



CITY OF STOCKTON

NOTICE OF FUNDING AVAILABILITY FOR

2017 BUSINESS ENTREPRENEURSHIP PROGRAM

Deadline for Submitting Applications:
5:00 PM, Monday, May 15, 2017

Submit to:

**City of Stockton
Economic Development Department
Attn: Business Entrepreneurship Program
400 East Main Street, 4th Floor
Stockton, CA 95202**

For more information contact Economic Development staff at (209) 937-8539.



Table of Contents

Section 1	Invitation to Apply	Page 3
Section 2	Eligibility and Required Information	Page 5
Section 3	Federal and Local Requirements	Page 6
Section 4	Application Submittal Instructions	Page 7
Section 5	2017-18 Preliminary Funding Schedule	Page 11
Section 6	Application	Page 12

INVITATION TO APPLY

The City of Stockton has allocated up to \$80,000 in Community Development Block Grant (CDBG) grant funds to provide funding to organizations (business service providers). These organizations should provide new and existing small business programs and supportive services focusing on the creation or enhancement of services for start-up businesses and entrepreneurs within the City of Stockton. This will be the second year that the City of Stockton has conducted a competitive bid process for the Business Entrepreneurship Program.

Business service providers are defined as organizations that provide technical assistance to entrepreneurs, start-up companies, and existing businesses. These providers can assist as a result of consulting, training, innovation, provide co-working office space, preparation assistance of business documents, financial assistance, budgeting, workshops, promoting, etc. to create economic opportunity for the business community.

Start-up businesses are defined as firms less than one-year-old employing at least one person besides the owner. Entrepreneurs, for this program, are defined as individuals who are exploring opening a new business, are still in the concept stage, or are currently operating as a start-up business, and must either be a resident of Stockton, conduct business with other businesses in Stockton, or have plans to locate to Stockton.

Home-based businesses represent many start-ups and micro businesses within Stockton. Many of these businesses are start-ups eager to grow, but are not familiar with regulations, how to move beyond a small customer base, or lack adequate funding to take the next step. Many other entrepreneurs are still in the idea and concept stage and have waited until market conditions improve to begin a business. The City sees this growing sector as an opportunity to bring new job growth throughout targeted industry sectors. Based on the 2016 Kauffman Index for Entrepreneurship, the National Start-up Activity Index increased in 2016 for the second year in a row, making 2016 the largest year-over-year increase from the past two decades.

In February 2015, the City of Stockton adopted the Economic Development Strategic Plan and is currently implementing the Plan, which outlines several top priorities, goals, and objectives to strengthen the local economy. One of the core strategic objectives is a comprehensive Entrepreneurship/Innovation Program that addresses the need:

“Statement of opportunity/need:

Active entrepreneurial development programs, including initiatives to expand access to capital for growing firms, are essential components of comprehensive employment growth and cluster-development efforts.

Action Item D.1: Serve as clearinghouse for entrepreneurial support programs and resources, making clear the distinctions between “small business” development and entrepreneurial support.”

Funding allocated for this Notice of Funding Availability (NOFA) seeks to identify organizations that provide business support services for startups and entrepreneurs, and grant funds to support new and existing programs that help this specialized business sector. The areas of focus will be to:

- Provide business consulting services for entrepreneurs at idea and concept stage;
- Provide business services and technical assistance to new start-ups;
- Provide business services and technical assistance to existing home-based businesses;
- Provide outreach and link eligible entrepreneurs to capital financing;
- Create new or enhance existing business programs for targeted industry clusters; and
- Link workforce development programs with start-up businesses.

The following targeted industry clusters identified in the Economic Development Strategic Plan are known as high growth industries in the next five years, and are listed as:

- Manufacturing
- Food Processing
- Agricultural Technologies
- Energy resources and technologies
- Office and IT professional services
- E-commerce and logistics
- Construction materials

Selection Process

The selection process for applications reviewed will consist of a committee comprised of City of Stockton and business community representatives that will score applications based on content, need, and feasibility. The committee will make recommendations for funding, and all applicants will be notified in writing.

