

**CITY OF CORTLAND**  
**PRELIMINARY MICROENTERPRISE PROGRAM GUIDELINES**  
Funded by: The New York State Office of Community Renewal under the Community  
Development Block Grant Program/2016

**MICROENTERPRISE DEFINITION:**

A microenterprise is a business that employs or will employ five or fewer persons, including the business owner(s). The total number of employees includes full and part-time employees without regard to the number of hours each employee works. To be eligible for assistance, a new or existing microenterprise must meet a low-to-moderate income test; that is the business owner(s) must be low-to-moderate in income (based on family size and gross, annual income) OR a majority of the jobs to be created or retained must be low-to-moderate income jobs and/or available to low-to-moderate income persons. Low-to-moderate income limits are provided in the chart below.

**PROGRAM PURPOSE:**

The purpose of the Microenterprise Program is to provide financial assistance to entrepreneurs, start-up businesses, and existing microenterprises that will increase economic opportunity and/or create jobs for persons who are low-to-moderate in income. The Program is especially interested in assisting entrepreneurs who are, or businesses that are owned by low-to-moderate income persons.

**LOCATION OF PROGRAM:**

To be eligible for assistance the microenterprise must be located in the City of Cortland, and the business location must be zoned appropriately for the proposed business use.

**ELIGIBILITY:**

1. At the time of application an existing business must have no more than five (5) employees, one (1) or more of which is the principal and owns the enterprise at the time of application. This includes both part-time and full-time employees without regard to the total number of hours worked by any employee, i.e. total head count. The project must meet a low-to-moderate income test; that is, either the owner(s) must be low-to-moderate in income based on family size and gross, annual income; or the project must result in the creation of jobs, the majority of which meet the low-to-moderate income test. The City will make this determination with information provided by the applicant.
2. The number of jobs to be considered a “Microenterprise” is not based on “full-time equivalents”, but the total head count of employees with each employee, regardless of whether they are full or part-time”.
3. The business owner(s)’ and the business’s City payments including, but not limited to, taxes and water and sewer charges, must be current.

4. If funds are awarded the City, applicants for participation must have a current business plan. Assistance in creating a business plan may be provided.
5. If funds are awarded the City, successful applicants for Microenterprise funds will be required to attend classroom training approved by the State funding source. The training is generally a three-day obligation and can be paid for with State funds, for City-approved applicants.
6. Successful applicants are required to provide a minimum of 10% cash equity for the project, based on the total project cost. The equity must be in owner's cash and cannot result in the incurrence of debt (i.e. a loan).
7. Other requirements will be provided in Program Guidelines to be provided to all applicants, if the funding is awarded to the City.

### **MICROENTERPRISE PRIORITIES:**

Generally, most types of microenterprises are eligible for assistance if they meet the low-to-moderate income test noted in #1 under "eligibility" above. If Micro funds are awarded to the City, the City may prioritize certain businesses in a rating and ranking system to be used to review applications and award funds to projects.

### **ELIGIBLE USES OF FUNDS:**

1. Funds can be used to purchase capital equipment and fixtures including, but not limited to, manufacturing, processing, or display equipment; computer hardware; office furniture, display fixtures, or other equipment/fixtures that directly support the business activities of the applicant. All assets acquired with City funds shall be stored and used at the business's primary City location and will be secured by the City via a UCC filing.
2. Funds can be used for working capital. The specific use(s) must be detailed in the microenterprise application for assistance and in commitments or agreements/documents executed with the City. In general, working capital will only be considered for new businesses or expansion of an existing business's services, capabilities, or employment. The City reserves the right to file a UCC lien on the business.
3. Funds can be used for the purchase of inventory. The general type and amount of inventory must be detailed in the microenterprise application for assistance and in any commitment or agreements/documents executed with the City. The City reserves the right to file a UCC lien on the business.
4. Software that is specifically related to the business activity of the applicant may be purchased under the Microenterprise Program. The City reserved the right to file a UCC lien on the business.
5. Other uses, not specifically noted but deemed appropriate by the City, will be considered.

## **INELIGIBLE USES OF FUNDS:**

1. The refinancing of existing debt and/or payment of interest as a result of interim financing is ineligible under the Microenterprise Program.
2. Any activity(ies) that will result in the loss of a job or jobs or the reduction of hours for any existing employee is ineligible under the Microenterprise Program.
3. Motor vehicles cannot be purchased or leased under the Microenterprise Program.
4. Construction, renovations and building repairs that trigger Davis Bacon prevailing wage rates are ineligible
5. Any illegal activities; activities that are inconsistent with or will detract from the character of the City; activities that are reasonably objectionable to the City or do not comply with local zoning regulations or other municipal plans are ineligible for funding under the Microenterprise Program.
6. Religious, political activities, lobbying and/or governmental activities are ineligible.
7. Use of funds by a not-for-profit is ineligible;
8. Costs incurred prior to approval of grant award by the City to the business are ineligible.

