



**Guidelines
For
Microenterprise
Technical Assistance
Services Program**

Funded By

City of Ukiah

With

Community Development Block Grant

Adopted: 6/21/17

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COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) MICROENTERPRISE TECHNICAL ASSISTANCE PROGRAM GUIDELINES

1.0 INTRODUCTION

The City of Ukiah, here after called the "Grantee," has established a microenterprise Technical Assistance (TA) program, here after called the "TA Program." The TA Program is designed to stimulate economic growth and create businesses and jobs that will improve the living conditions of residents in Ukiah. The TA Program provides technical assistance services to eligible businesses and persons for business start-up or expansion activities. These TA Program guidelines have been formally adopted by the Grantee and approved by the California Department of Housing and Community Development, here after called "the Department." See **Attachment A** for copy of the adopting resolution.

2.0 MICROENTERPRISE TA SERVICES PROGRAM OVERVIEW

2.1 GRANTEE AND PROGRAM OPERATOR

The Grantee will secure the services of a qualified service provider, here after called "the Program Operator," who has experience in providing and coordinating microenterprise TA services and is familiar with CDBG state and federal requirements. In general, the Program Operator will: 1) market the TA Program; 2) accept and process participant applications; 3) document participant CDBG income eligibility and proper number of employees; and 4) ensure participant files are set up to document all participant TA services provided and documentation of all eligible costs. Grantee will assign one or more staff to oversee Program Operator's work with Program Applicants and Participants to ensure CDBG compliance with these guidelines.

2.2 PROGRAM SERVICE AREA

TA services are available to all eligible businesses/persons located within Ukiah's jurisdictional boundaries. These CDBG funds may not be used in entitlement jurisdictions that receive CDBG funds directly from the federal Department of Housing and Urban Development (HUD) entitlement program.

2.3 FUNDING SOURCE FOR TA PROGRAM SERVICES

The TA Program is paid for with CDBG funds provided by HUD to the Department, and as such these funds have a number of federal requirements that must be met as described below. These CDBG funds come to the Grantee from Department grant awards that are administered under a formal grant contract or from local CDBG program income (PI) funds administered under an approved PI Waiver.

3.0 CDBG PROGRAM REQUIREMENTS

3.1 ELIGIBLE PROGRAM APPLICANTS

All eligible applicants must meet the definition of a microenterprise. For CDBG

purposes, a microenterprise is defined as a commercial enterprise that has five (5) or fewer employees, including the owner(s). All employees, part or full time, on the business payroll at the time of loan application will be counted. The term "employee" includes all owners of the business on the payroll, even if the owner's "salary draws" are not done on a regular basis. The Program Operator will require all program Applicants "certify" the number of employees at the time of application using the Department's Microenterprise Income Self-Certification Form (see Attachment D).

An eligible Applicant may be an existing microenterprise business that needs TA program services to build capacity or a person without a business that wants to create one. Most existing microenterprise business Applicants will be sole proprietorships. However, eligible Applicants may include private for-profit corporations or partnerships that are legal, properly licensed and operating. Non-profits are not eligible microenterprise businesses. An eligible Applicant must provide documentation that the physical location of the business is within the program service area, per Section 2.2. If the business's physical address is outside of the program service area, then they are not an eligible Applicant. A business owner may have their personal residence outside the program service area as long as the business's principal operating location is within the program service area.

Eligible Applicants can also be individual persons who do not have a business but wish to start a business. These persons may receive microenterprise TA services to help them take all the necessary steps to build capacity and set up a new business. The TA services provided to persons will typically be much more time consuming and require more work from the Applicant as they seek to start a for profit business. Applicants that are persons without an existing business must document that their primary residence is located in the program service area per Section 2.2.

3.2 INELIGIBLE PROGRAM APPLICANTS

An ineligible existing business applicant is one that has a physical business location outside of the service area. An ineligible person applying for the program is one with a residence outside of the service area. As stated in Section 3.1 non-profit organizations are not eligible microenterprise business. An applicant currently participating in a microenterprise TA or Financial Assistance program offered in the same service area as this program is not eligible.

