



**City of Sonora
Microenterprise
Technical Assistance
Program
Guidelines**

Program Funded Under -
**Community Development Block Grant
CDBG**

Adopted: July 20, 2015

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2. Attachment B: City's CDBG Microenterprise Technical Assistance Services Program Application
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CITY OF SONORA MICROENTERPRISE TECHNICAL ASSISTANCE PROGRAM GUIDELINES

1.0 INTRODUCTION

The City of Sonora hereafter called "City" has established a Microenterprise Technical Assistance Program, hereafter called "TA or Program". TA will allow program participants to be more successful in their efforts to create businesses or expand existing businesses. The TA program will help to stimulate business growth and create new private enterprise jobs that will improve economic conditions for City businesses and residents. The program is funded under the Community Development Block Grant Program (CDBG).

The overall goal of the TA program is to provide specialized and individualized training to program participants to assist them in operating a successful business and/or expanding their business. TA provides technical assistance services including: "One-on-One" Counseling, Business Development Classes, "Peer to Peer" Counseling and Online Computer Training.

These TA Program guidelines have been formally adopted by the City and approved by the California Department of Housing and Community Development, here after called "Department". See **Attachment A** for copy of the adopting Resolution.

2.0 MICROENTERPRISE TECHNICAL ASSISTANCE PROGRAM OVERVIEW

2.1 PROGRAM ADMINISTRATION

The City will:

- Market the TA Program.
- Accept and process participant applications.
- Screen participants for eligibility.
- Document participant CDBG income eligibility and adequate number of employees.
- Complete initial intake forms to determine participant's needed technical assistance provide this information to the technical assistance service provider.
- Ensure set up of participant files to document all provided services and associated costs.
- Monitor services provided through follow up with participant and technical assistance service provider.

City will work with program participants and technical assistance service provider

to ensure CDBG compliance with these Program Guidelines.

2.2 PROGRAM SERVICE AREA

TA services are available to all eligible businesses/persons located within the City'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, as such, these funds have a number of federal requirements that must be met, as described below. These CDBG funds come to the City 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. A microenterprise is defined as a commercial enterprise that has five or fewer employees, one or more of whom owns the enterprise; or
- b. Persons developing microenterprises, meaning persons who have expressed an interest in, or who are after an initial screening process, are expected to be actively working toward developing businesses, each of which is expected to be a microenterprise at the time it is formed.

Eligible applicants must have a physical business address in the program service area. Individuals wishing to start a new business are also eligible applicants, but they must provide proof that their primary residence is located in the program service area.

Eligible applicants must also have experience in the business area of interest, have clearly identified vision of business goals, have the ability to understand and describe the market for their product or service, and the commitment to work hard for business success.

Eligible applicants documented as meeting the definition of microenterprise and other program eligibility requirements are here after referred to as "program participants".

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. Non-profits are not an 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 TA 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 the City and other consultants that provide TA to program participants. Common TA costs may provide: 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) on-line business training courses. The City's specific CDBG TA services are outlined in Sections 5.3 to 5.6.

3.4 INELIGIBLE TA PROGRAM COSTS

Microenterprise "direct financial assistance" costs will not be funded under this program. Direct financial assistance may be provided only under the approved City of Sonora Microenterprise Financial Assistance Program. Direct financial assistance activities are typically any costs associated with day to day business operations. These operations 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, undocumented TA costs are 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 City 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 services Program. The City 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 City 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 City's receipt of a Department letter releasing TA Program funding, the City or Program Operator will conduct outreach and marketing to all businesses and individuals in the program service area. City staff and/or program operator will work together to 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 City 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 City 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 a TA services through the CDBG program has the right to appeal a denied application. The appeal must be made in writing to the City of Sonora Community Development Director. A written response to the appeal will be provided to the applicant by the City 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. The City may initiate the process for consideration of an exception and grant the approval. The Community Development Director shall consider all exception requests. All exceptions shall be documented in writing and placed in the program participant's file.

5.0 TECHNICAL ASSISTANCE PROGRAM SERVICE DELIVERY

5.1 PROGRAM PARTICIPANT CAPACITY EVALUATION

Eligible program participants will meet with City staff to receive a "capacity" evaluation included within the program intake form. 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 and a steps needed to address weaknesses will be identified. The program intake form along with the program eligibility determination will be provided to the technical assistance service provider.

5.2 CREATING CAPACITY DEVELOPMENT WORK PLAN

Based on the capacity evaluation, the technical assistance service provider 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 City. All parties will sign the work plan. Copies of 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 City will remain in contact with the program participant throughout the process and monitor progress.

5.3 BUSINESS DEVELOPMENT VIA CLASSES

Business development classes may be offered when sufficient demand for a class is present. 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 to all program participants.

One on one TA will be scheduled with program participants within the work plan. 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 will be conducted in person. The one on one TA may be conducted at the location of the program participant, at the City's office or other location as agreed upon. Notes on the TA provided at these sessions, along with time and training materials used, will be documented by the City in the program participant's file.

