

DRAFT
Guidelines

For

Microenterprise
Technical Assistance
Services Program

Funded By

~~City~~ /County of _____ El
Dorado

With

Community Development Block Grant

Adopted: / /

TABLE OF CONTENTS

1. INTRODUCTION..... 1

2. MICROENTERPRISE TECHNICAL ASSISTANCE (TA) SERVICES PROGRAM OVERVIEW

1. Program Administration 1

2. Program Service Area 1

3. Funding Source for TA Program Services 1

3. CDBG PROGRAM REQUIREMENTS

1. Eligible Program Applicants 2

2. Ineligible Program Applicants 2

3. Eligible TA Program Costs 2

4. Ineligible TA Program Costs 2

5. Timeframe for Receiving TA Program Services 3

6. Meeting CDBG Microenterprise Definition Requirement 3

7. Meeting CDBG National Objective Requirement 3

8. Other CDBG Federal Laws and Regulations 4

4. APPLICATION PROCESSING FOR TA PROGRAM SERVICES

1. Program Marketing and Outreach 4

2. Equal Opportunity Compliance 4

3. Program Application Processing 5

4. Program Participant / Applicant Confidentiality 5

5. Dispute Resolution / Appeals Procedure 5

6. Exceptions / Special Circumstances..... 5

5. PROGRAM SERVICE DELIVERY

1. Program Participant Capacity Evaluation..... 5

2. Program Participant Capacity Development Work Plan..... 5

3. Business Development via Classes 6

4. Business Development via “One on One” Counseling 6

5. Business Development via “Peer to Peer” Counseling 7

6. Business Development via Online Computer Training 7

7. Participation and Completion of Capacity Development Work Plan..... 7

6. PROGRAM OVERSIGHT BY GRANTEE

1. Oversight of Program Operator 7

2. Tracking TA Services of Participants 8

ATTACHMENT A: GRANTEE’S EXECUTED RESOLUTION ADOPTING
_____GUIDELINES

ATTACHMENT B: GRANTEE’S CDBG MICROENTERPRISE TECHNICAL
_____ASSISTANCE SERVICES PROGRAM APPLICATION

ATTACHMENT C: GRANTEE'S APPLICANT AND PROGRAM
PARTICIPANT TRACKING FORMS FOR TECHNICAL
ASSISTANCE

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COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) MICROENTERPRISE TECHNICAL ASSISTANCE PROGRAM GUIDELINES

1.0 INTRODUCTION

The County/City of ~~_____~~ El Dorado, hereinafter called "Grantee," has established a ~~M~~microenterprise Technical Assistance (TA) ~~P~~program, hereinafter called the "Program." TA will allow program participants to be more successful in their efforts to create businesses or expand existing businesses. TA provides technical assistance services including ~~;~~ ~~(Grantee to complete with list of classes, services offered)~~ Business Development Classes, One-on-One Business Development Counseling and/or Business Development On-Line Computer ~~Trianing~~ Training. These TA Program ~~G~~guidelines have been formally adopted by the Grantee and approved by the California Department of Housing and Community Development, hereinafter called "the Department." See Attachment A for a copy of the adopting resolution.

2.0 MICROENTERPRISE TA SERVICES PROGRAM OVERVIEW

2.1 PROGRAM ADMINISTRATION

The Grantee will:

- Market the TA Program;
- Accept and process participant applications;
- Document participant CDBG income eligibility and adequate number of employees; and
- Ensure set up of participant files to document all provided services and associated costs.

Grantee will work with program participants and ensure CDBG compliance with these program guidelines.

2.2 PROGRAM SERVICE AREA

TA services are available to all eligible businesses/persons located within the ~~legal~~ Grantee's jurisdictional boundaries; the unincorporated areas of the county. These CDBG funds may not be used in entitlement jurisdictions that receive CDBG funds directly from the federal Department of Housing and Urban Development (HUD) entitlement program.

2.3 FUNDING SOURCE FOR TA PROGRAM SERVICES

The TA Program is paid for with CDBG funds provided by ~~HUD~~ to HUD to the Department ~~;~~ as such, these funds have a number of state and federal requirements that must be met, as described below. These CDBG funds come to the Grantee from Department grant awards that are administered under a formal grant contract or from local CDBG program income (PI) funds administered under an approved PI Waiver.