ELIGIBILITY AND REQUIRED INFORMATION

- Must be a business service provider or organization that provides technical assistance and support to start-up businesses and entrepreneurs;
- The business service provider must hold a valid Business License with the City of Stockton. All program beneficiaries that are conducting business must also obtain a valid business license; and
- The proposal must meet one of the U.S. Department of Housing and Urban Development’s federal objectives (below):

One of the following Federal objectives must be fulfilled under HUD’s guidelines:

- Provide benefit to low and moderate-income persons (self-certification forms must be submitted quarterly);
- Eliminate and prevent slums and blighting elements; or
- Meet a particularly urgent community need (defined as providing disaster relief from flooding, earthquakes, etc.).

In addition to the federally mandated eligibility criteria, the Stockton City Council has adopted local objectives for CDBG funds that support the City’s approved goals and objectives as outlined in the Five-Year Consolidated Plan.

Proposals should meet one of the following City of Stockton’s local objectives:

1. Assist economic development through the support of activities which provide job retention or creation;
2. Provide assistance to public improvements and facilities that support Objective 1;
3. Support programs offering significant community benefit, which improve the quality of life for residents of Stockton; or
4. Support projects and programs which utilize “green” technology and support Objective 1.

Program beneficiaries must be principally low or moderate-income individuals

This is defined as individuals with incomes at, or below, 80% of the median family income for the Stockton Metropolitan Statistical Area. Current limits for 2017 are:

Household Size	1	2	3	4	5	6	7	8+
80%	34,250	39,150	44,050	48,900	52,850	56,750	60,650	64,550

REPORTING REQUIREMENTS

All award recipients will be required to execute a grant agreement. In the agreement, organizations who receive funding for projects will be required to submit quarterly reports as determined by the City. At the completion of the program, a final report will be required for submittal, as determined by the City. In addition, Self-Certification forms must be completed by individuals served (program beneficiaries) and submitted with the required quarterly reports by the provided deadline. The City will provide a template for each of these reporting requirements.

FEDERAL AND LOCAL REQUIREMENTS

CDBG programs are subject to numerous Federal and local requirements, some of which are listed below. Additional requirements can be found in the CDBG regulations on HUD's website at www.hud.gov; OMB Circular A-110, A-122, and A-133; and the City of Stockton's Guide to Affirmative Action for Federally-funded projects. We encourage applicants to familiarize themselves with these requirements to ensure that their organization has adequate administrative systems in place.

- **Timeliness:** Federal guidelines require that these funds be spent promptly. Funded projects will need to be underway and generating expenditures within twelve (12) months of execution of an agreement with the City; otherwise, funds may be de-obligated.
- **Program Income:** Funds generated as a result of CDBG funding must be reported and are subject to HUD regulations.
- **Audits:** Depending on the type of project or activity to be funded, an audit performed in accordance with Governmental Auditing Standards may be required. For additional information, visit <http://www.whitehouse.gov/omb/circulars/index.html>.
- **Accessibility:** Programs, services, and projects must be accessible to persons with disabilities. Access can be achieved in many cases without having to alter the existing facility.
- **Prevailing Wages:** Capital (building/construction) projects may trigger prevailing wages under the Federal Davis-Bacon Act and State SB 975. This generally increases the project cost by approximately 30 percent.
- **Lead-Based Paint:** Rehabilitation activities must comply with the latest revisions of the Lead-Based Paint Poisoning Act and Residential Lead-Based Paint Hazard Reduction Act.
- **Environmental Review and Historic Preservation:** Environmental review and historic preservation clearance must be completed before funds can be committed.
- **Ineligible Reimbursements:** Costs incurred and funds expended prior to execution of the grant agreement are **not** reimbursable. All reimbursement requests will be reviewed at the time of submission to determine eligibility.
- **Affirmative Action:** Organizations must demonstrate efforts to utilize minority and women-owned businesses and to hire low- and very low-income individuals and contract with companies who hire them in contracting for services.
- **Relocation:** Activities that temporarily or permanently displace residents or businesses are subject to Uniform Relocation Act regulations, which require monetary benefits be paid to those displaced. For additional information, visit www.hud.gov/offices/cpd/library/relocation/index.cfm.
- **Insurance:** The City requires all entities receiving funding to provide proof of insurance. Specific information on types and limits can be found on the City's website at, <http://www.stocktongov.com/business/riskmanagement.cfm> or by contacting Risk Management at (209) 937-8629.

