

Guidelines

For

Microenterprise Support Services Program

Funded By

City Fort Bragg

With

Community Development Block Grant

Adopted: ____ / ____ / ____

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Adopted: __/__/__

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

1.0 INTRODUCTION

The City of Fort Bragg, here after called "Grantee", has established a Microenterprise 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 are based on the current approved California Department of Housing and Community Development, here after called "the Department", Support Services Program Guidelines template. See **Attachment A** for a copy of the Grantee's adopting resolution.

2.0 MICROENTERPRISE SUPPORT SERVICES PROGRAM OVERVIEW

2.1 PROGRAM ADMINISTRATION

The Grantee or Program Operator 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 and Program Operator will work with Program participants to 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 legal boundaries. These CDBG funds may not be used in entitlement grantee areas 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 Notice of Funding Availability (NOFA) process or originate from local CDBG program income (PI) funds 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 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, a business, each of which is expected to be a microenterprise at the time it is formed.

An applicant's eligibility shall have 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 Services Program costs. Travel costs must be documented in order to be eligible.

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 fewer employees and being income eligible). It is expected that most Program Participants will use all Microenterprise 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 Program 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 (for TA) or Part 5 eligibility documentation (for Financial Assistance) from other program activities 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/moderate income (LMI) persons under the Limited Clientele definition. As such, all microenterprise owners must be documented as meeting HUD’s LMI 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 TA services) or 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 this services Program. The Grantee is responsible for ensuring 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 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 and/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's Program Operator 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.

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 program. 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 Participants 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. For example, TA services may be offered a long distance away from the participant's residence with high travel costs; 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 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 such as 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 are drug or alcohol counseling or family counseling to resolve conflicts in the family or to help the Program 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 Program Participant or on a reimbursement basis if sufficient documentation is provided.

These counseling services shall not be duplicative of Microenterprise TA services offered under a Microenterprise Technical Assistance program.

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 Program 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 Program Participant or on a reimbursement basis, if sufficient documentation is provided.

These peer support groups shall not be duplicative of the peer group services paid for under a Microenterprise Technical Assistance program.

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.

6.0 PROGRAM OVERSIGHT BY GRANTEE

6.1 GRANTEE OVERSIGHT OF PROGRAM ADMINISTRATOR

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

6.2 TRACKING SERVICES OF PARTICIPANTS

The Grantee's staff oversees and monitors all work conducted by Program Operator 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

[TO BE INSERTED AFTER CITY COUNCIL ADOPTION]

DRAFT

ATTACHMENT B

GRANTEE'S SAMPLE APPLICANT AND PROGRAM PARTICIPANT TRACKING FORMS FOR SUPPORT SERVICES

Page 1 of 3

As the local Small Business Development Center (SBDC), current City of Fort Bragg Microenterprise Assistance Program Operator West Company uses a U.S. Small Business Administration system to track all client activities. The tracking system is described below, and sample forms are provided on the following two pages. The system formerly known as WebCATS is now called Neoserra, a CRM (customer relationship management) system.

WebCATS is a robust, relational web-based client activity tracking system provided free of charge to West Company by the NorCal SBDC network. West Company uses the WebCATS database to record all client information and activity, and then uses that data to generate reports, track the success of all client outreach efforts, and summarize the effects of West Company's work in the community. The sophisticated WebCATS system tracks every interaction with a client from the very first request for services to every workshop attendance and counseling session, and also captures important client milestones such as jobs created or increases in sales. WebCATS has the ability to create reports from subsets of client data, and provide very detailed information about client activity from a vast number of perspectives.

Please see the attached samples of the Webcats Client Counseling Record and Client Activity by Client report. As indicated, the Counseling record summarizes the discussions of the individual one-on-one counseling sessions. These records are produced monthly for each client and are filed in the individual client file. The Client Activity by Client report is a documented listing of all individual sessions, scope of works produced, conference training, milestones completed and capital infusion records. Each activity is listed by date including one-on-one counseling hours, workshop training hours, milestones,

and capital infusion totals. The Client Activity by Client report will be produced quarterly and filed in the individual client file.

ATTACHMENT B

GRANTEE'S APPLICANT AND PROGRAM PARTICIPANT TRACKING FORMS FOR SUPPORT SERVICES

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WebCATS Report -- Counseling Record (1062)

Page 1 of 1

COUNSELING RECORD (1062)				
A. Location Code 448252	B. SBDC Code MENDO	C. Client No. MEND0611	D. Date of Contact 2/27/2013	E. Type of Action Follow-up [3]
F. Name of Company Client, New			G. Name of Inquirer (Last, First, MI) Client, New	
H. Address of Company/Inquirer PO Box 1234			I. City/Town Fort Bragg	J. State CA
K. Zip Code 95437-1234		L. Telephone Number (707) 123-1234		
BUSINESS INFORMATION			STATUS INFORMATION	
M. Type of Business Service Establishment [?]			P. Ownership Gender Woman-Owned [2]	
N. SIC/NAICS CODES SICS: NAICS: 311812			Q. Inquirer Background a. Race: White/Caucasian [5] b. Hispanic? Not of Hispanic Origin [2]	
O. SBA Client (Undefined) []			R. Ownership Military Status Non-veteran [4]	
S. Area of Counseling Provided Business Plan []			BP []	
T. Contact Hours 1	U. Preparation Hours 0.25	V. Travel Hours 0	W. COUNSELOR NUMBER ZZZZZZ	
X. COUNSELOR(S) (unknown counselor)			Y. RESOURCE (Undefined) [?]	
Z. Problems/Comments/Recommendations				
<p>New client needs assistance preparing a feasibility analysis for starting a bakery.</p> <p>** Description of what occurred in the session: New Client provided information about her financial situation, the kind of help she needs and her vision for the business.</p> <p>** An analysis of the problem to be solved: Before she embarks on establishing a new bakery, New Client needs to understand the financial implications of the business.</p> <p>** Actions taken to solve the problem identified: Walked her through the feasibility analysis spreadsheet</p> <p>** Follow-up action to be taken before the next session: Complete the feasibility analysis spreadsheet</p> <p>** _____ Number of hours left on scope of work</p>				