3.3 ELIGIBLE PROGRAM COSTS

Use of CDBG funds for TA program services is restricted to certain eligible costs. All costs associated with funding TA must be "indirect costs." Indirect is defined as third party costs to a Program Operator and other consultants that provide TA to program participants. Common TA costs may include: 1) business development workshops or classes restricted to CDBG eligible program participants; 2) "one on one" counseling using professional business

development staff; 3) opportunities for “structured peer networking;” and 4) online business training courses. The Grantee’s specific CDBG TA services are outlined in Sections 5.3 to 5.6.

3.4 INELIGIBLE PROGRAM COSTS

Microenterprise “direct financial assistance” costs will not be funded under this program. Direct financial assistance may be provided only under an approved CDBG microenterprise financial assistance program. Direct financial assistance activities are typically any costs associated with day to day business operations. These operational costs are ineligible, whether the business is operating out of a private leased commercial space, their home, or a public facility.

Examples of ineligible direct financial assistance costs include but are not limited to: 1) payment of costs to produce/purchase marketing materials (printing, language translations or professional design costs); 2) payment of marketing ads or distribution of marketing materials; 3) payment of third party costs for website building or hosting; 4) payment of rents / lease payments, utilities or other business fees or operating / overhead expenses; 5) payment of purchasing real property or furniture, fixtures or equipment for the business; 6) payment of any personal or business debt; 7) payment of any cash or wages; 8) paying for credit reports; and 9) paying for loan or grant underwriting services.

In addition, no payment of food or drinks offered at the TA classes or other instruction sessions are eligible costs. Cash or like-cash payments and other undocumented TA costs are also not eligible.

3.5 TIMEFRAME FOR RECEIVING TA SERVICES

Under federal regulations, a program participant may receive TA services for up to three (3) years, after completing income verification as an eligible microenterprise. It is expected that most program participants will use all microenterprise TA services well before the three year limit.

3.6 MEETING CDBG MICROENTERPRISE DEFINITION REQUIREMENT

Program applicants for this Program must meet the CDBG definition of a microenterprise business. The CDBG definition of a microenterprise business is one that has five (5) or fewer employees, including the owner(s). All employees, part time and full time, on the business payroll at the time of loan application will be counted. The term “employee” includes all owners of the business on the payroll, even if the owner’s “salary draws” are not on a regular basis. The Program requires a current CDBG income self-certification form which should be placed in the program participant file to document the number of employees and compliance with the HUD microenterprise definition.

3.7 MEETING CDBG NATIONAL OBJECTIVE REQUIREMENT

Under federal regulations, use of CDBG funds for microenterprise activities must meet the national objective of benefit to low/mod income persons under the

Limited Clientele definition. As such, all microenterprise owners must be documented as meeting HUD low/mod income definition prior to receiving any Program services. This is in addition to meeting the “definition” of a microenterprise, as described above in Section 3.6. The CDBG income self-certification form will be used to verify income of program applicants for the microenterprise technical assistance services program.

As with other microenterprise program activities, if the Grantee or Program Operator finds that the applicant income information is not accurate and the program participant is over HUD’s income limits, then a program applicant is ineligible and program services currently being offered to program participants must cease immediately.

3.8 OTHER CDBG FEDERAL LAWS AND REGULATIONS

There are a number of federal laws and state regulations that are triggered with the use of CDBG funding for a microenterprise assistance services Program. The Grantee will take the lead and ensure compliance with these other CDBG regulations.

National Environmental Policy Act (NEPA) federal environmental laws per regulation 24 CFR 58 are not triggered for individual Program participants. Nor are there any compliance requirements for Davis Bacon and related Acts for TA activities under these guidelines. Acquisition and relocation laws are also not triggered when using CDBG funds for microenterprise TA services. However, these federal laws may be triggered as part of using the TA funds in conjunction with providing the program participant with financial assistance.