## **FINANCIAL ASSISTANCE:**

1. The total amount of assistance available per project is proposed to be \$5,000 to \$35,000. The amount to be provided per project will be determined by the City's Review Committee based on a review of the application and supporting documentation.
2. All assistance is in the form of a grant, which is subject to recapture if the business closes or relocates outside the City within five (5) years of the date of project completion. The amount of funds recaptured is determined by the terms of the grant agreement and is generally based on the amount of time the business operated in the City and the amount of funds provided.
3. A minimum of 10% of the total project cost must be provided as owner's equity. Equity must be in the form of cash, not loan funds.
4. If the total project cost exceeds the maximum amount of assistance provided by the City, the owner is responsible for providing the balance. The balance of the project cost must be documented prior to approval and can be in the form of owner's cash or a loan.

## **TRAINING:**

The State funding source, the New York State Office of Community Renewal, requires all participating business owners to complete a Business Ownership or Entrepreneurial training course approved by the Office of Community Renewal. The applicant must provide proof of successful completion of such training. The training can be completed after award of funds.

## **DISBURSEMENT OF FUNDS (reimbursement process):**

This is a reimbursement program. Documentation of purchases, i.e. PAID receipts or comparable, must be provided before the request for the reimbursement funds is submitted. The request for funds is submitted to the State no more than two times for each business awarded grant funds. In no case will assistance be paid in advance of purchases. The accepted documentation of payment is generally a PAID invoice and copy of both sides of the check. For cash payments, the invoice should be clearly marked, PAID CASH. The equity contribution must be documented prior to complete disbursement of all microenterprise funds. Disbursement procedures are subject to change.

## **OTHER TERMS AND CONDITIONS:**

- 1) The microenterprise owner agrees to repay any grant funds in full or in part if the business ceases operation or moves outside the City of Cortland prior to the end of the five-year regulatory period.
- 2) A Grant Agreement between the City and the microenterprise owner(s) will be executed prior to the disbursement of any funds. This Agreement will detail the terms and conditions of the funding.
- 3) All low-to-moderate income jobs to be created through this program will be verified and monitored pursuant to a process established by the New York State Office of Community Renewal (OCR). The process requires the completion and submission of certain forms and reports to which the microenterprise must agree. The employment monitoring will continue until such time as the jobs obligation is met.
- 4) The microenterprise is required to comply with all local, State, and national laws, regulations, or requirements that would normally and routinely apply to such businesses, and as may be required of recipients of State and/or federal funding.
- 5) All of the above Terms and Conditions will be included in a Grant Agreement, which the business owner must sign.
- 6) Any of the above may be subject to change if the grant is awarded to the City.

**LOW-TO-MODERATE INCOME LIMITS FOR CORTLAND COUNTY  
(March 2016)**

FAMILY SIZE	MAXIMUM INCOME LIMIT
1	\$34,550
2	\$39,500
3	\$44,450
4	\$49,350
5	\$53,300
6	\$57,250
7	\$61,200
8	\$65,150

\*The Applicant/Business Owner or the employees will be considered “low-to-moderate in income” (low/mod) if the family’s **gross annual** income does not exceed the maximum income for that family size. Example, a family has two adults and three children (total five persons); the income opposite the number “5”, which is \$53,300, is the maximum income that family can earn on an annual basis and be eligible. If the family’s gross, annual income is less than \$53,300 they are considered a low/mod income family. If the family’s gross annual income is greater than \$53,300 they do not meet the low/mod income test. Family is defined as those persons in household that are related by marriage, birth or adoption. Family and household is not the same thing. Please ask if you have questions. We can help you determine if you are low/mod.

## CITY OF CORTLAND MICROENTERPRISE PROJECT INFORMATION FORM

(This is a **pre-application**. It will be used to determine the level of interest in the proposed program only. Additional information may be requested. Applicants will be required to complete a full application at a later date if the City is awarded the funds for the proposed program.)

### GENERAL INFORMATION

Name(s): \_\_\_\_\_ Age: \_\_\_\_\_

Address: \_\_\_\_\_ Email: \_\_\_\_\_

Business Name/Address: \_\_\_\_\_

Daytime Phone Number: \_\_\_\_\_ Cell Phone: \_\_\_\_\_

Number of people in your family: \_\_\_\_\_ **Gross** annual household income: \_\_\_\_\_

### PROJECT INFORMATION

Existing Business (Number of years in business \_\_\_\_\_)

New Business

Summary of  
Jobs (include  
self):

	# full-time jobs	# part-time jobs	total part time hours
Existing			
Retained			
New			

Do you have a current Business Plan?  YES  NO

Describe your business: \_\_\_\_\_  
\_\_\_\_\_

Describe project in detail including total cost (attach another sheet if needed): \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Amount of funds to be requested and how funds will be used (Assistance \$5,000 to \$35,000): \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Number and type of job(s) to be created: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Equity contribution source (Min. 10% required): \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*Return to Thoma Development Consultants, 34 Tompkins Street, Cortland, NY 13045. Questions?  
Call Laura Meagley at Thoma Development Consultants – (607) 753-1433*