained as part of the Small Business Assistance Program. An FTE assumes that a full-time job is 40 hours/week. Thus, a part-time job at 20 hours/ week would be considered 0.5 FTE. Each small business assisted must create or retain at least 1.0 permanent FTE. This can be comprised of a single full-time job or multiple part-time jobs.

Microenterprise: A business with less than 5 total employees (including the owner) where the owner(s) qualify as having a family income is less than 80% of the area median income and meets all eligibility criteria of a microenterprise as detailed in Section 1.

Small Business: A business that does not qualify as a microenterprise and has 49 or fewer total employees (including the owner) and meets all eligibility criteria of a small business as detailed in Section 2.

Program Marketing and Application

Program Marketing

Program marketing shall be initiated by the Economic Development Department and approved by the Community Programs Division and may include any of the following:

- Public Service Announcement/ Advertisement in a media of general circulation
- Flyer/ Advertisement on the City website



- Direct notification to known businesses City of Palmdale
- Public service announcements on City cable television
- Posting at locations where businesses seek services or products
- Posting at City Hall
- Posting at other City facilities
- Any other means of advertising as approved by Community Programs Division

Marketing and outreach shall facilitate fair access and transparency. The program shall not rely solely on web-based marketing and outreach. Alternative, non-digital forms may include: radio announcement, inserts in mailings, handouts from other entities/ other organizations providing emergency assistance. Information for applicants shall include any necessary pandemic related disclosures and social distancing requirements.

To facilitate meaningful access to program participation for Limited English Proficiency persons, all program marketing intended for the general public shall be provided in English and in Spanish, in accordance with the City of Palmdale’s current Limited English Proficiency Plan.

A log shall be kept to document marketing and outreach to businesses who may be eligible for Business Assistance funds.

Program Application

Interested businesses may access applications from the City of Palmdale website [www.cityofpalmdale.org/BusinessGrants or, pending current social distancing orders, at the Palmdale Economic Development Division (38250 Sierra Highway).

Applications may be submitted online www.CityOfPalmdale.org/BusinessGrants or via hand delivery to the Palmdale Economic Development Division at 38250 Sierra Highway, Palmdale, CA 93550 during regular operating hours of Monday through Thursday between the hours of 7:30 a.m. to 6:00 p.m. Applications will **not** be accepted by mail, fax, or email. All applications will be time stamped and reviewed on a first come first serve basis. The application period will be open from July 20, 2020 to August 20, 2020 or when all funds are granted, whichever comes sooner. If interest persists and funds are still available, the City may extend the application period.

All applications must include all required supporting documentation. The City reserves the right to request additional documentation from applicant businesses.

Submitting an application does not guarantee a grant award. Applications will be reviewed for completeness and compliance with program requirements.

Program Description

Section 1: Microenterprise Assistance



The BA program will provide grants up to \$10,000 to microenterprises that were adversely impacted by the COVID-19 pandemic. Microenterprise grants can be used for the following purposes:

- Rent/utilities
- Payroll
- Personal Protective Equipment (PPE) required for business operation
- Business services to increase capacity to carryout business activities (e.g. Point of Sale system, website development, etc.)

Microenterprise businesses do not need to provide ongoing documentation and reporting of jobs created and/ or retained as a result of the CDBG assistance.

Eligible Microenterprise Businesses

To qualify as an eligible microenterprise business, the business must meet the following criteria:

- Five (5) or fewer total employees (including owner)
- Business owner’s family income is less than 80% area median income (see annual income documentation guidance below)
- Business opened on or prior to February 29, 2020
- Business is located within Palmdale city boundaries
- Owner is 18 years or older
- Business or owner has a DUNS number, or will have applied for one at the time of application (<https://fedgov.dnb.com>)
- Business has a valid federal employer identification number (EIN)
- Business has a bank account
- No person in the business who has any ownership interest or would otherwise receive a financial benefit from the business is subject to the provisions of the City’s conflict of interest code
- At time of application, business is current with a City of Palmdale business license
- Business was adversely impacted because of the COVID-19 pandemic and can provide supporting documentation illustrating the impact
- Certification that the business has neither received nor will seek other grants, loans, or other assistance from any private, local, state, or federal funding source for the **same use** as identified in the program application. For example, if a business received the SBA PPP Loan for payroll costs in May and June, CDBG assistance could not be used for payroll costs for the same time period

Ineligible Microenterprise Businesses

The following business types are not eligible for assistance:



- Businesses located outside of the City of Palmdale boundaries
- Nonprofit entities
- Passive businesses (i.e. rental property or other business in which one does not actively participate)
- Government organizations
- Businesses that limit patrons to 18 and older

Microenterprise Application Process

Applicants will be required to complete an initial application, including copies of the following documents.