Federal regulations require that local program income be spent first prior to drawing down any federal funds from an open grant. If a Grantee has a program Income (PI) “Waiver” for funding technical assistance services and also has a Department grant contract award for technical assistance services, the local PI waiver funds must be expended first, prior to drawing down any funds from the open grant contract with the Department.

4.0 APPLICATION PROCESSING FOR TA PROGRAM SERVICES

4.1 PROGRAM MARKETING AND OUTREACH

Upon the Grantee’s receipt of a Department letter releasing TA Program funding, and after successful procurement of a Program Operator, the Program Operator will conduct outreach and marketing to all businesses and individuals in the program service area. Program operator staff will develop a marketing plan for the program to outreach to businesses and persons in the community regarding the availability and accessibility of the TA program. This plan should be kept on file and updated as needed to ensure that all residents in the service area are informed about and have access to program applications.

4.2 EQUAL OPPORTUNITY COMPLIANCE

This program will be implemented in ways consistent with the Grantee commitment to state and federal equal opportunity laws. No person or business 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 his or her religion or religious affiliation, age, race, color, ancestry, national origin, sex, marital status, familial status (number or ages of children), physical or mental disability, sexual orientation, or other arbitrary cause.

4.3 PROGRAM APPLICATION PROCESSING

Applications will be processed on a first come first served basis. See **Attachment B** for microenterprise TA services program application form. The Program Operator will accept applications and review for HUD income eligibility and an allowable number of employees, per Department standards.

All program applications received, both denied and approved, will be logged and kept on file in accordance with federal records retention act. Applicants who do not meet eligibility requirements of the program will be notified in writing with an explanation of ineligibility. Files will be set up for all eligible program participants to document compliance with all CDBG regulations, Department policy, and adopted guideline and all provided TA services.

4.4 PROGRAM PARTICIPANT / APPLICANT CONFIDENTIALITY

All personal and business financial information will be kept confidential. Program participant files with personal and business confidential information will be kept in locked secured storage units.

4.5 DISPUTE RESOLUTION / APPEALS PROCEDURE

Any person applying for TA services through the CDBG program has the right to appeal a denied application. The appeal must be made in writing to the Grantee. A written response to the appeal will be provided to the applicant by the Grantee within 30 days of receipt of the applicant's appeal letter.

4.6 EXCEPTIONS / SPECIAL CIRCUMSTANCES

Exceptions are defined as any action, which would depart from policy and procedures stated in the guidelines.

5.0 TECHNICAL ASSISTANCE PROGRAM SERVICE DELIVERY

5.1 PROGRAM PARTICIPANT CAPACITY EVALUATION

Eligible program participants will meet with Program Operator staff to receive a "capacity" evaluation. This evaluation process will be completed via a face to face interview and standard written format. The current capacity of the business owner or person wishing to start a business will be assessed. Areas of strengths and weaknesses will be identified; steps will be provided to address weaknesses.

5.2 CREATING CAPACITY DEVELOPMENT WORK PLAN

Based on the capacity evaluation, the Program Operator will work with the program participant to develop a “work plan.” The work plan will outline the TA needed by the program participant and give a timeline for scheduling the services. The work plan will contain expected outcomes from the TA, explain how those outcomes will address the capacity issues identified in the evaluation and provide an estimated cost. The work plan will clearly state the expectations for the program participant and the Grantee. All parties will sign the work plan. Copies of the work plan will be provided to all parties and included in the program participant file.

Eligible program participants will be provided detailed information on the TA provided with this program. TA services will be tracked and documented in the program participant file. The Program Operator will remain in contact with the program participant throughout the process.