5.5 BUSINESS DEVELOPMENT VIA “PEER TO PEER” COUNSELING

The City may choose to allow the technical assistance service provider 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 with only program participants participating. The Peer to Peer meetings will be facilitated by the technical assistance service provider. 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's files.

5.6 BUSINESS DEVELOPMENT VIA ONLINE COMPUTER TRAINING

Program participants may obtain approval from the City 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 City. Any online training or class not on the approved list must be reviewed and approved in writing by the City.

Online classes may be taken remotely or in the microenterprise training facility. Classes will be paid for directly by the City to the third party vendor. Documentation of completion of the online class is required and will be filed in the program participant's 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 work plan document. The City will commit to providing the TA in the capacity building evaluation and work plan. The program participant and the City 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's file.

6.0 PROGRAM OVERSIGHT BY CITY

6.1 OVERSIGHT OF PROGRAM OPERATOR

City staff will serve as the primary contact with the Department and be responsible for program administration and oversight. The City will hire an outside consultant to provide technical service assistance to program participants.

6.2 TRACKING TA SERVICES OF PARTICIPANTS

The City's staff oversee and monitor all work conducted by the technical assistance service provider. 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 executed agreement between the City and the technical assistance service provider, all required reports under open grant contracts or PI will be reviewed and approved by the City staff.

6.3 CONFLICT OF INTEREST

No member of the governing body and no official, employee or agent of the local government, nor any other person who exercises policy or decision-making responsibilities in connection with the planning and implementation of the CDBG program shall directly or indirectly be eligible for this Program.

I HAVE RECEIVED, READ AND UNDERSTAND THE PROVISIONS OF THE MICROENTERPRISE TECHNICAL ASSISTANCE PROGRAM GUIDELINES.

_____ **Date** _____
Participant

_____ **Date** _____
Participant

ATTACHMENT A

CITY'S EXECUTED RESOLUTION ADOPTING GUIDELINES

Resolution No. 07-20-2015-C

A RESOLUTION APPROVING THE CITY OF SONORA MICROENTERPRISE TECHNICAL ASSISTANCE PROGRAM GUIDELINES.

BE IT RESOLVED by the City Council of the City of Sonora as follows:

WHEREAS, the City of Sonora's Microenterprise Assistance Program was created and funded under Community Development Block Grant (CDBG) Grant #10-EDEF-7260 which expired on December 31, 2014; and

WHEREAS, on February 17, 2015 the City Council adopted Resolution 02-17-2015-A approving an amendment to the Standard Agreement for CDBG Grant #13-CDBG-8946 to add Program Income Supplemental Activities ; and

WHEREAS, the Program Income Supplemental Activities included Microenterprise Technical Assistance and Microenterprise Financial Assistance; and

WHEREAS, the Department of Housing and Community Development has reviewed the Supplemental Activity Application and has requested that the City of Sonora adopt new program guidelines to comply with new State requirements; and

WHEREAS, the City Council has held a public hearing to receive public input as required by State CDBG Regulations.

NOW, THEREFORE BE IT RESOLVED, that the City Council has reviewed and hereby approves the City of Sonora Microenterprise Technical Assistance Program Guidelines.

BE IT FURTHER RESOLVED, that the City will abide by all CDBG Regulations and overlay requirements.

PASSED, APPROVED AND ADOPTED as a Resolution of the Sonora City Council at a meeting of the City Council held on the 20th day of July 2015, by the following vote:

AYES: Mayor Ron Stearn, Councilmembers George Segarini, Jim Garaventa

NOES: None

ABSENT: Mayor Pro-Tem Connie Williams, Councilmember Bill Canning

Dated: July 20, 2015



Ron Stearn, Mayor

ATTEST: 

Marijane Cassinetta, City Clerk

ATTACHMENT B

**CITY'S CDBG MICROENTERPRISE TECHNICAL ASSISTANCE PROGRAM
APPLICATION FORM**

INCOME ELIGIBILITY

Enter all household member name(s) date(s) of birth, and member's estimated gross annual income below. List all current family income and estimate income for the next 12 months.

Household Name: _____ Number of Persons in Household: _____

You will be required to complete a separate Income Self-Certification Form for Microenterprise Technical Assistance and Support Services

HOUSEHOLD MEMBER NAME	DATE OF BIRTH	ESTIMATED GROSS ANNUAL INCOME

I CERTIFY THAT THE INFORMATION GIVEN ON THIS FORM IS TRUE AND ACCURATE TO THE BEST OF MY KNOWLEDGE. I CERTIFY THAT THE AMOUNT OF GROSS INCOME LISTED ABOVE INCLUDES THE INCOME (INCLUDING INCOME FROM ASSETS) OF ALL ADULTS WITHIN THE HOUSEHOLD. I AM AWARE THAT THERE ARE PENALTIES FOR WILLFULLY AND KNOWINGLY GIVING FALSE INFORMATION ON AN APPLICATION FOR FEDERAL OR STATE FUNDS. PENALTIES FOR FALSIFYING INFORMATION MAY INCLUDE IMMEDIATE REPAYMENT OF ALL FEDERAL OR STATE FUNDS RECEIVED ANND/OR PROSECUTION UNDER THE LAW. I UNDERSTAND THAT THE INFORMATION ON THIS FORM IS SUBJECT TO VERIFICATION.