<https://norcal.outreachsystems.com/report.asp>

02/27/13

Adopted: __/__/__

ATTACHMENT B

GRANTEE'S APPLICANT AND PROGRAM PARTICIPANT TRACKING FORMS FOR SUPPORT SERVICES

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Client Activity by Client
New Client.

New Client

P.O. Box 1234
Fort Bragg, CA 95437-4510

(707) 964-
1234

DATE	SESSION	COUNSELOR	FUND	TYPE/AREA	PREP	TRAVEL	CONTACT	TOTAL
3/2/2009	273679	000340	SBA	Admin/12	0.25	0.00	0.00	0.25
3/2/2009	273680	000340	SBA	Initial/12	0.75	0.00	1.00	1.75
8/9/2010	299024	000479	SBA	Follow-up/1	0.25	0.00	1.50	1.75
8/23/2010	5732	000479	SBA	Scope of Work				
8/23/2010	299722	000479	SBA	Follow-up/1	0.25	0.00	1.50	1.75
9/7/2010	19691	000479	SBA	Conference	Training Time (hrs): 3			
9/14/2010	19692	000479	SBA	Conference	Training Time (hrs): 3			
9/28/2010	19694	000479	SBA	Conference	Training Time (hrs): 3			
10/19/2010	19703	000479	SBA	Conference	Training Time (hrs): 3			
10/20/2010	302727	000479	SBA	Follow-up/BP	0.25	0.00	1.50	1.75
10/26/2010	19702	000479	SBA	Conference	Training Time (hrs): 3			
11/4/2010	303605	000479	SBA	Follow-up/3	0.25	0.00	2.50	2.75
11/5/2010	303775	000479	SBA	Follow-up/3	0.25	0.00	1.00	1.25
5/11/2011	20799	000479	SBA	Conference	Training Time (hrs): 2			
6/7/2011	20882	000479	SBA	Conference	Training Time (hrs): 1.5			
10/13/2011	324332	000479	SBA	Follow-up/2	0.25	0.00	1.50	1.75
11/16/2011	31348	000479	SBA	Milestone	Change in Profits			
3/8/2012	333294	000479	SBA	Follow-up/1	0.25	0.00	1.00	1.25
3/13/2012	334548	000479	SBA	Follow-up/3	0.25	0.00	1.00	1.25
3/19/2012	334192	000479	SBA	Follow-up/3	0.25	0.00	1.00	1.25
3/28/2012	334271	000479	SBA	Follow-up/3	0.25	0.00	1.00	1.25
4/1/2012	16681	000479	SBA	Scope of Work				
4/11/2012	335257	000479	SBA	Follow-up/1	0.25	0.00	1.00	1.25
4/18/2012	7289	000479	SBA	Investment	Owner Investment, approved \$30,000.00			
4/18/2012	335561	000479	SBA	Follow-up/1	0.25	0.00	1.00	1.25
4/26/2012	335936	000479	SBA	Follow-up/3	0.25	0.00	1.50	1.75
5/3/2012	336751	000479	SBA	Follow-up/5	0.25	0.00	0.50	0.75
5/10/2012	337009	000479	SBA	Follow-up/3	0.25	0.00	1.50	1.75
5/16/2012	337212	000479	SBA	Follow-up/1	0.25	0.00	1.00	1.25
5/22/2012	7364	000479	SBA	Investment	Private Non-Institution, approved \$3,500.00			
5/22/2012	33421	000479	SBA	Milestone	Started Business			
5/22/2012	33422	000479	SBA	Milestone	Jobs Created			
5/24/2012	337642	000479	SBA	Follow-up/1	0.25	0.00	1.00	1.25
5/29/2012	337761	000479	SBA	Follow-up/7	0.25	0.00	1.00	1.25
6/1/2012	337937	000479	SBA	Follow-up/3	0.25	0.00	2.00	2.25
6/12/2012	338800	000479	SBA	Follow-up/3	0.25	0.00	1.00	1.25
6/19/2012	338971	000479	SBA	Follow-up/3	0.25	0.00	1.00	1.25
6/26/2012	339655	000479	SBA	Follow-up/3	0.25	0.00	1.00	1.25
7/8/2012	340326	000479	SBA	Follow-up/3	0.25	0.75	3.00	4.00
8/6/2012	341978	000479	SBA	Follow-up/7	0.25	0.00	1.00	1.25
8/14/2012	342386	000479	SBA	Follow-up/3	0.25	0.00	1.00	1.25
10/3/2012	345301	000479	SBA	Follow-up/3	0.25	0.00	1.00	1.25
12/18/2012	350243	000479	SBA	Follow-up/3	0.25	0.00	1.00	1.25
2/25/2013	352989	000479	SBA	Follow-up/BP	0.25	0.00	1.00	1.25
TOTAL CLIENT SESSIONS: 30					8.00	0.75	36.00	44.75
TOTAL CLIENT ACTIVITY: 44								