5.3 TECHNICAL ASSISTANCE VIA CLASSES

Business development classes will be offered on a regular basis, when sufficient demand for the classes is present. “Mixed TA classes” (eligible CDBG participants and non-eligible CDBG participants) may be offered by the Program Operator, with prior approval in writing from the Grantee. When mixed TA classes are offered, the Grantee has received prior written approval from the Department to ensure compliance with federal regulations. Some examples of topics for the classes may include: 1) business plan development or updating; 2) market analysis and marketing plan development; 3) managing employees and payroll services; 4) choosing a legal structure for a business; 4) financial management tools and cash flow projections; 5) controlling inventory and operating expenses; 6) collection of accounts payable; 7) use of the internet and other electronic resources for sales and efficiency; 8) access to capital for growing the business. Other classes may be offered based on the needs of the program participants.

5.4 BUSINESS DEVELOPMENT VIA “ONE-ON-ONE” COUNSELING

Business development “one on one” TA will be provided as needed, typically after program participant has attended necessary microenterprise TA classes in Section 5.5.

One on one TA will be scheduled with Program Participants a month at a time beginning at the start of each month. The one on one TA will cover similar topics to what is offered in the classes, but this TA will be much more detailed and specific to the Program Participant. The one on one TA may be conducted in person or via video conference call. The one on one TA may be conducted at the location of the program participant or at the Program Operator’s office. Notes on the TA provided at these sessions, along with time and training materials used, will be documented by the Program Operator in the program participant file.

5.5 BUSINESS DEVELOPMENT VIA “PEER TO PEER” COUNSELING

The Grantee may choose to allow the Program Operator to organize Peer to Peer TA if a sufficient number of program participants with similar types of businesses are enrolled in the TA Program. Peer to Peer TA will be provided in a formal meeting format. The Peer to Peer meetings will be facilitated by the Program Operator. Topics for discussion at the meetings will be provided by the members of the group which may include small group exercises and projects to facilitate participants working together to identify and find solutions to common problems experienced in their respective fields.

The date and time for each meeting should be documented with sign-in sheets. Discussion notes, activities conducted and outcomes at the meetings should be documented in program participant files.

5.6 BUSINESS DEVELOPMENT VIA ONLINE COMPUTER TRAINING

Program participants may obtain approval from the Program Operator to complete business development classes online. The topics for the online classes being requested must be in support of the capacity evaluation objectives. A list of eligible online training classes will be provided by the Program Operator. Any online training or class not on the approved list must be reviewed and approved in writing by the Grantee.

Online classes may be taken remotely or in the Program Operator's office. Classes will be paid for directly by the Program Operator to the third party vendor. Documentation of completion of the online class is required and will be filed in the program participant file.

5.7 COMPLETION OF CAPACITY DEVELOPMENT WORK PLAN

Program participants commit to completion of TA services as outlined in the capacity building evaluation and plan document. The Program Operator will commit to providing the TA in the capacity building evaluation and plan. The program participant, Program Operator and Grantee understand that the CDBG microenterprise TA services are a limited public resource. Therefore, if a program participant does not consistently complete their business development classes, one on one TA counseling sessions, peer to peer meetings or complete online classes, they may be disqualified from receiving any further CDBG microenterprise TA. Disqualification will be in writing and fully documented in the program participant file.

6.0 PROGRAM OVERSIGHT BY GRANTEE

6.1 OVERSIGHT OF PROGRAM OPERATOR

Grantee staff will serve as the primary contact with the Department. The Grantee will be responsible for securing services of a qualified Program Operator for implementation of this TA Services Program prior to starting any activities under these guidelines. The scope of work for the Program Operator will include all

administration and documentation required for TA services in these guidelines and for CDBG compliance.

6.2 TRACKING TA SERVICES OF PARTICIPANTS

The Grantee's staff oversee and monitor all work conducted by the Program Operator. Monthly or quarterly meetings will be conducted to review the program status: 1) marketing efforts; 2) applications received; 3) eligible program participants being served; 4) successful program participant stories; 5) demand for different services and need for more resources or partners; 6) review of program tracking forms, **See Attachment C**; 7) review of Department reports and funds request for reimbursement of TA Services; and 8) preparation for Department monitoring of grant contract and TA Services. As per the [future] executed agreement between the Grantee and the Program Operator, all required reports under open grant contracts or PI will be reviewed and approved by the Grantee staff prior to Grantee's signature.