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3.0 CDBG PROGRAM REQUIREMENTS

3.1 ELIGIBLE PROGRAM APPLICANTS

All eligible applicants must meet the following criteria:

- Meet the CDBG definition of a microenterprise:
 - 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.
- Eligible applicants must have a physical business address in the unincorporated area of the county.
- Individuals wishing to start a new business are also eligible applicants, but they must provide proof that their primary residence is located in the unincorporated area of the county.

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 currently participating in a CDBG microenterprise TA or CDBG ~~f~~Financial ~~a~~Assistance program offered in ~~the same service~~another service area as this Program is not eligible.

No conflict of interest is allowed, in accordance with Title 24, Section 570.611 of the code of Federal Regulations. As such no person who exercise or have exercised any functions or responsibilities with respect to CDBG activities assisted under this part, or who are in a position to participate in a decision making process or gain inside information with regard to such activities, may obtain a financial interest or benefit from a CDBG-assisted activity, or have a financial interest in any contract, subcontract, or agreement with respect to a CDBG-assisted activity, or with respect to the proceeds of the CDBG-assisted activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one year thereafter.

Grantee will verify and certify that a conflict of interest does not exist with the business or applicant.

Exceptions to this policy may be approved by the federal Department of Housing and Urban Development (HUD) made only after public disclosure and formal approval by the Board of Supervisors provided that the Grantee's legal counsel

makes a written determination that potential conflicts are acceptable.

3.3 ELIGIBLE PROGRAM COSTS

Use of CDBG funds for TA Program services is restricted to certain eligible costs. All costs associated with funding TA must be “indirect costs.” Indirect is defined as third-party costs to a Program Operator and other consultants that provide TA to Program Participants. Common TA costs may provide: 1) business development workshops or classes restricted to CDBG-eligible Program Participants; 2) “one-on-one” counseling using professional business development staff; 3) opportunities for “structured peer networking”; and 4) on-line business training courses. The Grantee’s specific CDBG TA services are outlined in Sections 5.3 to 5.56.

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. Direct financial assistance activities are typically any costs associated with day-to-day business operations. These operations costs are ineligible, whether the business is operating out of a private leased commercial space, their home or a public facility.

Examples of ineligible direct financial assistance costs include but are not limited to: 1) payment of costs to produce/purchase marketing materials (printing, language translations or professional design costs); 2) payment of marketing ads or distribution of marketing materials; 3) payment of third-party costs for website building or hosting; 4) payment of rents / lease payments, utilities or other business fees or operating / overhead expenses; 5) payment of purchasing real property or furniture, fixtures or equipment for the business; 6) payment of any personal or business debt; 7) payment of any cash or wages; 8) paying for credit reports; and 9) paying for loan or grant underwriting services.

In addition, no payment of for food or drinks offered at the TA classes or other instruction sessions are eligible costs. Cash or like-cash payments, and undocumented TA costs are not eligible.

3.5 TIMEFRAME FOR RECEIVING TA SERVICES

Under federal regulations, a Program Participant may receive TA services for up to three (3) years, after completing income verification as an eligible microenterprise. It is expected that most Program Participants will use all microenterprise TA 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. The Program requires a current CDBG income self-certification form which should be placed in the Program Participant file to document the number of employees and compliance with the HUD-CDBG 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. Low/mod income is defined as total gross family income that does not exceed eighty (80) percent of the median monthly income for El Dorado County adjusted for family size, as published annually by the CDBG at <http://www.hcd.ca.gov/fa/home/homelimits.html>. This is in addition to meeting the “definition” of a microenterprise, as described above in Section 3.6. The CDBG income self-certification form will be used to verify income of Program applicants for the Microenterprise Itechnical Assistance services 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 a Program applicant is ineligible and Program services currently being offered to Program Participants 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 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 TA activities under these guidelines. Acquisition and relocation laws are also not triggered when using CDBG funds for microenterprise TA services. However, these federal laws may be triggered as part of using the TA 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 technical assistance services and also has a Department grant contract award for technical assistance 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 TA PROGRAM SERVICES

4.1 PROGRAM MARKETING AND OUTREACH

Upon the Grantee's receipt of a Department letter releasing TA Program funding, the Grantee, or a Program Operator contracted by the County, will conduct outreach and marketing to all businesses and individuals in the Program service area. Grantee staff and/or Program Operator will work together to develop a marketing plan for the Program to outreach to businesses and persons in the community regarding the availability and accessibility of the TA Program. This plan should be kept on file and updated as needed to ensure that all residents in the service area are informed about and have access to Program applications.