1. City of Palmdale Business License
2. State Identification Card or Driver’s License
3. IRS Form W-9 (Request for Taxpayer Identification Number and Certification)
4. Owner income documentation (microenterprise applicants only)
5. Most recent federal income tax return for business owner
6. Most recent California Employment Development Department form DE-9 (Quarterly Contribution Return and Report of Wages Form)
7. Documentation that the business was adversely impacted by the COVID-19 pandemic (this may include showing loss in revenue/ profit or other documentation) to the satisfaction of the City

The City reserves the right to request additional information upon receiving the application.

Annual Income Definition and Documentation

To determine family income for all microenterprises, the City will use the annual income definition as defined by HUD at 24 CFR 5.609 (commonly referred to as Part 5). The City will use the Part 5 method to calculate the annual income by projecting the prevailing rate of income of the family for the next 12-month period as measured from the date that the City performs the income determination.

Each applicant will need to provide verifiable documentation to support the applicant’s stated income. HUD establishes annual incomes. The City of Palmdale will update the program guidelines as income limits are updated. The current income limits for this program are:

Family Size	1	2	3	4	5	6	7	8
80% Median Income	\$63,100	\$72,100	\$81,100	\$90,100	\$97,350	\$104,550	\$111,750	\$118,950

Effective July 1, 2020 for the Los Angeles, Long Beach, Glendale, CA MSA



As defined at 24 CFR 5.403, “family” includes, but is not limited to, the following, regardless of actual or perceived sexual orientation, gender identity, or marital status: 1) A single person, who may be an elderly person, displaced person, disabled person, near-elderly person, or any other single person; or 2) A group of persons residing together, and such group includes, but is not limited to a family with or without children (a child who is temporarily away from the home because of placement in foster care is considered a member of the family); an elderly family; a near-elderly family; a disabled family; a displaced family; and the remaining member of a tenant family.

Therefore, family member information must include, at a minimum, the following:

1. Full names and ages of all family members living in the residence; and
2. Signature of all adult family members age 18 or over, certifying that the information provided related to the annual family income and family composition is correct.

Section 2: Small Business Assistance

The BA program will provide grants up to \$10,000 to small businesses that were adversely impacted by the COVID-19 pandemic.

Small Business Assistance grants can be used for the following purposes:

- Rent/Utilities
- Payroll
- Personal Protective Equipment (PPE) required for business operation
- Business services to increase capacity to carryout business activities (e.g. Point of Sale system, website development, etc.)

Businesses receiving a Small Business Assistance grant shall use grant funds to create or retain jobs (especially those held by low- or moderate-income individuals) and shall provide reporting for up to two years following grant award on the creation or retention of jobs. **Businesses that do not create or retain at least one permanent low- or moderate-income job(s) will be required to repay the grant in accordance with the grant agreement.**

The job creation and retention requirement is described in more detail in the Job Creation/Retention section.

Eligible Small Businesses

To qualify as an eligible small business, the business must meet the following criteria:

- Business does not qualify as a microenterprise (see Section 1)
- Forty-nine (49) or fewer employees (including owner)
- Commitment to create or retain at least one full time equivalent (FTE) permanent job as a result of the BA program; 51% of all jobs created or retained must be held or made available to low- or moderate-income individuals



