

# Guidelines

For

## Microenterprise General Support Services Program

Funded By

City of Fort Bragg

With

Community Development Block Grant

Adopted: \_\_\_\_/\_\_\_\_/\_\_\_\_  
Approved by HCD: \_\_\_\_/\_\_\_\_/\_\_\_\_

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ATTACHEMENT A: GRANTEE’S EXECUTED RESOLUTION ADOPTING GUIDELINES

Adopted: \_\_/\_\_/\_\_

**COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)  
MICROENTERPRISE GENERAL SUPPORT SERVICES  
PROGRAM GUIDELINES**

**1.0 INTRODUCTION**

The City of Fort Bragg here after call “Grantee” has established a microenterprise General Support Services Program, here after called “the Program”. The Program is designed to complement other microenterprise activities being conducted in the Program service area. Therefore, this Program may only be implemented in conjunction with a CDBG microenterprise Technical Assistance (TA) or Financial Assistance Program. Support Services enable program participants to be more successful in their efforts to create businesses or expand existing businesses. The Program provides supportive services to eligible persons and businesses participating in CDBG funded microenterprise TA or Financial Assistance Programs. These Program guidelines have been formally adopted by the grantee and approved by the California Department of Housing and Community Development, here after called “the Department”. See **Attachment A** for a copy of the adopting resolution.

**2.0 MICROENTERPRISE SUPPORT SERVICES PROGRAM OVERVIEW**

**2.1 PROGRAM ADMINISTRATION**

The Grantee (or Program Administrator) will: 1) market the Program; 2) accept and process participant applications; 3) document participant CDBG income eligibility and adequate number of employees; and 4) ensure set up of participant files to document all provided services and eligible costs. The Grantee will work with program participants and ensure compliance with these program guidelines.

**2.2 PROGRAM SERVICE AREA**

Support services are available to all eligible businesses/persons located within the Grantee’s boundaries. These CDBG funds may not be used in entitlement grantees that receive CDBG funds directly from the federal Department of Housing and Urban Development (HUD) entitlement program.

**2.3 FUNDING SOURCE FOR SUPPORT SERVICES PROGRAM**

The 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. CDBG funds are either awarded to the grantee through a competitive NOFA process or originate from local CDBG program income (PI) funds approved by the Department as Supplemental Activities or administered under a PI Waiver approved by the Department in writing.

**3.0 CDBG PROGRAM REQUIREMENTS**

**3.1 ELIGIBLE PROGRAM APPLICANTS**

All eligible applicants must meet the definition of a microenterprise. For CDBG

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purposes:

- A microenterprise is defined as a commercial enterprise that has five or fewer employees, one or more of whom owns the enterprise; or
- Persons developing microenterprises means persons who have expressed an interest in, or who are after an initial screening process, expected to be actively working toward developing businesses, each of which is expected to be a microenterprise at the time it is formed.

An applicants' eligibility shall have already been verified and approved for participation in one of the other CDBG microenterprise TA or financial assistance programs. Program applicants must be actively participating in one of those programs to be eligible for the Support Services Program. 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 documented as meeting the definition of microenterprise 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 not 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 PROGRAM COSTS**

The uses of CDBG funds for Program services are restricted to certain eligible costs. All costs associated with Program funding must be approved in writing prior to expenditure. These guidelines will discuss the following eligible program costs: 1) reimbursement of costs to provide dependent care services for dependents of Program Participants; 2) reimbursement of travel costs to and from the TA services or loan processing services appointments; 3) Counseling and 4) Peer support groups. Dependent care payments will be reimbursed only for services provided by a licensed and qualified care professional.

### **3.4 INELIGIBLE PROGRAM COSTS**

Microenterprise "direct financial assistance" costs will not be funded under this program. Direct financial assistance may be provided only under an approved CDBG microenterprise financial assistance program. Microenterprise "TA" services will not be eligible for payment under this program. In addition, payments for food or drinks are not eligible microenterprise Support program costs. Travel costs must be documented in order to be eligible.

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### **3.5 TIMEFRAME FOR RECEIVING SUPPORT SERVICES**

Under federal regulations, a Program Participant may receive Program services for up to three (3) years, after completing verification as an eligible microenterprise (having five or few employees and being income eligible). It is expected that most Program Participants will use all microenterprise general support 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. Because the Program is “complementary” to other microenterprise activities, the CDBG self-certification or Part 5 eligibility documentation from other program activities (TA or financial assistance) 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. As stated above, the same CDBG income self-certification form for Part 5 income verification documentation for microenterprise financial assistance may be used for each program (but separate files must be maintained for each Program).

As with other microenterprise program activities, if the grantee finds that the applicant income information is not accurate and the program participant is over HUD’s income limits, then all program services 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 grantee, if applicable, 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 support service activities under these guidelines. Acquisition and relocation laws are also not triggered when using CDBG funds for microenterprise support

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services. However, these federal laws may be triggered as part of using these 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 grantee has a program Income (PI) "Waiver" for funding support services and also has a Department grant contract award for support 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 SUPPORT SERVICES**

##### **4.1 PROGRAM MARKETING AND OUTREACH**

Upon the Grantee's receipt of a Department letter releasing Program funding, the Grantee or Program Administrator will conduct outreach and marketing to existing CDBG microenterprise TA and financial assistance participants.