APPLICATION SUBMITTAL INSTRUCTIONS

- Submit and complete one application for each activity. Forms should be typed.
- Return one (1) original unbound application and two (2) copies along with all **required** attachments. **Please do not include copies of the instructions with your application; just the application form (starting on page 12) should be submitted.**
- Submit application(s) by **Monday, May 15th, 2017, before 5:00 p.m.** Applications must be returned in hard copy format with original signatures.
- Applications with supporting documentation will be accepted as hand delivered, or mailed to the address below. Applications received after the deadline, regardless of postmarked date, will **not** be accepted. You may send your packet of documents to:

**City of Stockton
Economic Development Department
Attn: Business Entrepreneurship Program
400 East Main Street, 4th Floor
Stockton, CA 95202**

- **Submit the following items with each application.** Incomplete applications will **not** be considered for funding.
 1. Project Budget – A copy of the project budget (separate from the operational budget) showing all funding sources and uses. **Identify** specific items that City funds would pay for if approved. *A sample budget is included on page 10.*
 2. Operational Budgets – A copy of the organization’s operational budget for the current fiscal year and proposed budget for the 2017-2018 fiscal year.
 3. Financial Statements (as applicable) – Please submit:
 - a. **For all organizations, a financial report:** a compilation report, or the organization’s bookkeeping records in the form outlined above (Balance Sheet, etc.), for the most recent year.
 4. Tax Status – If the organization has a 501(c)(3) status, submit one of the following verifying documents:
 - a. A determination letter from the U. S. Internal Revenue Service, confirming 501(c)(3) Tax-exempt status of organization
 - b. A letter from the California State Franchise Tax Board certifying tax-exempt status of organization.

5. Board of Directors Roster – A current roster of the organization’s officers and members of its Board of Directors, which includes their name, the position held, address, telephone number, and current employers.
6. Business License/Use Permit/State License (as applicable) – For first time applicants, new projects, or expansion of existing facilities.

All applicants will be notified in writing of funding recommendations by **June 2017**. Refer to the Estimated Funding Schedule for more information.

For additional information, please contact the City of Stockton Economic Development Department, 400 East Main Street, 4th Floor, Stockton, California, 95202, or call (209) 937-8539.

HELPFUL HINTS

The following may help your application to be more competitive. Please remember that due to limited resources, submitting an application does **not** guarantee that it will be funded.

Answer all questions completely. Include as much information as possible (such as cost estimates and all predevelopment activities completed to date).

Submit the application before the deadline.

Applications must be typed. Applications are read and reviewed by the Economic Development Department. If additional space is needed, please attach additional pages. This application is available on the City's website at www.stocktonca.gov/government/departments/econDev, via email at Nicole.Snyder@stocktonca.gov, or by calling (209) 937-5359.

Davis-Bacon. Please note all federally funded construction projects are subject to Davis-Bacon prevailing wage requirements. For further information about Davis-Bacon wages call 209-937-8539.

Leveraging funds. Budgets should reflect all sources of leveraged financial sources of funds. The availability of other resources in the community is foremost in the City's mind when evaluating applications. We suggest applicants be aware of and pursue other larger funding resources, if/when applicable.

Funds must be used by June 30, 2018. Given the federal timeliness requirements in the use of funds, the City will only recommend funding of projects that are ready to begin operation and can complete the project within twelve months of executing a grant agreement. Organizations should be able to demonstrate in their application that all other funding sources have been leveraged/secured and the project/program is ready to move forward.

Payments against allocated funds are administered on a reimbursement basis. Any costs incurred before the execution of contractual agreements with the City of Stockton cannot be paid per Federal Regulations of these funds.

Attachments. Remember to include **all** the required attachments (financial statements/budgets, rosters, tax status, etc.).

Letters. Letters of recommendation or endorsement are **not** required.

DUNS Numbers. DUNS numbers are required for each organization that receives federal funding. Numbers may be obtained at <http://fedgov.dnb.com/webform>

SAMPLE PROJECT BUDGET

	City CDBG	Other Sources/ Fundraising	Total
Proposed Project/ Program	\$10,000	\$15,000	\$25,000
12 mos. utilities	\$2,000	\$3,000	\$5,000
12 mos. rent	\$5,000	\$2,000	\$7,000
Operating Expenses		\$25,000	\$25,000
Total	\$17,000	\$45,000	\$62,000

*2017-18 Preliminary Funding Schedule

NOFA Released	April 20, 2017
Deadline for emailed questions	April 27, 2017
Final Response to written questions responses to questions will be updated on our website on a weekly basis	May 2, 2017
Proposal submittals due	May 15, 2017
Award recipients notified	May 25, 2017
Grant agreements executed	June 8, 2017
Quarterly Report Due (Q3 '17:July-Sept) With Self-Certification Forms	November 1, 2017
Quarterly Report Due (Q4 '17:Oct-Dec) With Self-Certification Forms	February 1, 2018
Quarterly Report Due (Q1 '18: Jan-Mar) With Self-Certification Forms	May 1, 2018
Quarterly Report Due (Q2 '18:April-June) With Self-Certification Forms	August 1, 2018
Final Report	August 1, 2018
Funds to be spent by	June 30, 2018
*This is a preliminary funding schedule that is subject to change due to applicable projects.	



