



Notice of Funding Availability (NOFA) CDBG ECONOMIC DEVELOPMENT Over-The-Counter Application Process

NOFA Information

The Community Development Block Grant (CDBG) Small Business Development Revolving Loan Fund (SBD RLF) project applications are accepted throughout the funding year, on a first come first served basis (based on when the “Project” application is submitted to the Redevelopment Authority of the City of Racine, WI. SBD RLF application forms, including the Project Inquiry Form, are provided on the City’s webpage. The SBD RLF application process is illustrated in the flow chart at the end of this document and generally outlined as the following steps:

1. Applicant/SBDO submits “Project Inquiry Form”
2. Initial Conference Call and Threshold Review
3. Written Confirmation of Preliminary Eligibility
4. Project Site Visit
5. Developing and Submitting the SBD RLF Application
6. Redevelopment Authority Approval
7. City of Racine Common Council Approval
8. Contract Development and Execution
9. Project Implementation, Monitoring, and On-Going Compliance

The overriding goal of utilizing this approach is to be flexible to the needs of small businesses and non-profits in creating and/or retaining job opportunities for low and moderate income (LMI) City residents, rather than prescribing funding amount to eligible project types. Per CDBG regulations, for projects that will create jobs, there must be documentation indicating that at least 51 percent of the jobs will be held by, or made available to, LMI persons; and for funded activities that retain jobs, there must be sufficient information documenting that the jobs would have been lost without the CDBG assistance and that one or both of the following applies to at least 51 percent of the jobs:

Generally speaking, funds may be used for acquisition of Real Property, Engineering / Architect Plans and Specifications, Fees and Permits, New Construction of Commercial Space, Interior and / or Exterior Rehabilitation of Commercial Space, Furniture Fixtures and Equipment (FF&E), Installation of Equipment, Inventory, Working Capital for Monthly Operations, Refinancing of Existing Business Debt, and in limited cases job training and employment support services.

Contact

Jeff Vitton
Community Development Program Specialist
Department of City Development
730 Washington
City Hall, Room 102
Racine, WI 53403
Phone: (262) 635-3320
Email: jeff.vitton@cityofracine.org

Laura Detert
Community Development Compliance Specialist
Department of City Development
730 Washington
City Hall, Room 102
Racine, WI 53403
Phone: (262) 636-9476
Email: Laura.Detert@cityofracine.org

REQUESTS FOR REASONABLE ACCOMMODATION

The City of Racine's Department of City Development (hereafter referred to as the "City") will provide reasonable accommodation to allow for equal participation in the application process. To request a reasonable accommodation, please contact Jeff Vitton at (262)635-3320 (Voice) or via e-mail at jeff.vitton@cityofracine.org. This document will be provided in alternate formats, upon request.

ACCESS TO REFERENCED DOCUMENTS

This document may contain active hyperlinks. Prospective applicants who are unable to access the Internet may request copies of the documents referenced in this NOFA by contacting Laura Detert at (262) 636-9476 (Voice) or via e-mail at Laura.Detert@cityofracine.org. All documents will be available on City Development's website.

NOTICE OF SOLICITATION

In addition to providing required notification via the City's publication of record, *The Racine Journal Times*, the City will provide notification to all known interested parties and to other organizations and individuals currently on the Department's e-mail distribution list. Any individual or organization wishing to be added to the Department's e-mail distribution list in order to receive future notices of funding opportunities can make such a request by contacting Michelle Cook at 262-636-9151 or via email at michelle.cook@cityofracine.org. A copy of this Notice will be posted to the department's website at <http://www.cityofracine.org/Development.aspx>. Failure of the City to notify any interested party or parties directly regarding the availability of this Notice shall not void or otherwise invalidate the RFP process.

AVAILABILITY OF FUNDS

Per the 2015-2019 Consolidated Plan goals and objectives the City of Racine, WI has allocated approximately **\$370,000** of 2015 Community Development Block Grant (CDBG) funding towards assisting small businesses in creating or retaining jobs for low and moderate income individuals that will be made available under this NOFA.

A minimum funding request amount of \$25,000 is required to apply for funding. As a general rule, projects requesting more than \$35,000 per job create and/or retained are not eligible for funding. Funding may come in the form of a forgivable loan, loan guarantees, low-interest loans, and other financial mechanisms to leverage additional resources.

CONSULTATION AND CITIZEN PARTICIPATION PLAN

The United States Department of Housing and Urban Development (HUD) program regulations require that citizens be given the opportunity to examine and appraise the City's use of funds. Citizens are afforded an opportunity to participate by membership on the Community Development Committee (CDC) and by attendance at Board meetings throughout the review and recommendation process. All CDC meetings are open to the public and published on the City's website. Members of the CDC establish priority funding categories based on the needs of the community, and are responsible for making funding recommendations for the use of the funds made available. A public hearing was held on April 22, 2015 allowing citizens to comment on the needs of low-income residents in the City of Racine.

