

McPherson CDBG-CV Grant Distribution Plan and Guidance Document

The City of McPherson was awarded \$132,000 as part of the Small Cities Community Development Block Grant (CDBG) special Coronavirus stimulus round of funding also known as CDBG-CV. CDBG-CV funds applied for and received by the City of McPherson are to be used to help local businesses effected by COVID-19 retain jobs for low-to-moderate income employees as they struggle to reopen from the pandemic that forced many businesses to close in the McPherson Community. CDBG-CV grant funds can be used to pay for the following expenses:

- Working Capital such as wages, utilities, rent, etc
- Other expenses such as sanitizing equipment, hand sanitizing stations, and other items necessary to protect patrons and employees. (Personal protective equipment is not an eligible expense.)
- The purchase of 60 days' worth of inventory to reopen. (The 60 days was to begin on the day the business was allowed to reopen if closed.)
- Paying off existing debt prior to the pandemic is **NOT** allowed.

Funds provided to the City of McPherson can be used for one of two economic development categories. They include the following:

- Micro-Grants
- Economic Development

Businesses with more than 50 employees are not eligible for this grant in either category.

The following eligibility criteria and information applies to each of the grants:

Micro-Grants

- Businesses and organizations that suffered losses due to COVID-19.
- Must have five or fewer FTE employees (with one being the owner).
- 51% of employees must meet LMI Threshold for McPherson County (80% of the county median household income). Those income total household limits (employees + other adults over 18 living in the same household) are as follows:

No. In Household	LMI Income
1	\$40,850
2	\$46,650
3	\$52,500
4	\$58,300
5	\$63,000
6	\$67,650
7	\$72,300
8	\$77,000

- A sole proprietor (with no employees) must meet LMI level to qualify.
- Home based businesses that have an EIN number.
- Must have a business location listed in the City of McPherson.
- Business must have been in existence as of March 1, 2020.
- Ineligible Businesses Include:
 - Businesses owned by city public officials.
 - Businesses with over five (5) employees.
 - Businesses not in existence before March 1, 2020.
 - Churches or Schools.

Economic Development Grants:

- Businesses and organizations that suffered losses due to COVID-19.
- Must have between 6-50 FTE employees (owner does not count)
- 51% of employees must meet LMI Threshold for McPherson County (80% of the county median household income). Those income total household limits (employees + other adults over 18 living in the same household) are as follows:

No. In Household	LMI Income
1	\$40,850
2	\$46,650
3	\$52,500
4	\$58,300
5	\$63,000
6	\$67,650
7	\$72,300
8	\$77,000

- Must have a business location listed in the City of McPherson. Business with multiple locations must have between 6-50 employees regularly located in the City of McPherson.
- Business must have been in existence as of March 1, 2020.
- Ineligible Businesses Include:
 - Businesses owned by city public officials.
 - Businesses with five (5) or fewer employees.
 - Businesses with more than fifty (50) employees.
 - Businesses not in existence before March 1, 2020.
 - Churches or Schools.

Method of Releasing Funds:

In an effort to release funds in a fair and equitable manner, an application will be released at a specific date and time in order to give equal opportunities for each applicant wanting to apply. Applications will be considered on a first-come-first-serve basis. Applications can be submitted online or in person. Each application received via e-mail or in person will stamped with a date and time. Once received,

applications will be reviewed for completion. **Only completed applications will be considered for funding.**

Applications will be reviewed in the order received by a review panel made up of a combination of City and community leaders. The committee reviewing the application will determine eligibility and review for applicant need. If an application meets the eligibility requirements, as determined by the committee, the grant administrator will review for income eligibility and other federal grant requirements. Grants that meet all eligibility tests will be funded and notified appropriately. Any grant that does not meet eligibility requirements will be notified in writing. Grants will be awarded until all available funds are expended.