- Business opened on or prior to February 29, 2020
- Business is located within Palmdale city boundaries
- Owner is 18 years or older
- Business or owner has a DUNS number, or will have applied for one at the time of application (<https://fedgov.dnb.com>)
- Business has a valid federal employer identification number (EIN)
- Business has a bank account
- No person in the business who has any ownership interest or would otherwise receive a financial benefit from the business is subject to the provisions of the City's conflict of interest code
- At time of application, business is current with a City of Palmdale business license
- Business was adversely impacted because of the COVID-19 pandemic and can provide supporting documentation illustrating the impact
- Certification that the business has neither received nor will seek other grants, loans, or other assistance from any private, local, state, or federal funding source for the **same use** as identified in the program application. For example, if a business received the SBA PPP Loan for payroll costs in May and June, CDBG assistance could not be used for payroll costs for the same time period

Ineligible Small Businesses

The following business types are not eligible for assistance:

- Businesses that qualify as a microenterprise
- Businesses located outside of the City of Palmdale boundaries
- Nonprofit entities
- Passive businesses (i.e. rental property or other business in which one does not actively participate)
- Government organizations
- Businesses that limit patrons to 18 and older

Small Business Application Process

Applicants will be required to complete an initial application, including copies of the following documents.

1. City of Palmdale Business License
2. State Identification Card or Driver's License
3. IRS Form W-9 (Request for Taxpayer Identification Number and Certification)
4. Most recent California Employment Development Department DE-9 (Quarterly Contribution Return and Report of Wages Form)



5. Documentation that the business was adversely impacted by the COVID-19 pandemic (this may include showing loss in revenue/ profit or other documentation) to the satisfaction of the City

The City reserves the right to request additional information upon receiving the application.

Small Business Job Creation and Job Retention

The goal of the **Small Business Assistance** component is to assist business owners in operations during the global pandemic, as well as to create economic opportunities by creating and retaining permanent jobs held by low- or moderate-income individuals within the City. Job creation or retention is defined as total full-time equivalent positions created or retained at 40 hours per week, or any combination of part-time positions combining for 40 hours per week, including owners. (The **Microenterprise Assistance** component does **not** have a job creation/ retention requirement.)

As part of the **Small Business Assistance** program, all businesses must commit to creating or retaining jobs, 51% of which must be held or made available to low- or moderate-income individuals. As part of the application, businesses must estimate the number of jobs that will be created or retained as a result of the **Small Business Assistance** component. Grant agreements will include estimates of the number of jobs expected to be created or retained for each business, including those jobs that will be held by or made available to low- and moderate-income individuals. During the grant agreement period, businesses will be required to report on **all** jobs created or retained as a result of the CDBG funds.

In order to meet this requirement, businesses must be able to demonstrate that the created or retained job is held by a low- or moderate-income (LMI) individual **OR** the position is expected to turn over within the next two years and the business will take steps to ensure that the position is filled by or made available to a low- or moderate-income individual.

The City will use HUD’s income limits to determine if jobs created or retained will be held or made available to low- or moderate-income individuals. The City will update the income limits annually to reflect the most current limits, as provided by HUD.

Family Size	1	2	3	4	5	6	7	8
80% Median Income	63,100	72,100	81,100	90,100	97,350	104,550	111,750	118,950

Effective July 1, 2020 for the Los Angeles, Long Beach, Glendale, CA MSA

Job Retention



The business must be able to provide specific evidence that the job(s) would be lost without the assistance.

If the retained job is held by a low- or moderate-income individual, the following information must be documented:

- A listing by job title of permanent jobs retained
- The jobs that are known to be held by LMI persons at the time of assistance
- The full-time equivalency status of each job
- Family size and annual income of each LMI person (additional documentation guidance is provided below)

For retained jobs that are projected to turn over to low- or moderate-income individuals:

- A listing of the retained jobs that are projected to become available within two years of assistance
- The basis of the determination that the job is likely to turnover within two years of assistance
- The actual turnover date
- The name and income status of the person who filled the vacancy
- If the person who took the job was not a low- or moderate-income person, records to demonstrate that the job was made available to low- or moderate-income persons
 - The name of person interviewed for the job and the date of the interview
 - The income status of the person(s) interviewed
 - Information on the family size and annual income of each LMI person hired

Retained jobs that are expected to turn over and be made available to low- or moderate-income individuals can only be considered to be made available when:

