



EMERGENCY GRANT PROGRAM POLICY

ADOPTED: August 24, 2020

1. POLICY

Small businesses are integral and vital to the economic and social fabric of the City of Otsego (City). Accordingly, the City has determined to offer locally owned and operated businesses, within the community, a grant opportunity to address working capital needs upon the declaration of a state of emergency by the State of Minnesota. The Emergency Grant Program is administered by the City.

2. OBJECTIVES

The purpose of this program is to ensure the viability of the community's small businesses in light of the current COVID-19 health pandemic which is adversely impacting the City's economy. The goal of this program is to provide needed financing for local businesses to help them sustain operations and endure economic hardships during the COVID-19 health pandemic.

Grant funds are available on a first-come, first-served basis, and are subject to funding availability from the City. The City retains the authority and discretion to approve or deny an application, and reserves the right to shift priorities, change eligibility criteria, or discontinue the program in response to changing circumstances.

3. GRANT

The program is structured as a grant, with a one-time emergency grant up to a maximum amount of \$15,000 per applicant. The City shall determine the final grant amount based upon information included in the application.

4. ELIGIBLE BUSINESS

Eligible businesses which may apply for the Emergency Grant Program must demonstrate that its operations have been directly and adversely effected by the COVID-19 health pandemic.

Specifically, the following businesses are eligible:

- A. A business that faced mandated closure per State of Minnesota Executive Order 20-04 and/or State of Minnesota Executive Order 20-08; or
- B. A business that is able to demonstrate a minimum of a 10% revenue loss year-over-year when comparing the period of March 1, 2019 to May 31, 2019 to the period of March 1, 2020 to May 31, 2020.

5. ELIGIBILITY REQUIREMENTS

Specifically, all applicants for grant funding must meet the following criteria:

- A. The business shall have a physical address (proof of address required) within the City as of March 1, 2020.
- B. The business shall employ more than one (1); but less than fifty (50) full-time equivalent employees as of March 31, 2020.
- C. The business must serve the general public and must be an allowed use through zoning of the property or be a legally non-conforming use and not in violation of the City's zoning code.
- D. Be a legal entity registered with the Minnesota Secretary of State as of March 1, 2020, and be in good standing.
- E. The business must not have delinquent taxes, bills or charges due to the City or County prior to March 1, 2020.
- F. Grants cannot be provided to businesses that:
 - i. Do not have a physical address within the City.
 - ii. Derive income from passive investments without operational ties to operating businesses within the City; real estate transactions; property rentals or property management.
 - iii. Business that primarily focusing on speculative activities based on fluctuations in price rather than the normal course of trade
 - iv. Primarily generate income from gambling activities.
 - v. Have no current or historical financial statements.

6. TERM

All grant awards must be utilized by November 15, 2020.

7. ALLOWABLE USES

The Emergency Grant Program may be used for operating expenses defined as:

- A. Lease or mortgage payments.
- B. Payroll costs for current employees.
- C. Accounts payable.
- D. Utility payments.
- E. Inventory costs.
- F. Liquor license fees.
- G. Paying other direct business-related bills.

8. PROHIBITED USES

The Emergency Grant Program may not be used for the following activities:

- A. Agriculture (crop or livestock production, etc.).
- B. Purchasing of machinery or vehicles.
- C. Moving expenses.
- D. Personal expenses of business owner.
- E. Land acquisition.
- F. Pay for taxes under the Federal Guidelines.

9. DISTRIBUTION OF FUNDS

The City will award grant funds and notify the applicant after a thorough review of the application to determine eligibility. Once notified, the City will distribute the funds by check within 3 business days.

10. REPORTING

As a condition for receiving grant funding, all grant recipients are required to submit a Certification of Expenses form to the City upon funds being issued or before November 30, 2020 specifying how the entirety of the grant funds were utilized.

11. FUNDING AVAILABILITY

The Emergency Grant Program has a limited amount of funds available. Awards will be on a first-come, first-served basis until the earlier of: 1) the exhausting of available funding; 2) the State of Minnesota lifts the Executive Order of a health emergency is lifted; or 3) November 15, 2020.

12. CONFLICT OF INTEREST

An elected official and/or officer of the City will not have a personal financial interest or personally benefit financially from the business to be assisted. Minn. Stat. 471.87 and 471.88 provide guidance on conflict of interest.

13. MINNESOTA DATA PRACTICES DISCLAIMER

While the City does not intend to proactively display, share or advertise business financial information provided as part of the application and review process, confidentiality of such data cannot be guaranteed and is subject to Minnesota Data Practices Act with regard to public access to data with the exception of those items protected under Minn. Stat. 13.591.

14. RIGHT TO DENY OR TERMINATION

The City retains the right to deny funds or terminate any agreement under the Emergency Grant Program if a grant applicant is found to be in violation of any conditions set forth in the grant guidelines or grant agreement.

15. APPLICATION REQUIREMENTS

Prior to applying, please review the Emergency Grant Program Policy to determine if your business is eligible.

- A. Applications are available on the City website: <https://www.ci.otsego.mn.us/>
- B. The application form must be fully complete.
- C. Application requirements will involve providing:
 - i. Basic details of the business.
 - ii. Amount of grant funding being requested.
 - iii. Basic employment information of the business.
 - iv. Information on the intended use of the grant funds and which eligible expenses will be addressed with the funds.
 - v. Proof of eligible expenses: Examples include proof of payroll expenses, paid/unpaid business invoices, mortgage/rent/utility/statements, property taxes and/or other business-related expenses.

- vi. Proof of financial need: Examples include comparative revenue/financial statements demonstrating business impacts due to the COVID-19 health pandemic and associated executive orders.
- vii. Narrative descriptions and estimated calculations of the negative impacts on the business due to COVID-19, including the operational effect of closure and subsequent reopening of operations following the COVID-19 executive orders.
- viii. Indication of whether the business has received other financial assistance related to the COVID-19 health pandemic, including from Federal, State and County sources.
- ix. Supporting documentation and application attachments.
- x. Signature of owner or authorized representative.

16. APPLICATION SUBMITTAL

All applications for funding from the Emergency Grant Program will be accepted on a first-come, first served basis, with application being accepted until November 15, 2020.

Fully completed and signed applications, along with any required or supporting documents should be emailed to: aflaherty@ci.otsego.mn.us. The City will accept hard/mailed applications; however, please note processing may take additional time.

Upon receipt of an application, the City will send an email to the applicant confirming receipt.

Upon submission of an application, City Staff will review the application to ensure complete information is provided. If additional information is needed, Staff will request the needed information. Due to an expected high volume of applications, please consider your application complete if staff does not request additional information within 10 business days after application acceptance.

Each grant application will be considered independently in the order received until funding is expended. Once all available funding has been expended, any remaining eligible applications not receiving funding will be held and considered if future funding rounds become available.

17. QUESTIONS

Adam Flaherty
City Administrator/Finance Director
(763) 441-4414
aflaherty@ci.otsego.mn.us