Applicants will present their applications to the review panel and public as part of the review process, allowing applicants the opportunity to answer questions or clarify their project goals.

ELIGIBLE APPLICANTS

For-profit and non-profit organizations are eligible to apply. For-profit entities applications must be sponsored and consulted by a non-profit small business development organization like the Racine County Economic Development Corporation, Wisconsin Women's Business Initiative Corporation, the Wisconsin Procurement Institute, or another similar agency in preparing their funding request. This requirement is intended to benefit the for-profit applicant in several ways, but is chiefly done to help leverage other potential funding sources that the non-profit business development agency may be aware of into the project.

APPLICATION WORKSHOPS

There are no mandatory trainings associated with this NOFA; however, application workshops will be conducted by City staff. Workshops will be advertised on the City website.

Workshop attendance is highly encouraged for all Small Business Development Organizations.

It is the Department's belief that attending the workshop will assist the organization in presenting the best possible request for funding. During the application workshop, City staff will give an overview of the application, the application process, and will also be available to answer questions.

OWNERSHIP OF MATERIAL

Responses, applications, and other materials submitted in response to this request become the property of the City, are documents of public record, and will not be returned. By submitting an application, applicants acknowledge and agree that they and/or their organization claim no proprietary rights to the ideas or approaches contained in the applications.

PROPOSAL COSTS AND PAYMENT OF CONTINGENT FEES

The City is not liable for any costs incurred by an applicant prior to the issuance of a grant contract. All costs incurred in response to this solicitation are the responsibility of the applicant, including travel costs to attend workshops, presentations, public meetings, and/or contract negotiation sessions.

In the event that the applicant's application was developed with the assistance of other individuals (i.e., non-employees) and/or organizations, the applicant understands and agrees that no contingent fees will be paid under any resulting award.

ACCEPTANCE OF TERMS AND CONDITIONS

By submitting a response to this NOFA, the applicant acknowledges and accepts all terms and conditions of this request and all City and State regulations and requirements related to the delivery of the eligible activities. If the applicant is awarded a contract, the applicant's application will become part of the contract agreement. The applicant is bound by the terms of the application unless the City agrees that specific parts of the application are not part of the agreement. The City reserves the right to introduce different or additional terms and/or conditions during final contract negotiations. Applicants will be required to enter into a formal written agreement with the City.

RIGHT TO REJECT OR NEGOTIATE

The City reserves the right to reject any or all applications, if such a rejection is in the City's best interest. This NOFA is a solicitation for offers and shall not be construed as an offer, a guarantee, or a promise that the solicited services will be purchased by the City. The City may withdraw this notification at any time and for any reason without liability to applicants for damages, including, but not limited to, bid preparation costs.

Additionally, the City reserves the right to negotiate with selected applicants and may request additional information or modification from an applicant. When deemed advisable, and before a contract is issued, the City reserves the right to arrange an on-site visit/review to determine the applicant's ability to meet the terms and conditions described in this NOFA.

RIGHT TO APPEAL

Applicants whose applications are not selected or not deemed eligible have the right to appeal the decision of the City, limited to procedural errors in the selection process. In the event that no such procedural errors are found to have occurred, the decision of the City shall be final.

An aggrieved applicant may, within seven (7) business days after the selection of prospective eligible projects, appeal in writing to the Director of City Development or their designee. The appeal must state all facts and arguments upon which the appeal is based. The Director, or the appointed Designee, will review the content of the City's solicitation document (NOFA), the applicant's application, and the facts which form the basis for the appeal. The Director, or the appointed Designee, will render a written decision within thirty (30) business days of the receipt of the appeal.

CREATION OR RETENTION OF LMI JOBS

As the bedrock of the SBD RLF Program, purposed projects must create or retain at least one full-time-equivalent, permanent job per \$35,000 of CDBG funds used. Of which, at least 51 percent (computed on a full-time equivalent basis) will be made available to or held by Low and Moderate Income (LMI) persons. There must be compelling evidence indicating that at least 51 percent of the jobs created will be held by, or made available to, LMI persons. For retained jobs, there must be sufficient information documenting that the jobs will be lost within two years without the CDBG assistance and that one or both of the following applies to at least 51 percent of the jobs: (1) The job is held by a LMI person, or (2) the job can reasonably be expected to turn over within the following two years and steps will be taken to ensure that the job will be filled by, or made available to, a LMI person.

Project Sponsors are required to review additional information on the LMI Jobs requirement from HUD's "[Economic Development Toolkit](#)," specifically pages 33 to 37, in order to help determine initial project feasibility. Project Sponsors are also highly encouraged to contact City Development about any project eligibility questions related to the LMI Jobs requirement.