APPLICATION FOR:
**BUSINESS ENTREPRENEURSHIP
PROGRAM**

GENERAL INFORMATION

1. Organization Name: _____
2. Organization Mailing Address: _____
Street Ste/Apt# City State Zip
3. Project/Program Location: _____
(If different from Organization address)
4. Executive Director: _____ Telephone: _____
5. Contact Person: _____ Telephone: _____
Email: _____ Website: _____
6. DUNS # _____ EIN # _____ Business License # _____
7. Has your organization ever received funding from the City of Stockton in the past? If not, do not answer Question 16.

8. Amount of Funds Requested: _____
9. Describe the project or program that would be supported by these grant funds.

10. What is the current program/project status, and if funds are awarded, when will they be spent?

11. What do you see as the current challenges and opportunities to grow a strong baseline of entrepreneurs in Stockton?

12. What are three main needs of a start-up business in Stockton?

13. What specific types of services/activities/projects does your organization provide?

14. **Briefly** describe your organization's history and experience in providing services to the community. (Provide number of years in operation and accomplishments to date.)

15. The City's funding is intended to benefit businesses and entrepreneurs within the City of Stockton. **Briefly** define your entire service area. (e.g., a portion of the city, entire city, county)

16. Using the chart provided, please list **all** CDBG funds received within the last three (3) years including funding amount and their status.

Activity Title	Source of Funding (City and/or County)	Fund Amount	Status of Project (complete, underway, or canceled)

17. Lists all committed and proposed funding sources for your proposed project, and indicate the status of each source. Attach copies of any commitment letters you may have.

18. If the City approves your application for less than the amount requested, how will your project be accomplished? (**Briefly explain.**)

19. Briefly explain how this service/activity/project differs from other programs providing similar services in Stockton/San Joaquin County. Also, indicate any networking or collaboration which occurs with agencies or programs providing the same or like services.

20. Identify any potential conflict of interest with this application for federal funds. Conflict of interest may exist with employees of the organization who sit on community boards, commission, or committees. Similarly, City of Stockton Council members or City employees who may sit on your board of directors pose possible conflicts of interest.

21. How was the need for this service/activity/project determined?

22. Federal regulations require that the use of these funds benefit principally low or moderate-income persons. Describe the method you will be using to count and monitor the beneficiaries or program recipients.

23. Indicate the percentage of clients to be served by income level (refer to the chart in *Section 2, Eligibility and Required Information*).

Very Low Income (<50% Median)	Low Income (51%-80% Median)

24. Does your program target a special group (i.e., small businesses, home-based, large employers, specific industry) that benefits or will benefit from your program? What are your eligibility requirements if any?

25. Describe the outreach and service delivery methods used to reach your target population.

26. If awarded, how will this program be sustained beyond the proposed grant funds?

27. Is this a new program/service or an expansion of an existing program/service? Please explain.

28. Indicate the number of full-time and part-time jobs you expect to be created and retained, if your application is funded. Also, indicate number of jobs likely to be filled by a low-income person(s):

Job Type	Total Full-time Jobs	Total Jobs Full-time & Low-income	Total Part-time Jobs	Percent of Part-time Jobs that will be Low-income
Expect to Create				
Expect to Retain				

29. **Proposed Project Budget**

AUTHORIZED SIGNATORY

Required for all activities.

I hereby certify that I have read this application, and the exhibits thereto, and know the contents thereof, and that the statements therein are true, and that I have been authorized by the governing board to submit this application.

Authorized Representative Signature

Date

Name and Title (Please Print)

I hereby certify that the Board of Directors has approved the submission of this application:

Board President Signature

Date

Name (Please Print)

PLEASE RETURN ONE (1) ORIGINAL UNBOUND APPLICATION AND TWO (2) COPIES ALONG WITH THE REQUIRED ATTACHMENTS