

# FRANKLIN COUNTY MICROENTERPRISE PROGRAM

In its 2015 Comprehensive Economic Development Strategy, Franklin County identified a high priority need to increase resources and opportunities for entrepreneurship. To meet this need, Franklin County sought and was awarded a CDBG Microenterprise Program. The goal of this program is to provide strategic grants to microenterprise businesses that advance projects that take their business or idea to the next level and directly benefit low to moderate income workers. This program will incentivize business creation and expansion in order to provide employment and stimulate economic growth. The program provides access to grant funds and stimulates small business development activity through start-up and expansion assistance.

The main objectives of this program are to:

- Facilitate the expansion and retention of microenterprise activity within Franklin County
- Create and retain employment opportunities for low- to moderate- income individuals
- Support growth in:
  - Downtowns and other priority commercial corridors
  - Businesses providing services and experiences that contribute to culture and tourism
  - Businesses that provide for an unmet need, good or service that has been identified
- Improve New York State homes and communities

The desired impacts of the program are:

- Improved quality of life and opportunities for low- to moderate- income individuals
- Increased vibrancy and revitalization of downtown and other priority commercial corridors through additional services and reduced vacancy and blight
- Improved quality of life, culture and tourism through expanded services and recreation opportunities for local residents and tourists, including “family-friendly” activities

## ELIGIBLE APPLICANTS

- The business must be located in Franklin County, but not in the Town of Malone. (Businesses in the Town of Malone must apply to the Town’s program, which is separate from this program.)
- A microenterprise is defined as:
  - A private for-profit business entity; corporation, partnership, or sole proprietorship that is legal, licensed and operating
  - A commercial enterprise that has five (5) or fewer employees
    - This includes owners and both part-time and full-time employees
    - Seasonal employees are included if the job is their primary employment
    - One or more employees must be the principal and must own the enterprise at time of application
    - Businesses can expand to more employees after grant award
- Each microenterprise must either be owned by a low- to moderate-income person or the project must result in the creation of at least one full-time equivalent position to benefit a low to moderate income person. At least 51% of jobs created must be held by or made available to low- to mod income persons.
- There must be clear evidence that job creation will occur and/or that the owner(s) of the microenterprise qualifies as LMI before a grant is awarded
- The business can be a start-up. A start up business is one which has been in operation less than six (6) months from the time of application.
- A low-and moderate income person is defined as a member of a household whose income is less than 80% of the area median income for the household size. Final income limits are established at the time of program application. The following 2018 HUD income limits may be used as a reference:

<b>CDBG MICROENTERPRISE PROGRAM LOW TO MODERATE INCOME REQUIREMENTS TO QUALIFY</b>								
<b>HOUSEHOLD SIZE (ALL PERSONS)</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
<b>MAXIMUM <u>HOUSEHOLD</u> INCOME TO QUALIFY</b>	\$36,050	\$41,200	\$46,350	\$51,450	\$55,600	\$59,700	\$63,800	\$67,950

## PROGRAM DETAILS:

### EXAMPLES OF ELIGIBLE AND INELIGIBLE USES OF FUNDS

#### ELIGIBLE USES OF FUNDS

- Inventory
- Procurement of machinery, furniture, fixtures and equipment
  - Computers, laptops, phones, and other electronic equipment must be accompanied by a written agreement from business owners verifying that they will ONLY be used for business purposes
- Operating capital
- Reimbursement of the cost to attend the entrepreneurial training program

#### INELIGIBLE OR RESTRICTED PROJECT ACTIVITIES

- The repayment of existing debt
- Construction, building or other improvements where prevailing wage rate requirements apply
- Assistance to a nonprofit
- Reimbursement of costs incurred prior to grant award
- Political or religious activities; Lobbying any governmental entity
- Advancement of funds
- Purchase and/or lease of a motor vehicle without prior consent from OCR

## GRANT DETAILS:

#### AMOUNTS

- Individual grant amounts to business will be between \$5,000 (minimum) to \$35,000 (maximum) and can fund up to 90% of a total project cost.
- Owners must match the grant amount with a minimum of 10% owner equity contribution. The equity contribution must be provided as cash; not to be associated with debt of any kind. Equity must be committed and available to the project at the time of the business application.

