

# **Bagg's Square Commercial Corridor Entrepreneur Investment Program (EIP)**

## **Description**

The program is designed to assist with the expansion and/or improvement costs of small businesses including operations, purchase of vacant buildings for new or expanded business and exterior building rehabilitations that will help create jobs, remove blight, expand the tax base and increase economic vitality in the Bagg's Square commercial corridor.

The City of Utica has allocated Community Development Block Grant funding to seed this project. Successful applicants are eligible to receive matching funding in the amount of \$1,000 to \$5,000 per business in the form of reimbursements for approved expenses. Assistance will be provided in the form of a forgivable loan. If all conditions are met, payments will be deferred and loan will be forgiven at the end of the three-year term.

## **Program Goals**

EIP Funds must be used to meet the following goals:

- To initiate and facilitate a process that ensures that capital investments of public and private funds will enhance the aesthetics and/or economics of the commercial corridor.
- To empower existing business owners and new entrepreneurs to increase employment and mixed-use economic activity in the Bagg's Square Commercial Corridor.
- To provide an environment that attracts new investment to and adaptive reuse of vacant buildings for new and expanding enterprises.

EIP funds will be disbursed in the form of a forgivable loan.

## **Eligible Activities**

EIP Funds may be used for the following activities:

- \* Wages for job creation
- \* Advertising and marketing
- \* Equipment
- \* Insurance
- \* Permanent exterior building improvements

## **Program Guidelines**

The City of Utica Department of Urban and Economic Development and Rust to Green Utica will work in partnership with the Bagg's Square Association who will administer all aspects of EIP including program marketing and the provision of technical assistance to program applicants.

# 1. Project Selection

## A. Marketing the Program

Property and/or business owners in Bagg's Square will be contacted in writing, by mail, and/or through public notice to make them aware of their eligibility to apply for EIP funding. Applications and program details will also be available on the Bagg's Square Association website. Informational meeting(s) may be conducted to provide both existing and potential business owners, as well as contractors with program details.

## B. Application Process/Procedure

Applications are accepted year round, but will be reviewed on a quarterly basis (January, April, July, October) until all funding is exhausted. The EIP sub-committee will meet quarterly to review new applications and make recommendations to the City of Utica Department of Urban and Economic Development for project funding. Final approval and awards will be at the discretion of the City of Utica. Eligible applicants will include both building and business owners in the designated target area. Businesses that lease their building must have written consent from the building owner to participate in the program. Projects will be evaluated for funding based on the following priorities and criteria:

- \* Impact of the project in the target area - visual prominence, job creation, blight mitigation, removal of vacancies, imminent deterioration, and historic preservation of significant structures;
- \* Completeness and accuracy of the application;
- \* Current status of the business/owner with regard to municipal obligations (outstanding taxes, codes violations, nuisance and abatement actions, etc.);
- \* Past performance of the business, its members, and the property owner with other City programs, where applicable; and
- \* Ability of the applicant to meet the rules and regulations associated with the U.S. Department of Housing and Urban Development

The City of Utica will notify all applicants in writing following the review regarding the status - acceptance or rejection of their application. At the discretion of the City and the Bagg's Square Association, and pending available funding, applications not approved, may be eligible for the next review. The EIP sub-committee will provide technical assistance, if necessary, to assist applicants with application requirements.

Upon acceptance of the application, written agreements and any necessary legal documents will be executed to ensure program compliance throughout the duration of the loan period. Program participants will be subject to federal rules and regulations applicable to the receipt of Community Development Block Grant funds. Applicable rules and regulations will be provided for in the written agreement and a list of applicable rules and regulations are available through the City of Utica Department of Urban and Economic Development.

# 2. Project Development

## A. EIP Loan Agreement

Once a project is selected for funding, the EIP sub-committee and City of Utica staff will meet with the applicant (business and/or property owner) to execute the program Loan Agreement. Loan Agreements will include reference to applicable rules and regulations that must be adhered to as a result of the origination of funds from HUD.

Additionally, Loan Agreements will outline the required owner's contributions, specifically fifty percent (50%) of approved costs, up to \$10,000. Applicants 50% match funding may include other grant program

funding, but total “public” funding must never exceed 50% of total project costs. Not for profit organization contributions, specifically fifty percent (50%) of approved costs, up to \$10,000. Applicants up to 50% match funding may include other grant funding, , but total “public” funding must never exceed 50% of total project costs, up to 25% match may come from donated services, not including staff or salaries.

Loan Agreement will also outline the specific work to be undertaken in accordance with the approved application as well as eligible and ineligible expenses. Furthermore, the Loan Agreement will identify the mechanisms for release of funds in accordance with Section 4 of this Policy and Procedure.

## **B. Work Write-Up / Scope of Work**

Once a project is selected for funding, the EIP sub-committee will meet with the applicant (business and/or property owner) to appropriately schedule: 1) Site Visits, 2) Project Property/Business Evaluations; 3) Project Concepts, 4) Appropriate Graphic/Illustrative Materials, 5) Bid-ready Scopes of Work and Cost Estimates (for each property/business); 6) Assistance with Contractor Selection, Communications and Monitoring; and 7) Required Progress Reports to the City.