4.2 EQUAL OPPORTUNITY COMPLIANCE

This Program will be implemented in ways consistent with the Grantee 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. See Attachment B for Microenterprise TA services Program application form. The Grantee will accept applications and review for HUD income eligibility and an allowable number of employees, per Department standards.

All Program applications received, both denied and approved, will be logged and kept on file in accordance with federal records retention act. Applicants who do not meet eligibility requirements of 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 all CDBG regulations, Department policy, and adopted guidelines and all provided TA 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 applicant denied assistance from the Program has the right to appeal. An appeal should include a statement explaining the reason for appeal. The appeal must be made in writing and submitted to the County within 10 days of the denial notice. The appeal must be submitted to:

El Dorado County
CAO/HCED Programs
330 Fair Lane, Building A
Placerville, CA 95667

The County has 30 days to review the appeal, seek recommendations from the Loan Review Committee Program Manager or County Counsel, and respond in writing to the applicant. This procedure is outlined in the Program Grievance Resolution Notification included with each Program application.

Any person applying for a financial assistance loan through the CDBG program has the right to appeal if their application is denied. The appeal must be made in writing to the Grantee within ten (10) business days from the date of the denial notice. An appeal should include a statement explaining the reason for appeal. The appeal must be made in writing to:

El Dorado County
CAO/HCED Programs
330 Fair Lane, Building A
Placerville, CA 95667

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.

Any person applying for a TA services through the CDBG program has the right to appeal a denied application. 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 the guidelines. Exceptions to these guidelines will require County and HCD approval.

5.0 TECHNICAL ASSISTANCE PROGRAM SERVICE DELIVERY

5.1 PROGRAM PARTICIPANT CAPACITY EVALUATION

Eligible Pprogram Pparticipants will meet with Grantee staff to receive a "capacity" evaluation. This evaluation process will be completed via a face-to-face interview and standard written format. The current capacity of the business owner or person wishing to start a business will be assessed. Areas of strengths and weaknesses will be identified and a steps needed to address weaknesses will be identified.

5.2 CREATING CAPACITY DEVELOPMENT WORK PLAN

Based on the capacity evaluation, the Grantee will work with the Pprogram Pparticipant to develop a "work plan." The work plan will outline the TA needed by the Pprogram Pparticipant and give a timeline for scheduling the services.

The work plan will contain expected outcomes from the TA, explain how those outcomes will address the capacity issues identified in the evaluation and provide an estimated cost. The work plan will clearly state the expectations for the Pprogram Pparticipant and the Grantee. All parties will sign the work plan. Copies of [the work plan](#) will be provided to all parties and included in the Pprogram Pparticipant file.

Eligible Pprogram Pparticipants will be provided detailed information on the TA provided with this Pprogram. TA services will be tracked and documented in the Pprogram Pparticipant file. The Grantee will remain in contact with the Pprogram Pparticipant throughout the process.

NOTE: The following SERVICES IN SECTION 5.3 - 5.6 are a “menu” of eligible services that may be provided. The Grantee should work with Department staff to finalize the types of services that may be provided (based on capacity of the Grantee and local resources). Final guidelines for this program will contain the specific services to be provided to the eligible program participants in the service area. The “scope or work” for providing these services will be included in the agreement between the Grantee and Program Operator, if applicable.

5.3 BUSINESS DEVELOPMENT VIA CLASSES

Business development classes ~~will~~ may be offered on a regular basis, when sufficient demand for the classes is present. ~~“Mixed TA classes” (eligible CDBG participants and non-eligible CDBG participants) may be offered by the Grantee or Program Operator. When mixed TA classes are offered, the Grantee has received prior written approval from the Department to ensure compliance with federal regulations.~~ Some examples of topics for the classes may include: 1) business plan development or updating; 2) market analysis and marketing plan development; 3) managing employees and payroll services; 4) choosing a legal structure for a business; 4) financial management tools and cash flow projections; 5) controlling inventory and operating expenses; 6) collection of accounts payable; 7) use of the internet and other electronic resources for sales and efficiency; 8) access to capital for growing the business. Other classes may be offered based on the needs of the Pprogram Pparticipants.