APPLICANT'S SIGNATURE

CO-APPLICANT'S SIGNATURE

PRINT NAME

PRINT NAME

DATE

DATE

PLEASE COMPLETE SECTION II ATTACHED

FAMILY SIZE (2015 Income Limits Effective 6-1-15)								
INCOME LEVEL	1	2	3	4	5	6	7	8
Low Income (80%)	\$35,650	\$40,750	\$45,850	\$50,900	\$55,000	\$59,050	\$63,150	\$67,200
Very Low Income (50%)	\$22,300	\$25,450	\$28,650	\$31,800	\$34,350	\$36,900	\$39,450	\$42,000
Extremely Low Income (30%)	\$13,400	\$15,300	\$17,200	\$19,100	\$20,650	\$22,200	\$23,700	\$25,250

CITY USE ONLY

Income Source	Documents	Amount Per <input type="checkbox"/> Month <input type="checkbox"/> Year
TOTALS		
<input type="checkbox"/> Applicant meets income qualifications	<input type="checkbox"/> Applicant does not meet income qualifications	<input type="checkbox"/> Application is incomplete or needs additional documentation
<input type="checkbox"/> Received Applicant's Income Self Certification Form <input type="checkbox"/> Received Applicant's DUNS # _____		
<input type="checkbox"/> Received copy of two separate utility invoices for proof of residency or proof of business location inside City limits		
Verified by: _____		Date: _____



CITY OF SONORA

MICROENTERPRISE ASSISTANCE PROGRAM APPLICATION (SECTION II - For Technical Assistance Provider)

APPLICANT/CO-APPLICANT INFORMATION

Applicant's Name:		Date:
Address of Primary Residence:		
City:	State:	ZIP Code:
Phone: ()	Cell: ()	Fax: ()
Current Mailing Address:		
Email:	Website:	<input type="checkbox"/> Male <input type="checkbox"/> Female
How did you hear about our program? <input type="checkbox"/> News Media <input type="checkbox"/> Flyer <input type="checkbox"/> Friend <input type="checkbox"/> Other <input type="checkbox"/> Other Agency		
Co-Applicant's Name:		
Address of Primary Residence:		
City:	State:	ZIP Code:
Phone: ()	Cell: ()	
Current Mailing Address:		
Email:	Website:	<input type="checkbox"/> Male <input type="checkbox"/> Female
How did you hear about our program? <input type="checkbox"/> News Media <input type="checkbox"/> Flyer <input type="checkbox"/> Friend <input type="checkbox"/> Other <input type="checkbox"/> Other Agency		
Last Grade Completed: <input type="checkbox"/> 8 th Grade <input type="checkbox"/> 12 th Grade <input type="checkbox"/> GED <input type="checkbox"/> Some College <input type="checkbox"/> Bachelor's <input type="checkbox"/> Masters		

BUSINESS INFORMATION

<input type="checkbox"/> Start-Up	<input type="checkbox"/> Existing Business	Is this a home based business? <input type="checkbox"/> Yes <input type="checkbox"/> No
Business Name:		
What is the physical address of the business:		
Business Phone: ()		
Please briefly describe your business or proposed business idea:		
Current number (or planned number) of full-time or part-time employees including yourself: _____		
Type of Ownership: <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Partnership <input type="checkbox"/> Corporation <input type="checkbox"/> Other _____		
Type of Business: <input type="checkbox"/> Retail <input type="checkbox"/> Commercial <input type="checkbox"/> Service <input type="checkbox"/> Restaurant <input type="checkbox"/> Industrial <input type="checkbox"/> Manufacturing <input type="checkbox"/> Other _____		

ASSISTANCE REQUESTED

Please check the items below that you would like help with:

- Developing a Business Plan
- Evaluating a Business Idea
- Technical Assistance for a current business
- Setting up a Business
- Financial Management Tools
- Financing
- Other

TRAINING AREAS OF INTEREST

Please check all training areas of interest:

- Operations & General Management
- Customer Service
- Competitive Advantage
- Marketing
- Merchandizing
- Purchasing/Sales
- Internet & New Technologies
- Website Design/Ongoing Maintenance
- Cash flow/Basic Business Records
- Quick Books
- Access to Capital
- Legal Issues
- Human Resources/Personnel
- Real Estate/Leasing
- Taxes
- Strategic Planning
- Business Plan
- Food Industry
- Other _____