Architects, design consultants, and/or City Code Enforcement Officers may be enlisted to provide assistance as necessary. Any costs associated with design or other technical assistance can be paid using EIP funding.

Scope of Work priorities will be to: 1) create jobs; 2) enhance operations; 3) eliminate immediate health and safety concerns; and 4) correct code violations. The EIP sub-committee, with assistance of technical experts, will discuss lead-based paint, energy efficiency, and historic design standards, if appropriate, with the applicants.

## **C. Contractor Selection**

The EIP sub-committee, if appropriate, will assist applicants to complete an approved Scope of Work and project estimates from a minimum of three contractors to include Women and Minority-owned Business Enterprises for any material purchases or services. Contractors will be subject to all federal labor and wage standards, including Davis-Bacon. All contractors must be compared against state and federal debarment lists. EIP funds will only be permitted where the applicant chooses to use the lowest responsible bidder. The City, with assistance from the EIP sub-committee, will review all submissions and provide written approval notification to the applicant for the selected contractor which indicates the approved Scope of Work.

## **D. Owner Contributions and Contracts**

Once a Scope of Work is approved and contractors are selected (if appropriate), Program applicants will sign contracts with the approved contractors. The City of Utica and the EIP sub-committee will review and approve contracts which will address the project timeline, timing of payments, verification of program matches, and the right for the City and other funding partners to inspect the project at any time, and/or cancel the contract if work is inconsistent with the program goals or guidelines.

## **E. Security Instruments**

Appropriate security instruments that will be executed in the form of a promissory note and/or loan agreement. Appropriate security for the EIP loans will be determined by the City and will be based upon the proposed use of the funds, the amount of the loans, and other relevant factors.

# **3. Project Management / Quality Control**

## **A. Design Guidelines**

All projects accepted into this program must be consistent with any and all guiding rules and regulations which may include but are not limited to City Design Guidelines, State Historic Preservation Office Guidelines, the City of Utica Zoning Code and any other relevant regulations/regulators. The City, with assistance from the EIP sub-committee will be responsible for the enforcement of the guidelines throughout the construction process.

## **B. Inspections**

The City and partners will retain the right to inspect work in progress at any point in the process. At a minimum, projects must be inspected prior to any approved reimbursement. Before the final payment is made, a full inspection will be required. The City, including the Department of Urban and Economic Development, and the Department of Codes Enforcements, and with assistance from the EIP sub-committee, will verify that all work has been completed and an inspection report will be generated.

# **4. Financial Management**

## **A. Staff**

The City of Utica's Department of Urban and Economic Development will be responsible for financial transactions related to the CDBG disbursement and program reimbursement. The City of Utica's Department of Urban and Economic Development will be responsible for monitoring any equipment purchased with this funding.

## **B. Interim Construction Financing**

EIP is strictly a reimbursement program. The EIP sub-committee will help applicants identify local banks or other lending institutions that may provide construction/ interim financing, if necessary.

## **C. Matching Funds**

EIP loans will require a dollar-for-dollar match. Documentation of matching funds and payments will be supplied with each request for reimbursement. Matching funds may be provided solely by the owner or in combination with alternate funding sources. Commencement of the project shall be defined as the date of the acceptance letter provided to the applicant from the City. Project should commence within 90 days of the award letter, extensions will be considered at the discretion of the committee. Sources of adequate matching funds will be identified in the project contract, and no more than 50% of the total project cost will come from "public" sources.

## **D. Proof of Payment and Frequency of Draws**

Upon completion of the project or an approved phase of the project, and upon inspection and approval, the applicant shall submit a properly executed cost documentation as determined by the City of Utica showing full payment of the work as well as each separate component amount due to the contractor and each and every subcontractor involved in furnishing labor, materials or equipment as part of the project. Upon satisfactory receipt of the voucher, all necessary documentation, contractor's proof of payment and release of liens (if appropriate) and any other necessary or appropriate documentation, City of Utica will issue a final check to the owner as reimbursement of the approved costs in accordance with the Comptroller's Office vendor pay schedule.

## **Ongoing Maintenance**

## **Obligations**

Property owners assisted by EIP funds will be required to own and maintain properties in a manner that is consistent with the goals of the program for a period of three (3) years after final payments are made. In the event of non-compliance, the amount of grant funds will be subject to repayment. If a property is transferred during the period, the new owner must agree in writing to assume the responsibility for maintaining the asset, or all grant funds are subject to recapture. If the property owner properly complies with all applicable rules and regulations throughout the three year loan period, the City will execute all appropriate documents to release the owner from further obligation or encumbrance under the loan.

For those projects that do not involve exterior rehabilitation of the building, the property/business owner must commit to providing one (1) additional part-time position, to be made available to a person of low- to moderate-income prior to hiring, during the course of the loan. The owner will be obligated to report current employment levels at time of closing and at regular quarterly intervals throughout the course of the loan until such time as the obligation has been met.

Award may be contingent upon recommended project modifications or scope of work reductions based on a reduced award amount.