Award Amounts

In an effort to maximize the award amounts available the following maximum amount will be made available in the following increments by types of business:

- Micro-Grants (Businesses between 1-5 FTE Employees) - a Maximum of up to \$10,000 based upon available receipts.
- Economic Development Grants (Businesses between 6-50 FTE employees) – a maximum of up to \$15,000 based upon available receipts.

The review committee reserves the right to exclude any designated reimbursements as ineligible. Receiving federal funding for expenses related to previous COVID-19 funding will not automatically disqualify an applicant. However, an applicant cannot receive funds for a previous expense that was reimbursed via the Federal Cares Act (ie. Payroll Protection Plan Loans (PPP) or the Economic Injury Disaster Loans (EIDL). For example: a business who received funds through the Payroll Protection Plan (PPP) to cover eight (8) weeks of salaries for their employees cannot duplicate that expense by applying for reimbursement of those funds, but they could request reimbursement for utilities during that eight (8) week period.

In the event there are not enough applicants to reward all funds received through the grant a second round of funds will be made available to the previous grantees up to the maximum allowed by the grant. The additional funds will be considered in the same manner that funds were awarded starting with the first submitted application.

Calculating and Certifying Low-to-Moderate Income (LMI) Eligibility for Applicants:

As mentioned the CDBG-CV is focused on Job retention for employees that would have employment in jeopardy if the grant was not received. But we also recognize that some employees that were there at the time of the pandemic may no longer be with the business but have been replaced by others. Retention jobs are those jobs that would be lost, by company certification, if the company had not been funded. Jobs are certified at the award stage and at the end of the grant closeout for any jobs that may have been replaced.

The grant received by the City requires that at least 51 percent of all FTE jobs retained by each business must benefit low- and moderate-income persons.

FTE's (Full-Time Equivalent) will be figured by the following formula by the City of McPherson.

40 Hour Week

0 - 5 hours	0 Person
6 - 15 hours	1/4 Time Person
16 - 25 hours	1/2 Time Person
26 - 35 hours	3/4 Time Person
36 - 40 hours	Full-Time Employee

For determination of FTE purposes, this should reflect averages for employees for the month prior to COVID-19 Activity (March 1, 2020). We recognize that hours of employees may have been effected by COVID-19 shutdowns.

Documentation Needed as Part of the Application

Documentation is critical to making a determination of overall eligibility for grant as well as for eligible expense reimbursement. Documentation verifying expenses will be critical for the review committee when they review your application. Documentation can either be included in the digital attachment for the online application or be copied and included for in-person submittal. Depending on the reimbursable expense. The following types of documentation are included:

- Verification of Mortgage/Rent Payment –Copies of Cancelled check/receipt of payment/bank account ledger verify payment amount. Copy of Lease with payment amounts or Mortgage Payment Documentation.
- Payroll Verification – This could include duplicate copies of pay stubs for employees, payroll ledger during applicable period.
- Receipts for Inventory needed for reopening – Invoices from the supplier and copies of cancelled checks or bank provided account ledger showing proof of payment
- Receipts for Protective Equipment/Disinfectant Material (ie. Hand Sanitizer Station, plexi-glass guards for staff/customer separation, Chemicals purchases for disinfection) – copies of cancelled checks or bank provided account ledger showing proof of payment.
- Utility Bills – Copies of the utilities by location along with copies of cancelled checks or bank provided account ledger showing proof of payment.
- Other Eligible Costs (Not Listed above) – provided similar proof including but not limited to receipts/copies of cancelled checks/ bank provided account ledger showing proof of payment.
- Documentation of Expenses Paid for related to any PPP, EIDL, or other CARES Act funds previously received – **(Reminder: No funds received to pay for expenses dispensed through other CARES Act funding can included as a reimbursable item in your CDBG-CV Grant Application).**

The CDBG-CV Grant Review Committee reserves the right to ask for any other documentation or information relevant to determining eligibility of any expenses.

Any questions related to this grant guidance or the application should be Directed to Nick Gregory, City Administrator, via e-mail at nickg@mcpcity.com or via phone at (620) 245-2535.