**ATTACHMENT A
GRANTEE'S EXECUTED RESOLUTION ADOPTING
MICROENTERPRISE PROGRAM GUIDELINES**

RESOLUTION NO. 2017- 28

RESOLUTION OF THE CITY OF UKIAH COUNCIL ADOPTING PROGRAM GUIDELINES FOR COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) MICROENTERPRISE TECHNICAL ASSISTANCE SERVICES PROGRAM

WHEREAS, a Public hearing was held pursuant to federal Citizen Participation requirements before the City Council on June 21, 2017 to receive public comment regarding adoption of the City of Ukiah's Microenterprise Technical Assistance Services Program Guidelines; and

WHEREAS, the City of Ukiah has been awarded a 2016 Community Development Block Grant (CDBG) from the State Department of Housing and Community Development (HCD) to operate a Microenterprise Assistance Program, including Technical Assistance Services; and

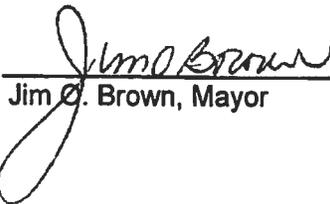
WHEREAS, HCD requires that in order to operate a CDBG Microenterprise Technical Assistance Services Program, jurisdictions must adopt Program Guidelines to govern program operation and to ensure compliance with CDBG State and Federal requirements; and

WHEREAS, HCD has provided a template for the Program Guidelines, and the template has been revised only for local program details while retaining language reflecting State and Federal requirements.

NOW, THEREFORE, IT IS HEREBY RESOLVED that the City Council of the City of Ukiah does hereby adopt Program Guidelines for the Community Development Block Grant (CDBG) Microenterprise Technical Assistance Services Program.

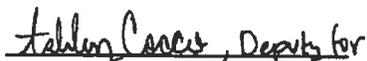
PASSED AND ADOPTED this twenty-first day of June, 2017, by the following roll call vote:

AYES: Councilmembers Scalmanini, Crane, Mulheren, Doble, and Mayor Brown
NOES: None
ABSENT: None
ABSTAIN: None



Jim C. Brown, Mayor

ATTEST:



Kristine Lawler, City Clerk

ATTACHMENT B
CDBG MICROENTERPRISE TECHNICAL ASSISTANCE
SERVICES PROGRAM APPLICATION

[This attachment will be included once developed with the selected Microenterprise Technical Assistance services Program Operator (after the Program Operator has been procured).]

ATTACHMENT C
APPLICANT AND PROGRAM PARTICIPANT TRACKING
FORMS FOR TECHNICAL ASSISTANCE

[This attachment will be included once developed with the selected Microenterprise Technical Assistance services Program Operator (after the Program Operator has been procured).]

**ATTACHMENT D
DEPARTMENT'S MICROENTERPRISE INCOME
SELF-CERTIFICATION FORM**

Microenterprise Program SELF-CERTIFICATION of Income for

City of / Town of / County of _____ CDBG Funded Activity

Program Activity: Technical Assistance Support Services

Page 1 to be filled out by Participant

Part I: Confidential Participant / Beneficiary HUD Demographic Data

(This section is voluntary.)

