



# DETROIT EDC SMALL BUSINESSES COVID-19 RELIEF GRANT FUND

## Program Guidelines

### 1. Executive Summary

Recently, Governor Gretchen Whitmer activated the State Emergency Operations Center to maximize coordination with state, local and federal agencies, as well as private partners, to help prevent the spread of COVID-19. Since then, Governor Whitmer issued Executive Order 2020-20 mandating closure of certain businesses that are considered places of public accommodation and limiting restaurant industry businesses to carry-out only. Governor Whitmer then instituted a shelter in place restriction for all Michigan residents and ceased all in person non-essential business operations in the State of Michigan.

To mitigate barriers to accessing capital for the City of Detroit's most vulnerable businesses, the Economic Development Corporation of the City of Detroit (EDC) has established a grant fund to fund working capital grants in amounts up to \$10,000 to qualifying businesses located in the City of Detroit.

### 2. Award Details

Grants will be available in amounts equal to \$2,500, \$5,000, \$7,500 or \$10,000.

Grants are intended to provide funding to help eligible small businesses to replace lost revenue needed to pay for the following regularly occurring costs:

- Payroll for employees
- Rent/mortgage
- Utilities
- Other similar expenses that occur in the ordinary course of the recipient's business

### 3. Eligibility Criteria

A business located in located in the city of Detroit that meets all the following requirements:



(i) is either:

- (A) in an industry referenced in Executive Order 2020-20 or a subsequent order of similar intent (“EO 2020-20”), **OR**
- (B) demonstrates it is otherwise adversely affected by the COVID-19 outbreak;

(ii) **and** meets **all** the following:

- (A) has 50 employees or less or is an open business that received an award from Motor City Match or Motor City Re-Store and is operating in the location for which the award was made; **AND**
- (B) operated in a commercial space in Detroit prior to March 16, 2020; **AND**
- (C) has had \$1 million or less in net income in each of the prior 3 years; **AND**
- (D) demonstrates need for working capital to support its payroll expenses, rent, mortgage payments, utility expenses, or other similar expenses that occur in the ordinary course of its business; **AND**
- (E) demonstrates an income loss as a result of EO 2020-20, or the COVID-19 outbreak.

**IMPORTANT NOTE:** EDC will only issue grants for constructive, economic purposes and will avoid situations which might negatively impact the image of the EDC and/or the City of Detroit.

#### **4. Application Process**

BEFORE YOU APPLY, please make sure you have the following information about your business ready:

- Monthly expenses (rent/mortgage, utilities, etc.)
- Forecasted monthly revenue loss for March – September 2020
- Any additional aid received (TechTown Small Business Stabilization Fund, SBA Disaster Loan, franchise assistance, etc.) or expected to receive
- Any deferred and/or abatements of rent, debt service, utilities, franchise fees or other expenses received or expected to receive due to COVID-19
- Information regarding how COVID 19 has adversely impacted their business (and ability to provide supporting documentation if requested)
- 3 years of P&L statements or as many years as they can provide (or P&L from opening to present for businesses open less than 1 year)



- Proof of business location (e.g., copy of current lease or deed, utility bill, etc.)
- Business EIN and DUNS number
- Signed W-9

To apply, please follow the steps below:

1. Go to <http://www.degc.org/local-business-support-for-covid-19/>
2. Fill in all applicable fields of the application
3. Ensure that any required documentation has been uploaded
4. Click submit

You will receive an email confirmation within 24 hours of submitting your application. Please note that staff may ask you to complete and/or submit additional documentation to support your application as well.

Applications will be available on an open-ended basis until all designated grant funds are disbursed or Program staff determines that grant funds are no longer necessary to mitigate the negative effects of the COVID-19 pandemic.

## 5. Selection Process

All applications submitted will be reviewed by the EDC staff. Initial screenings will determine business eligibility based on the above criteria and completeness of application. Eligible businesses that have completed the application will have their applications referred to a review panel comprised of EDC staff members for scoring.

Scoring criteria is set forth in **Exhibit A**.

## 6. Distribution of Funds

Once a decision has been made, the applicant will be notified regarding the approval or denial and amount of award. Upon approval of the application by the review committee, the applicant will be required to confirm the mailing address of the business and execute a grant agreement. Once this has been done, the EDC will issue a check for the approved grant amount and mail it to the confirmed mailing address within approximately 5 business days.



**IMPORTANT NOTE:** Any grant award may be considered taxable income and you will receive a 1099 for the funds at the end of this tax reporting year. Each business should consult with its tax professionals to determine whether the grant award is considered taxable income.