#### REIMBURSEMENT BASIS

- Grants are offered on a reimbursement basis. Grant funds are not advanced prior to purchases or spending. After award and prior to reimbursement, owners must:
  - Receive a notice of approval from Franklin County
  - Have or obtain their own funding
  - Pay for and complete training
  - Pay for and complete eligible purchases and spending
  - Provide sufficient documentation of eligible spending

#### GRANT PRIORITIES

Grant awards and amounts will be based upon the following priority system:

- 1st Priority – Retail or tourism-based businesses who agree to lease space in vacant commercial storefronts in a downtown or priority commercial district corridor
- 2nd Priority – Retail- or tourism-based businesses currently operating in existing locations along distressed commercial-district corridors
- 3rd Priority – New retail- or tourism-based businesses in one of the county's distinct commercial centers
- 4th Priority – Retail, tourism-based or service business that offers a product or service that provides for a demonstrated need that is unmet or insufficiently available in the community
- 5th Priority – Value-added agriculture businesses (i.e. a business that uses/improves on an ag. product)

Projects that do not directly fit these priorities WILL be considered and have the opportunity to explain why their project is important to the advancement of program goals.

## ADDITIONAL REQUIREMENTS

### ENTREPRENEURIAL TRAINING

Each microenterprise owner that is awarded a grant must complete an entrepreneurial training class prior to incurring project costs and requesting CDBG grant funds. Owner(s) of the microenterprise must attend the entrepreneurial training. Attendance by the employees does not satisfy this requirement. If the microenterprise is owned and operated by more than one individual, at least one person must complete the training program.

The training requirement must be a classroom-style training that teaches the fundamentals of owning and operating a business. The training program should help entrepreneurs develop business skills. At minimum, the training program will consist of the following elements:

- Developing a business plan
- Taxes and accounting
- Marketing, advertising
- Legal issues
- Financing
- Employee issues

Once the owner has successfully completed the course and has been awarded a NYS CDBG Microenterprise grant, grant funds may be used to reimburse the microenterprise business owner(s) for participating in an entrepreneurial training course.

## GRANT PROCESS

In general, the grant process will be as follows:

- Applicant submits an Applicant Qualification Form
- Applicant's project is reviewed by the Grant Committee and Program Team. If the project meets the requirements and is identified as advancing program priorities and goals, the Applicant will be asked to provide a full application and business plan.
  - The following are examples of criteria used by the Grant Committee to review applications:
    - Program requirements, priorities and goals
    - General quality of the business plan
    - Number of jobs created
    - Other funding secured
    - Length of time business has been in existence (priority will be given to startups)
    - Growth potential
    - Social return on investment
- Applicant works with Program Team to complete application and business plan requirements
- Once a complete application has been received, the Grant Committee will review application and make a recommendation to Franklin County, who ultimately makes the decision to fund a proposal
- If approved, applicant will be required to enter into a Grant Agreement and will receive an approval letter and authorization to move forward with spending on eligible expenses
- Once Applicant has provided adequate and appropriate documentation of training and eligible spending, the Program Team will begin reviewing the project for compliance and processing reimbursement
- The Program Team will conduct periodic reviews to ensure that the requirements of the grant agreement and any plans and/or commitments made for employment are completed. Franklin County reserves the right to use liens and other legal and financial instruments to recover funds and ensure fulfillment of obligations. Businesses who do not complete obligations will be accountable for grant funds.

## CONFLICTS OF INTEREST

No persons who exercise or have exercised any responsibilities with respect to this program shall be eligible to receive any assistance under this program. This lists includes, but is not limited to, all County staff, elected, and appointed officials exercising responsibilities related to the CDBG program, and the immediate family members of these groups. This prohibition will continue for a period of one year from the date their affiliation ceases. Immediate family members include: parents, spouses and domestic partners, siblings, and children regardless of age.

## GENERAL DISCLAIMER

There is no right or entitlement to funding. All decisions are made at the sole discretion of Franklin County and are subject to its approval. All projects must meet all applicable regulations of the Community Development Block Grant program, including environmental review requirements. The NYS Community Development Block Grant Program, administered by the NYS Homes and Community Renewal, and Franklin County cannot guarantee a specific timeline for final payment to the Business Owner.

## APPLICATION DEADLINE

Applications will be accepted on a rolling basis until all funds are committed.

## QUESTIONS

Assistance with your application is happily provided by the Franklin County Local Development Corporation.

Questions and completed forms may be directed to:

Russ Kinyon, Director of Economic Development  
Franklin County Local Development Corporation  
(518) 483-9472, rkinyon@franklinida.org  
Franklin County Courthouse, 355 W. Main Street, Malone, NY 12953