

**CITY OF SIERRA VISTA
CITY COUNCIL
PUBLIC HEARING ITEM**



**PROPOSED AMENDMENTS TO FIVE YEAR CONSOLIDATED
PLAN & 2019 ANNUAL ACTION PLAN**

CARES ACT CDBG FUNDING

MAY 5, 2020

CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT(CARES Act)

- On April 21, 2020, the City Council was briefed on the City's share of the CARES Act funding being distributed through HUD's Community Development Block Grant Program in the amount of \$159,897.
- Staff recommended that the funds be allocated to provide emergency small business grant assistance and public services to those impacted by COVID-19 that qualify for federal assistance.
- At the Work Session, there was a consensus on Council to tentatively allocate \$100,000 towards a grant program for small businesses and \$59,897 for basic social services.



CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT(CARES Act)

- The proposed amendments to the City's Five-Year Consolidated Plan and PY 2019 Annual Action Plan incorporates the companion goals, objectives and outcomes for the proposed CARES Act funding together with activity descriptions. (Please refer to Summary of Proposed Amendments for more detail)
- Notice of this public hearing was advertised in the Sierra Vista Herald on April 29, 2020.
- Following the hearing, Staff will make any requested changes and post the amendments to the City website for public comment through May 11, 2020.



CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT(CARES Act)

- Final adoption is scheduled for your regular meeting on May 14, 2020.
- Pending confirmation on HUD review timeline; grant agreement, release of funds schedule {Staff anticipates having final clearances from HUD by June 1, 2020}



Economic Development Emergency Small Business Grant

Small Business Grant - Overview

- Goal: to keep businesses open and retain jobs negatively impacted by COVID-19
- Two Categories of businesses within the grant program
 - Micro-enterprise - 5 or less employees including owner and owner's income meets the Low/Mod standards 24 CFR 570.201(o)(1)(i)
 - Special Economic Development - up to 10 employees with one or more employees meeting the Low/Mod income standards (required to maintain two or more Low/Mod jobs within six months to qualify) 24 CFR 570.203(b)

Potential Options

- Avg. \$3,000 – 33 Businesses
 - Avg \$10,000 – 10 Businesses
- Preference for Micro-Enterprise?

Small Business Grant - Overview

- Funding Amounts:
 - Micro-Enterprise - up to \$7,500
 - Special Economic Development – up to \$10,000
(maintaining or creating two jobs would be required)
- Types of Business: for profit, focused on restaurants and bars, retail, and services in commercial districts (locally owned and independently operated) directly impacted by COVID-19 or government ordered closures

Small Business Grant – Income Limits

FY 2020 Income Limits Summary

Selecting any of the buttons labeled "Explanation" will display detailed calculation steps for each of the various parameters.

FY 2020 Income Limit Area	Median Family Income Explanation	FY 2020 Income Limit Category	Persons in Family							
			1	2	3	4	5	6	7	8
Sierra Vista-Douglas, AZ MSA	\$66,300	Very Low (50%) Income Limits (\$) Explanation	21,000	24,000	27,000	29,950	32,350	34,750	37,150	39,550
		Extremely Low Income Limits (\$)* Explanation	12,760	17,240	21,720	26,200	30,680	34,750*	37,150*	39,550*
		Low (80%) Income Limits (\$) Explanation	33,550	38,350	43,150	47,900	51,750	55,600	59,400	63,250

NOTE: Cochise County is part of the **Sierra Vista-Douglas, AZ MSA**, so all information presented here applies to all of the **Sierra Vista-Douglas, AZ MSA**.

The **Sierra Vista-Douglas, AZ MSA** contains the following areas: Cochise County, AZ;

* The FY 2014 Consolidated Appropriations Act changed the definition of extremely low-income to be the greater of 30/50ths (60 percent) of the Section 8 very low-income limit or the poverty guideline as [established by the Department of Health and Human Services \(HHS\)](#), provided that this amount is not greater than the Section 8 50% very low-income limit. Consequently, the extremely low income limits may equal the very low (50%) income limits.

Small Business Grant - Criteria

- Competitive Selection Criteria

<p>Capacity and Experience to Operate the Business (20 points)</p> <ul style="list-style-type: none"> Applicant has the demonstrated capacity to operate the business sustainably. Consider project status, industry experience, and business development classes and resources. 	
<p>Readiness to Proceed (10 points)</p> <ul style="list-style-type: none"> The Business has a thoroughly demonstrated a proof of concept and clear market analysis. Proposal includes a clear plan for implementation including a realistic timeline with set deliverables. 	
<p>Infectious Disease Response (20 points)</p> <ul style="list-style-type: none"> Business will be severely impacted by the policies put into effect due to the coronavirus pandemic OR business provides a support service and will need funding assistance to implement new protocols or meet higher demand 	
<p>Job / Employee retention (30 points)</p> <ul style="list-style-type: none"> Proposal ensures <u>employee retention for at least 6 months</u>. Up to 30 Pts awarded based on Full-Time Equivalent FTE job retention: 30 Pts for 5 or more FTE positions retained, 20 Pts for 3 or more FTE retained, 10 points for 2 FTE positions retained, 5 points for 1 FTE positions retained, and 0 points for a lower ratio of retained jobs. One FTE position is defined as 40 hrs per week, or any combination of part-time positions combining for 40 hours per week, including owners. 	
<p>Minority/Women Business Enterprise or Business Owner with Low-Moderate Income (10 points)</p>	
<p>Project Costs (10 points)</p> <ul style="list-style-type: none"> Project costs are reasonable, all other sources of financing committed, grant resources as not being substituted for other available resources 	
<p>TOTAL</p>	