- Special skills that can only be acquired with substantial training or work experience beyond high school are not a prerequisite for the job (or the business agrees to hire unqualified persons and provide training at the onset of the job search); and
- The business takes actions to ensure that low- or moderate-income individuals receive first consideration for filling such jobs

Job Creation

If the created job is held by a low- or moderate-income individual, the following information must be documented:

- Listing by job title of the jobs created
- Listing by job title of the jobs filled
- The name and income status of the person who filled each position
- The full-time equivalency status of the jobs



For created jobs that will be made available to low- or moderate-income individuals but are not taken by low- or moderate-income individuals:

- The title and description of the jobs made available
- The full-time equivalency status of the job
- The prerequisites for the job; special skills or education required for the job, if any; and the business commitment to provide needed training for such jobs
- A business can demonstrate that first consideration was given to low- or moderate income persons for the job by keeping a record of the name(s) of person(s) interviewed for the job, the date of the interview(s), and the income status of the person(s) interviewed

Created jobs can only be considered to be made available to low- or moderate-income individuals when:

- Special skills that can only be acquired with substantial training or work experience beyond high school are not a prerequisite for the job (or the business agrees to hire unqualified persons and provide training at the onset of the job search); and
- The business takes actions to ensure that low- or moderate-income individuals receive first consideration for filling such jobs

Job Creation/ Retention Documentation

Documentation for jobs created or retained will be provided by businesses on a quarterly basis and include State of California payroll reports and payroll documentation showing jobs created/ retained and full-time equivalent (FTE) for each job created/ retained.

Documentation for low- or moderate-income individual job creation or retention may come from the following sources:

- A written self-certification by the employee or applicant of his/her family size and total income that is signed and dated and subject to Federal review. Certification can either include actual size and income of family or can contain a statement that the annual family income is below the low-income limit for the applicable family size.
- Referrals from an agency that has agreed to refer individuals who are determined to be low- or moderate-income based on HUD's income limits. These agencies must maintain records, which must be available to the State or Federal inspection, showing the basis upon which they determined that the person was low- or moderate-income. The City will work with business owners to identify and collaborate with such organizations.
- Qualification of employee or application for assistance under another program with income qualification that are as restrictive as those used by the CDBG program. Examples include referrals from public housing, welfare agency, or other such programs. The City will provide a more extensive list of such programs to selected businesses.
- Evidence that the individual is homeless.

- Evidence that the individual may be presumed to be a low- or moderate-income individual by way of residence address and the corresponding poverty rates of the applicable census tract. The City will provide further guidance to selected businesses on using this methodology and complying with other Federal laws and requirements.

Small Business Reporting and Recordkeeping

Businesses assisted through the **Small Business Assistance** component must provide ongoing reporting documenting program compliance and job creation/ retention as follows:

- Job creation/ retention form and supporting documentation (including income and demographic data) for the period specified in the grant agreement (up to two years)
- Program expense documentation
- EDD DE-9 (Quarterly Contribution Return and Report of Wages Form) and DE 34 (Report of New Employee(s) Form) Forms, and the quarterly summary report must be submitted to the City quarterly during the term of the grant agreement

The grant recipient will be required to provide the City with verification for all new hires resulting from the investment of CDBG funds, during the term identified in the grant agreement.

The City reserves the right to audit the applicant's records for compliance with terms in the agreement and monitor the business to ensure program compliance.

Business Assistance Award and Grant Agreement

The Economic Development staff shall schedule meetings of the Business Assistance Oversight Committee as frequently as necessary to ensure prompt decisions on each completed program application. Staff shall present the committee with a memorandum summarizing the Program Application, applicant qualifications and making a recommendation for approval or denial. The signed Business Assistance Oversight Committee memorandum shall be maintained in each Business file.

The Business Assistance Oversight Committee shall:

- Review and either approve or deny applications for assistance
- Provide direction to terminate previously approved assistance for program participants who violates program requirements
- Provide recommendations for policy improvements or clarifications
- Appoint a member whose responsibility it is to maintain a binder of all fully executed oversight committee memorandums



If the Oversight Committee denies an application, Economic Development staff shall prepare and send a letter to the applicant indicating the reason(s) for denial and shall include notification of the applicant’s right to appeal the decision in accordance with the Appeals section of these Guidelines.