Ethnicity (Select One)		<input type="checkbox"/> Not Hispanic	<input type="checkbox"/> Hispanic
Race (Select One)			
<input type="checkbox"/> White	<input type="checkbox"/> Am. Indian/Alaskan Nat. & White		
<input type="checkbox"/> Black/African American	<input type="checkbox"/> Asian & White		
<input type="checkbox"/> Asian	<input type="checkbox"/> Black/African American & White		
<input type="checkbox"/> American Indian/Alaskan Native	<input type="checkbox"/> Am. Indian/Alaskan & Black/African		
<input type="checkbox"/> Nat. Hawaiian/Other Pacific Isl.	<input type="checkbox"/> Other Multi-Racial		
Other Demographic Data (Select each that Applies)			
<input type="checkbox"/> Female Head of Household	<input type="checkbox"/> Single / Non Elderly		
<input type="checkbox"/> Participant Disable	<input type="checkbox"/> Related/Single Parent		
<input type="checkbox"/> Veteran	<input type="checkbox"/> Related/Two Parent		
<input type="checkbox"/> Elderly	<input type="checkbox"/> Other (_____)		

Part II: Confidential Participant / Beneficiary Income Certification

(Must be completed and signed before microenterprise services are provided.)

1) Number of Employees & Owners:

The total number of employee(s) is: _____. The total number of Owner(s) is: _____. Combined Employee(s) and Owner(s) = _____.

2) Number of Family Members & Gross Income:

My total family size consists of _____ members, and the total gross annual income* for all adult members is \$ _____.

*Gross annual income must include all sources of income (wages, child support, SSI, unemployment, pension, income from assets, etc., but does not include the income of live-in aids, per 24 CFR 5.403).

I certify that the information given on this form is true and accurate to the best of my knowledge. I am aware that there are penalties for willfully and knowingly giving false information on an application for Federal or State funds, which may include immediate repayment of all Federal or State funds received and/or prosecution under the law. I understand that the information on this form is subject to verification by state and federal personnel as part of compliance monitoring.

Participant / Beneficiary Signature: _____ Date: _____

Participant / Beneficiary Name (print): _____

Participant Physical Home Address: _____, City _____

Microenterprise Program SELF-CERTIFICATION Verification by

City of / Town of / County of _____ **CDBG Funded Activity**

Page 2 to be filled out by Program Operator

Microenterprise Program Information:

Name of Microenterprise Program Operator: _____

Source of CDBG funding: Grant #: _____ - Or - PI Waiver Fiscal Year: _____

Microenterprise Business Size (# of Employees & Owners) Verification:

- Business has: No employees, as the Participant does not have an operating business
 Five or fewer employee positions with owners
 More than five employee positions with owners **NOT ELIGIBLE for CDBG ASSISTANCE**

Microenterprise Participant/Beneficiary Income and Location Verification:

Effective Date of the Income Limit Chart being used: _____

- Family is: 30% or less (Extremely Low Income)
 31%-50% (Low Income)
 51%- 80% (Moderate Income)
 Over 80% of median income: **NOT ELIGIBLE for CDBG ASSISTANCE**

Program Operator must:

- 1) Print the current HCD Income limits from the HCD website (NOT HUD's); and
- 2) Circle the applicable family size and annual income on HCD limit printout and place in participant file.
- 3) Must complete confidential demographic data, if participant/beneficiary leaves blank.

Participant / Beneficiary Name: _____

Participant / Beneficiary Physical Home Address: _____ In Jurisdiction Limits

Business Physical Address: _____ In Jurisdiction Limits

NOTE: Physical location of business must be in Jurisdiction. If no business, then Participants / Beneficiary must live in Jurisdiction.

Program Operator Certification: I certify that Participant / Beneficiary demographic data provided is true and correct, to the best of my knowledge. I certify that, using the current HCD annual income publication compared to stated family size and gross income, resulted in the income level indicated above. I certify that the information regarding microenterprise business size is correctly indicated above. I certify that the residency of the Participant / Beneficiary and business address is true and correct per the requirements of 24 CFR 570.486(b) and/or (c) as applicable.

Note: This completed certification whether Participant / Beneficiary receives microenterprise TA or Support Services or not, must be maintained in the Confidential Program file for review at time of monitoring.

Program Operator Name (printed)

Job Title

Signature:

Date:

Eligibility is valid until (three years after certification signed) Date: _____