Small Business Grant – Use of Funds

- **Eligible Use of Funds**

- The City of Sierra Vista Community Development and Economic Development offices will review the project scope of work submitted in the application. Grants are restricted to certain eligible costs, especially those related to basic operating capital for leasing space, insurance and/or utilities, and staff salaries.
- Purchasing inventory, supplies, accounting and inventory software, furniture, fixtures, and equipment
- Equipment purchase (with or without installation costs)
- Marketing materials and advertising including website development and services

Small Business Grant – Use of Funds

- **Ineligible Use of Funds** In addition to CDBG-ineligible costs outlined in 24 CFR 570, funds under this Program may not be used to:
 - Reimburse expenses incurred prior to Applicant approval of grant or grant.
 - Pay off non-business debt, such as personal credit cards for purchases not associated with the business.
 - Purchase personal expenses such as buying a new family car or making repairs to a participant's home.
 - Direct financing to political activities or paying off taxes and fines.
 - Purchase personal items, or support other businesses in which the borrower may have an interest.
 - Construction fees

Small Business Grant – Timeline

- 5 May – Work session presentation
- 11-15 May – Pre advertising of Grant process
- 14 May - Mayor/Council Vote on Resolution
- 15 May – Application and Certification available on City website
- 29 May – Business Application due (submitted online)
- 1-5 June – Review and Scoring of Grant Submissions
- 12 June – Estimated Grant funding to awardees
- NLT 12 Dec – Awardees submit Job Verification and expenses to close out grant

**Public Services
Grombacher Assistance Program (GAP)
Emergency Crisis Fund**

Public Services – GAP Funding

Staff recommends that **public service funds** be administered by United Way of Sierra Vista and Cochise County via the Grombacher Assistance Program (GAP) Emergency/Crisis Fund to assist community members impacted by COVID-19 and individuals without shelter.

- Centralizes point of contact
- Area non-profits will be able to access funds to assist Sierra Vista residents in dire straits.
- Payments will be made directly to the service provider on behalf of the individual or family for assistance received
- Proposed funding will assist at least 30 City residents
- United Way administration costs will be capped at \$3,000 (5%)

Public Services – GAP Funding

BUDGET	
Type of Expenditures	Budgeted Amount
GAP Fund	
Food	\$10,000
Shelter (including payment for rent, mortgage, and/or utilities)	\$25,000
Employment Assistance (job placement, daycare, transportation, resume, etc.)	\$10,000
Mental Health Counseling	\$6,897
Hotel/Motel vouchers for homeless individuals	\$5,000
Indirect	
Administration (Fixed)	\$3,000
TOTAL	\$59,897

It is expressly agreed and understood that the total amount to be paid to the Subrecipient under this agreement shall not exceed \$59,897. Amendments to the budgeted amounts for the GAP Fund provided in the following table must be requested to the Sierra Vista Community Development Department when the actual amount exceeds the budgeted amount by 25%.



Public Services – GAP Funding

PAYMENT SCHEDULE	
2020 For the Months of...	Estimated Amount of Expenditures
June	\$5,000
July	\$8,000
August	\$10,000
September	\$10,000
October	\$10,000
November	\$10,000
December	\$6,897
TOTAL:	\$59,897

Note: Monthly expenditures are considered proposed. Amendments to the payment schedule must be requested to the Sierra Vista Community Development Department when the actual monthly expenditure exceeds the estimated amount by 50%.



COVID-19 Relief Programs for Non-Profits

Legacy Foundation

- Started providing emergency funding to area non-profit agencies in Mid-March whose ability to provide services or fundraising is being impacted by COVID-19. Available funding goes to the organization – not individual community members.

Community Foundation for Southern Arizona

- COVID 19 Emergency Relief Fund was established to support non-profits that have had to cancel critical fundraising events. **At this time, the Emergency Relief Fund is restricted to Pima and Santa Cruz counties only.**

COVID-19 Relief Programs for Non-Profits

Arizona Community Foundation

- COVID-19 Community Response Fund provides funding for general operations directly related to changes in service delivery resulting from COVID-19 in Arizona. Grant funding may not be used to develop or implement new programs or services not in place prior to March 11, 2020. Available funding is based on donations received within Cochise County. ACF will not disclose the amount available.

DISCUSSION

How to continue to participate...

Call: Telephone: 520-417-4413 • Fax: 520-452-7023

Send an email to: Matt.McLachlan@SierraVistaAZ.gov

Send a letter to: Department of Community Development
Attn: Matt
1011 N. Coronado Drive
Sierra Vista, AZ 85635

Access the Final Proposed Amendments
On May 5, 2020

Sierra Vista Website
(www.sierravistaaz.gov)

Public Comment Period Expires on May 11, 2020