5.4 BUSINESS DEVELOPMENT VIA “ONE-ON-ONE” COUNSELING

Business development “one-on-one” TA ~~will~~ may be provided as needed, typically after Pprogram Pparticipant has attended necessary microenterprise TA classes in Section 5.5.

One-on-one TA ~~will~~ may be scheduled with Program Participants a month at a time beginning at the start of each month. The one-on-one TA will cover similar topics to what is offered in the classes, but this TA will be much more detailed and specific to the Program Participant. The one-on-one TA may be conducted in person or via video conference call or other method agreed to by both parties. The one-on-one TA may be conducted at the location of the

Program Participant or at the Grantee's office. Notes on the TA provided at these sessions, along with time and training materials used, will be documented by the Grantee in the Program Participant file.

5.5 BUSINESS DEVELOPMENT VIA "PEER TO PEER" COUNSELING

The Grantee may choose to allow the Program Operator to organize Peer to Peer TA if a sufficient number of program participants with similar types of businesses are enrolled in the TA Program. Peer to Peer TA will be provided in a formal meeting format. The Peer to Peer meetings will be facilitated by the Grantee. Topics for discussion at the meetings will be provided by the members of the group which may include small group exercises and projects to facilitate participants working together to identify and find solutions to common problems experienced in their respective fields.

The date and time for each meeting should be documented with sign-in sheets. Discussion notes, activities conducted and outcomes at the meetings should be documented in program participant files.

5.56 BUSINESS DEVELOPMENT VIA ONLINE COMPUTER TRAINING

Program Participants may obtain approval from the Grantee to complete business development classes online. The topics for the online classes being requested must be in support of the [capacity evaluation work plan](#) objectives. A list of eligible online training classes will be provided by the Grantee. Any online training or class not on the approved list must be reviewed and approved in writing by the Grantee.

Online classes may be taken remotely or in the Grantee's office. Classes will be paid for directly by the Grantee to the third-party vendor. Documentation of completion of the online class is required and will be filed in the Program Participant file.

5.7 COMPLETION OF CAPACITY DEVELOPMENT WORK PLAN

Program Participants commit to completion of TA services as outlined in the [capacity building evaluation and work plan](#) document. The Grantee will commit to providing the TA in the [capacity building evaluation and work plan](#). The Program participant and the Grantee understand that the CDBG microenterprise TA services are a limited public resource. Therefore, if a Program Participant does not consistently complete their business development classes, one-on-one TA counseling sessions, peer to peer meetings or complete online classes, they may be disqualified from receiving any further CDBG microenterprise TA. Disqualification will be in writing and fully documented in the Program Participant file.

6.0 PROGRAM OVERSIGHT BY GRANTEE

6.1 OVERSIGHT OF PROGRAM OPERATOR

Grantee staff will serve as the primary contact with the Department. If the Grantee determines that they wish to hire an outside consultant to administer the Program, the Grantee will be responsible for securing services of a qualified Program Operator for implementation of this TA Services Program prior to starting any activities under these guidelines. The scope of work for the Program Operator will include all administration and documentation required for TA services in these guidelines and for CDBG compliance.

6.2 TRACKING TA SERVICES OF PARTICIPANTS

The Grantee's staff oversee and monitor all work conducted by the Program Operator. Monthly or quarterly meetings will be conducted to review the Program status: 1) marketing efforts; 2) applications received; 3) eligible Program participants being served; 4) successful Program participant stories; 5) demand for different services and need for more resources or partners; 6) review of Program tracking forms (~~see~~, ~~See~~ Attachment C); 7) review of Department reports and funds request for reimbursement of TA Services; and 8) preparation for Department monitoring of grant contract and TA Services. As per the executed agreement between the Grantee and the Program Operator, all required reports under open grant contracts or PI will be reviewed and approved by the Grantee staff.

ATTACHMENT A
GRANTEE'S COUNTY'S EXECUTED RESOLUTION ADOPTING GUIDELINES

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ATTACHMENT B

**GRANTEE'S COUNTY'S CDBG MICROENTERPRISE TECHNICAL
ASSISTANCE PROGRAM APPLICATION FORM**

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ATTACHMENT C

**GRANTEE'S COUNTY'S APPLICANT AND PROGRAM PARTICIPANT
TRACKING FORMS FOR TECHNICAL ASSISTANCE**