## 7. Use of Grant Funds

Grant recipient may use the grant funds only for the following regularly occurring costs:

- Payroll for employees
- Rent/mortgage
- Utilities
- Other similar expenses that occur in the ordinary course of the recipient's business

Grant recipient will be required to provide proof that the funds have been spent on the above approved uses as outlined in the applicant's original application within 45 calendar days from disbursement of grant funds. If the grant recipient fails to provide such proof and/or uses the grant funds for any other purpose, the grant recipient may be required to repay the grant funds upon demand by the EDC.

## 8. Applicant/Grant Recipient Information

Except as noted below, the EDC will not share an applicant's or grant recipient's proprietary and confidential data with any third parties except as needed during the grant review, disbursement and monitoring process and as required by applicable law. The EDC is a governmental body and documents in the EDC's possession are subject to disclosure under the Michigan Freedom of Information Act ("FOIA"). EDC will endeavor to not disclose any information of an applicant or grant recipient it believes to be exempt under the FOIA; however, notwithstanding anything stated otherwise herein, the EDC cannot guarantee the confidentiality of an applicant's or grant recipient's submissions and specifically does not warrant that any documents submitted in connection with the grant application or the grant are exempt from disclosure under the FOIA. Applicants and grant recipients should clearly mark such information as proprietary and confidential. Applicant and grant recipient data will not be sold.



The information contained herein is subject to the actual grant agreement and the written terms and conditions contained therein, as the same may be amended from time to time. EDC also reserves the right to make the final determination of any person's or organization's eligibility and/or qualifications for program benefits, and to make allocation of program benefits as it may, in sole discretion deem appropriate.

## **9. Additional Information**

- Additional Information regarding application assistance or small business covid-19 related resources may be found by visiting <http://www.degc.org/local-business-support-for-covid-19/> .



## **EXHIBIT A** **Scoring Criteria**

First, staff will verify business eligibility based on self-reported data submitted in the application for the eligibility criteria set forth in the Program Guidelines.

Second, at least 3 staff members will review eligible applications based upon 6 criteria. Staff scores will be averaged and result in overall score.

1. Percentage of lost revenue
2. Age of business
3. Profitability
4. Total number of employees the last 3 years
5. Current employees (including independent contracts that work in establishment full time)
6. Location

All applications will be scored on a scale of 0-100. Each of the six criteria is worth a maximum score of 16 or 20 points to contribute to the 100-point score. Up to 10 additional points can be added to an applicant's overall score based a business's community impact as determined by the review committee. Selection criteria are weighted as follows:

### **Percentage of lost revenue**

- 0 – 24% revenue loss: 4 points
- 25 – 49% revenue loss: 8 points
- 50 – 74% revenue loss: 12 points
- 75% or higher revenue loss: 20 points

### **Age of business**

- Less than 1 year: 0 points
- 1-2 years: 4 points
- 3-5 years: 8 points
- 5+ years: 16 points

### **Profitability**

- 1 of the last 3 years: 8 points
- 2 of the last 3 years: 12 points
- 3 of the last 3 years: 16 points



**Total Number of employees the last 3 years:**

- 2-4: 4 points
- 5-10: 8 points
- 11 or more: 16 points

**Current Employees- this includes subcontractors-**

- 1-4 employees: 8 points
- 5-8 employees: 12 points
- 8+ employees: 16 points

**Location**

- greater than 5 miles from a high impact commercial corridor: 0
- Within 3 and 5 miles of a high impact commercial corridor: 4
- Within 1 and 3 miles of a high impact commercial corridor: 8
- On a high impact commercial corridor: 16 points

Grant amounts will be determined based on a business's overall score rank in relation to all applications received. Applications are eligible for the following grant awards based on their overall score, subject to funding availability:

- Overall score is greater than 70: \$10,000
- Overall score is between 50-69: \$7,500
- Overall score is between 35-49: \$5,000
- Overall score is between 25-34: \$2,500
- Scores less than 25: not eligible

Staff reserves the right to consider access to additional/outside capital and/or other COVID-19 relief assistance when determining final grant amounts. Additionally, final grant amounts will not exceed a business's financial need as determined using the following 3 factors:

- what are operating expenses for the next 90 days?
- what is projected revenue for the next 90 days?
- How much aid has the awardee already secured?
  - $(\text{Revenue} + \text{aid}) - \text{expenses} = \text{grant range}$ 
    - \$1,000, \$2,500, \$5,000, \$7,500, or \$10,000