Guidelines – Small Business Assistance Grant Program

Introduction

The American Rescue Plan Act of 2021 ("Act" or "ARPA") was signed into law on March 11, 2021. This Act provides emergency relief to individuals, organizations, and governments in response to the COVID-19 pandemic. As part of ARPA, the City of Michigan City is appropriating $880,000 to launch a **Small Business Assistance Grant Program** in an effort to retain jobs and stabilize local businesses.

The Economic Development Corporation of Michigan City, (EDCMC), has created a funding mechanism that will serve businesses with up to twenty-five (25) full-time employees at the time of application. Grants provided will range between $5,000-$25,000 per business, based on need.

After application review and approval of the ARPA Business Committee, an approval e-mail will be provided to the applicant for when and how to receive the grant payment.

This process may take up to 60 days.

Applications will be accepted until funds are exhausted.

If approved, only one (1) grant shall be awarded to each applicant.

Purpose

The purpose of the Small Business Assistance Grant Program is to provide relief to small businesses that have been negatively impacted by the COVID-19 pandemic.
As the grant is federally funded via ARPA dollars, there are some federal requirements to apply for this grant, which are outlined below.

Who We Fund

Eligible applicants must meet the following criteria:

- Business located within the municipal boundaries of the City of Michigan City, Indiana
- Applicant is the majority owner of the business
- Existing for-profit small business, **must be operational prior to March 3, 2021**
- Employs no more than 25 full time employees
- Business can demonstrate economic hardship including:
    - decreased revenue or gross receipts, financial insecurity, supply chain issues/ increased costs, capacity to weather financial hardship, periods of business closures, and challenges covering operating costs.
- Owner has or will have a valid **SS#**, **EIN** (Employer Identification Number), **Business Bank Account**, and is **at least 18 years old**
- Owner/Applicant is not currently in a bankruptcy proceeding
- Owner/Applicant is current on financial obligations to the City of Michigan City and the State of Indiana (property taxes, utility bills, etc.)
- Owner/Applicant business is in one of the following business sectors:
    - Manufacturing/Childcare/Grocery/Restaurant/Food & Beverage
    - Retail- Clothing, Electronics, Sporting Goods, Hobby Stores, Health & Beauty Products, Furniture & Home Furnishings, Book Stores, Fine Art, Jewelry/Crafts
    - Art/Media/Audio Visual/Music
    - Services- Beauty/Barber, Tattoo, Printing/Paper/Supplies
    - Other- Explain your business sector on the application

Note: Preference will be given to brick-and-mortar businesses with long-term investment goals within the city of Michigan City.

Ineligible Applicants

- Business located outside of the municipal boundaries of the City of Michigan City, Indiana
- Nonprofit organizations, school districts and their related agencies or organizations
- Payday loan businesses, liquor and tobacco stores, pawn shops, dealers of rare coins and stamps, firearm or other weapons dealers, adult entertainment, real estate investments, or homebased businesses operating without appropriate zoning and/or permits or registration
- Firms involved in lending activities, such as banks, finance companies, leasing companies, insurance companies (not agents), and any other firm whose stock in trade is money
- Firms involved in illegal activities that are against the law in the jurisdiction where the business is located. Included in these activities are the production, servicing, or distribution of otherwise legal products that are to be used in connection with an illegal activity, such as selling drug paraphernalia or operating a motel that permits illegal prostitution.
- Trailer-storage yards and similar uses, as well as Residential storage warehouses
- Gambling activities, including any business whose principal activity is gambling
- Charitable, religious, or other non-profit or eleemosynary institutions, government-owned corporations, consumer and marketing cooperatives, and churches and organizations promoting religious objectives
- Real estate, rentals & lodging, multi-level marketing, cannabis, and any social clubs
- Chain and franchise businesses, gas stations, labor employment agencies, food delivery, rideshare services, and airport transportation services

What We Fund

Grant funds can be used for the following business costs:

- Operating costs such as supplies, inventory, mortgage, rent, utilities, insurance, maintenance/repairs, and other operating costs
- Employee payroll (business must commit to re-hiring or retaining current staff position for a six (6) month period after receiving the loan)
- Facility rent/mortgage expense (lease or mortgage documentation must be provided)
- Utility costs (copies of utility bills in the business name must be provided)
- General communication, marketing, and advertising expenses
- Physical improvements to storefronts/building facades or enhancements to outdoor spaces (e.g., restaurant patios)
- Other operating costs to facilitate efficient business operations including: improvements to permanent equipment directly tied and/or attached to business (e.g. grease traps, technology used to facilitate daily activities/transactions)
- Rehabilitation of commercial properties, storefront improvements and façade improvements for businesses located within **Qualified Census Tracts** within the municipal boundaries of Michigan City (see: Census Tract Interactive Map, 2020: STATS Indiana)

Note: Preference will be given to equipment expenditures.

- ***Ineligible*** Expenses Not Covered by Grant Funds include:
  - Reimburse expenses incurred prior to the Indiana Governor's Stay at Home Executive Order 20-08 effective March 25, 2020
  - 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
  - Any political activities or
  - Paying any taxes or fines
  - Purchase personal items or support other businesses in which the borrower may have interest
  - Deposits to pension funds or other retirement benefit accounts
  - Payment of principal or interest on outstanding deb
  - Costs of issuing new debt

Estimated Program Timeline

Key Task	Target Date Range
Request for Proposals Announced	February 2024
Application Open	February 2024
In-Person Informational Meeting	February 2024
Informational Webinar	March 2024
Proposals Due	Ongoing/Until Funds Exhausted
Pre-Approval Awards Announced	Ongoing/ Until Funds Exhausted
Grant Period Begins	Ongoing/Until Funds Exhausted

How to Apply

- Submit a completed application electronically, via https://edcmc.com/arpa-small-business-grant/
- Provide requested documentation as listed on the **Application** and **Checklist** document
- Applicants must certify that all information provided is accurate
- Applications will be reviewed by the City's ARPA Business Review Committee
- Applicants may be asked to supply additional information by the ARPA Business Review Committee for funding consideration

Review and Evaluation Process

An ARPA Business Review Committee will review applications and evaluate each proposal using the following criteria:

- Funding fulfills a gap or need other programs/services are not fully addressing (see Pg. 1)
- Funding mitigates some of the impact COVID-19 had on the organization's budget
- Applicant organization or its proposed use of funds addresses economic hardship resulting from Covid-19 including:
  - Decreased revenue/Gross Receipts, Financial Insecurity, Supply Chain Issues/Increased Costs, Capacity to Weather Financial Hardship, Periods of Business Closures, and Challenges Covering Operating Costs
- The overall stability of the applicant organization and strength of the proposed use of funds, including if the organization will be able to fulfill the grant proposal

The review committee will meet, discuss, and make funding recommendations. The EDCMC will notify the applicants via email of funding decisions. Grant recipients will be provided additional information about when and how to receive the grant, along with a funding agreement.

All decisions of the ARPA Business Review Committee are final.

Grant Program Terms

- The City of Michigan City reserves the right to amend, alter, change, or repeal this Request for Proposal in part or in its entirety.
- The City of Michigan City further reserves the sole right to determine eligibility, scoring, and to make such determinations in awarding a grant.
- The City of Michigan City may change their eligibility requirements and award grants based upon the City's ever changing economic needs to ensure the best use of ARPA funds.
- The City of Michigan City's determination shall be considered final.
- **Funds must be spent in entirety by December 31, 2025.**

In addition to answering the above questions, applicants will submit the following required documents:

- Copy of Applicant's Driver's License
- Employee Verification Form (I-9 or W-2)
- IRS Exemption Determination Letter, (if applicable), **OR**
- Certificate of Existence with Secretary of State
- Financial Statements for 2019, 2020, and 2021 **(Summary Sheet from Tax Returns)**
- Project Narrative/Overview with estimate details for how the business intends to use funds

Questions and Technical Assistance

For questions, please contact the Economic Development Corporation of Michigan City at: info@edcmc.com

The EDCMC will host technical assistance sessions to cover both the application process and program compliance. Please refer to the EDCMC's website for further details on dates, times, and location at: www.edcmc.com