Upon approval of a Program Application, eligible businesses selected for the BA program will execute a grant agreement with the City.

Grant awards will be made on a reimbursement basis. Unless otherwise agreed upon between the business and City, businesses will be expected to submit all reimbursement documentation within three (3) months of the date the grant agreement is executed. Recipients are not required to submit all reimbursement requests at a single time and can submit up to five (5) requests during the three-month period.

Reimbursement requests must be submitted in the manner prescribed in the grant agreement and include supporting receipts and other documentation.

The program will reimburse eligible costs incurred from April 1, 2020.

Support for Businesses receiving Microenterprise and Small Business Assistance

Upon award, selected businesses will be referred to a local partner for technical assistance and support. The partner will be available to provide the following services:

- 1 on 1 coaching and technical assistance
- Training and webinar delivery
- On-call support and assistance

Other Program Requirements

Business Assistance Appeals

Applicants may appeal application denials. Appeals shall be submitted to the Economic Development Division in person at 38250 Sierra Highway, Palmdale, CA 93550 during regular operating hours of Monday through Thursday; 7:30 a.m. to 6:00 p.m., or by email at economicdevelopment@cityofpalmdale.org with “APPEAL to Business Assistance Program” in the subject line, within seven (7) calendar days of the date of the application denial letter. The written appeal shall state the reason(s) why the applicant believes the application denial was in error and provide any additional documentation necessary to support the applicant’s assertion of same. The Director of Economic & Community Development (Director) or designee will review the appeal and issue a determination within fourteen (14) calendar days of receipt of the letter. If further review is required, the Community Programs Division Program Manager or designee shall review the appeal and issue a final determination within fourteen (14) calendar days of the date of written determination by the Director or their designee.



Business Assistance Duplication of Benefits

All participating businesses must comply with the U.S. Department of Housing and Urban Development’s forthcoming guidance regarding Duplication of Benefits, as required by the CARES Act and HUD guidance. The City will modify these guidelines once final HUD guidance has been released. At a minimum, businesses are not able to have received other federal or non-federal benefits or assistance for the same uses of this grant program and must certify that they will not pursue other federal or non-federal benefits for the same uses of this grant program in the future.

Business Assistance False Claims

Applicants shall certify on the Program Application under penalty of perjury that “The information provided on this form is subject to verification by HUD at any time, and Title 18, Section 1001 of the U.S. Code states that a person is guilty of a felony and assistance can be terminated for knowingly and willingly making a false or fraudulent statement to a department of the United States Government.”

Business Assistance Applicant Confidentiality

Employees and agents of the City will not disclose any applicant’s personal confidential information as part of the program. All confidential information of applicants will be kept in a locked secured storage facility or password protected electronic files and unavailable to persons outside of the program. At all times, the City will abide by all requirements stated within the Privacy Act of 1974 as amended. If the City receives a request for public records related to the program, only non--confidential information, as verified by the City, will be provided.

Business Assistance Nondiscrimination

The BA Program shall be implemented consistent with the City’s commitment to State and Federal equal opportunity laws. No person 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 their disability, family status, national origin, race, color, religion, sex, marital status, medical condition, ancestry, source of income, age, sexual orientation, gender identity, gender expression, genetic information, or other arbitrary discrimination.

The City will provide reasonable accommodations and/or modifications, or provide language assistance to individuals requesting such assistance to benefit from the services provided by the BA Program.

Business Assistance Conflict of Interest

In accordance with City of Palmdale Resolution Number CC 2020-013 and 24 CFR § 570.611, no member of the governing body and no official, employee or agent of the local government, nor any other person, either for themselves or those with whom they have business or immediate family



ties, who exercises policy or decision making responsibilities will financially benefit from this program.

Business Assistance Program Guidelines Changes or Modifications

Minor changes to these Implementation Guidelines involving administrative procedures or accommodations to adapt to unique applicant situations or opportunities, or regulatory changes may be performed with the approval of the Economic Development Division. Federal regulatory requirements for the CDBG program are not subject to modification or revision.

EXHIBIT 1: PROGRAM APPLICATION

(attached)