##### **4.2 EQUAL OPPORTUNITY COMPLIANCE**

This program will be implemented in ways consistent with the Grantee's 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. The Grantee will accept applications and review for HUD income eligibility, Department standards and with an allowable number of employees.

All applications received, both funded and unfunded, will be logged and kept on file in accordance with federal records retention act. Applicants that do not meet eligibility requirements for 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 CDBG regulations, Department policy, adopted guidelines and all provided support 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.

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#### **4.5 DISPUTE RESOLUTION / APPEALS PROCEDURE**

Any person applying for support services through the CDBG program has the right to appeal if their application is denied. The appeal must be made in writing to the Grantee. A written response to the appeal will be provided to the applicant by the Grantee 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 these adopted guidelines.

#### **5.0 SUPPORT SERVICE PROGRAM DELIVERY**

##### **5.1 PROGRAM PARTICIPANT NEEDS ASSESSMENT**

Eligible program participants will meet with Program staff to receive a "needs assessment" evaluation. This assessment process will be completed via a face-to-face interview and a written analysis of needed services will be produced. The assessment will document the current needs of the business owner or person wishing to receive services to facilitate their participation in CDBG funded TA or financial assistance programs. A budget for services will also be developed as part of the assessment. The budget will be based on the services required to support the TA and Financial Assistance activities in which the participant is involved. The budget may be updated as needed if more services are required and should be kept on record in the program participant file.

##### **5.2 DEPENDENT CARE SUPPORT SERVICES**

Costs for dependent care can be paid with Program funds. The Program Participant must provide documentation of the number and type of dependents requiring care. Dependents can only receive care from a licensed care giver. Program participant must provide documentation that costs for the dependent care are not covered by another funding agency but are in addition to any existing dependent care being paid for at the time the Program services are needed.

##### **5.3 TRANSPORTATION SUPPORT SERVICES**

Costs for transportation can be paid for with Program funds. Specifically for transportation costs, the program participant must provide documentation that they have a lack of resources to secure transportation to TA services or financial assistance loan/grant processing services. TA services may be a long distance away and from the participant's residence and the costs of travel are high or the participant may need special transportation services because of a disability or lack of a personal vehicle. Mileage should be documented in the program participant file.

##### **5.4 COUNSELING SUPPORT SERVICES**

Program beneficiaries are eligible to receive counseling services under these

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program guidelines. Eligible costs include counseling support services designed to improve personal, family and community situations, such as life management skills including decision making, planning and developing support systems. The counseling services must be documented as needed in order to remove barriers to the micro business owner in starting or continuing operations of their business.

In the event there are family issues like, estate settlements, divorce or domestic violence, the program participant may receive payment of services to allow the participant to continue operating their business. Counseling services may also consist of legal counseling when the participant needs to resolve legal issues as part of starting or operating an existing business. Legal counseling may be needed if there is a split in ownership of the business or where legal action is required to settle debts or financial obligations. Other counseling services allowed under this program activity are drug or alcohol counseling or family counseling to resolve conflicts in the family or help the participant deal with death or divorce issues. Costs for receiving these counseling services may be paid directly to provider of counseling services on behalf of the participant or on a reimbursement basis.

These counseling services shall not be duplicative of micro TA services offered under microenterprise technical assistance guidelines.

#### **5.5 PEER SUPPORT SERVICES**

Program participants are eligible to receive reimbursement of costs for attending eligible peer support group activities. These peer support group activities must be documented as needed to remove barriers impeding the participant in successfully starting or operating their business.

Eligible peer support groups may include: 1) alcoholics anonymous, 2) drug dependency, 3) eating disorder, 4) other mental health support groups, 5) mentoring programs or 6) support groups for persons responsible for care of persons with special needs (disabled or elderly). Peer support groups may also include participation in organizations such as the Hispanic Chamber of Commerce or Women's business owners' organizations. Costs for participation in these support groups may be paid directly to the peer group on behalf of the participant or on a reimbursement basis.

These peer support groups shall not be duplicative of the peer group services paid for under microenterprise technical assistance service guidelines.

#### **5.6 CONNECTION OF SERVICES TO OTHER MICROENTERPRISE ACTIVITIES**

Program Participants are committed to completion of TA and financial assistance services as per program agreements. If for some reason a Program Participant is not able to continue attending TA or complete the financial assistance process, then support services will no longer be available.

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## **6.0 PROGRAM OVERSIGHT BY GRANTEE**

### **6.1 GRANTEE OVERSIGHT OF PROGRAM ADMINISTRATOR**

The Grantee's staff will serve as the primary contact with the Department CDBG program representative for the Program. Grantee's staff will be responsible for implementation of this Support Services Program and related CDBG administration activities.

### **6.2 TRACKING SERVICES OF PARTICIPANTS**

The Grantee's staff oversees and monitors all work conducted including, but not limited to, 1) marketing efforts; 2) applications received; 3) eligible Program Participants being served; 4) successful Program Participant; 5) demand for different services and need for more resources or partners; 6) review of program tracking forms, **See Attachment B**; 7) review of Department reports and funds request for reimbursement of support services; 8) preparation for Department monitoring of grant contract and support services.

**ATTACHMENT A**

**GRANTEE'S EXECUTED RESOLUTION ADOPTING GUIDELINES**

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