A Section 3 Work Plan will also be required to document the steps applicants engage in to make jobs and contracting opportunities available to low and moderate income individuals to the greatest extent feasible as a General Condition of the Grant Contract as well.

The LMI Jobs requirement is paramount for the SBD RLF Program, and the City will monitor the project to ensure it is carried out among other Federal requirements. Projects that are not in compliance will be held in default of the Grant Contract, and the City will utilize all available legal means to garner repayment of the financial assistance provided.

DESCRIPTION OF SBD RLF PROCESS

1. PROJECT INQUIRY FORM SUBMITTAL:

The first step in applying for funding is to submit a Project Inquiry Form. This form must be completed, signed and submitted by the applicant. The Project Inquiry Form is submitted directly to the

Redevelopment Authority of the City of Racine. Upon receipt of an inquiry form, the City staff will review the project information for CDBG eligibility. The last pages of this document contain a list of things to consider when applying for funds and the Application Process Overview, both of which should be reviewed as part of submitting a Project Inquiry Form.

2. INITIAL CONFERENCE CALL AND THRESHOLD REVIEW:

Once the Project Inquiry Form has been reviewed by City staff, an initial project threshold review is done via a telephone conference call with the applicant. The first conference call is scheduled by City staff and typically only includes the sponsoring small business development non-profit sponsoring agency of the owner / developer. City staff reviews the process and go over roles, responsibilities and risks involved in funding CDBG ED projects. On the call, discussion topics will include: 1) what documentation will be required for the full CDBG application; 2) what the requirements are for compliance with CDBG ED standards; and 3) what federal overlay compliance will be triggered for project. At the end of the call, if the sponsor wishes to proceed with sponsoring the project for funding from an SBD RLF application, then City Development staff will complete a threshold review of project eligibility. City Staff staff may request additional information about the project and schedule a second conference call as part of doing a threshold review. The Department will issue a written decision on project eligibility based on the inquiry form and conference call.

3. WRITTEN CONFIRMATION OF PROJECT ELIGIBILITY:

City Development staff will compile the project threshold information, make a determination of eligibility, and present a recommendation to the Director of City Development: an invitation to apply; denial of an application; or request further action to finalize eligibility. Based on one of the three (3) recommendations, the sponsoring non-profit and applicant will receive written notification from the Department of the SBD RLF application eligibility. If approved, the letter will invite the sponsoring non-profit and applicant to submit an SBD RLF application. Upon issuing a written invitation to apply, City staff will schedule a project site visit.

4. PROJECT SITE VISIT:

City staff will arrange a meeting with the applicant at the project site. This will provide an opportunity to validate the information provided about the proposed project. It will also allow the City staff to meet the project's business owner / developer and discuss details of the proposal.

At the site visit, additional questions are answered and CDBG requirements are again reviewed, such that a common understanding of CDBG compliance is established and the SBD RLF application process with roles and responsibilities clarified. A timeline for application preparation is informally developed, based on when the CDBG funds are needed and the different federal requirements to be addressed.

5. DEVELOPING AND SUBMITTING AN SBD RLF APPLICATION

As with all CDBG funding proposals, the applicant and City must follow the required public participation process. This consists of at least one, but preferably two, public hearings. One will be held with the Redevelopment Authority and one with the City of Racine Common Council.

The SBD RLF Application Invitation letter will indicate what application forms need to be completed. Each SBD RLF project is unique, so each will have specific information that needs to be provided as part of completing the activity forms.

City Development staff will work closely with the applicants' development team to guide them through the documentation and underwriting process. The applicants sponsoring small business development non-profit staff will always be the primary contact and have primary responsibility for completing the application process. In some cases, not all the information required may be available, i.e. final funding commitments. If so, those items will be made "Special Conditions" (see Contract Execution and Disbursement of CDBG Funds section below) of funding in the Department's approval and grant agreement. Most of the work involved in the SBD RLF application process is the financial underwriting analysis and determining the terms and conditions for CDBG loan funds. Completing the final application is a joint effort of all the parties: 1) City staff; 2) Small Business Development Non-Profit Sponsor staff; 3) business owner / developer; 4) private banks and other underwriters.

Note: Any project "work" started before contract execution and the clearance of all conditions, regardless of the source of the funds used, is a risk to the project and it is highly recommended that all project team members stay in contact with their City staff to ensure no federal overlay compliance issues occurs. Cost of compliance with federal overlays is an eligible CDBG expense, so the applicant may wish to pay for the environmental review (Depending on the level of complexity involved, City Development may be able to compete the environmental review) and get the Department's written approval, so the business can proceed with their project expansion, at their own risk, prior to CDBG funding award. This process requires the applicant to submit a written request to incur costs, along with what project action the costs will pay for and who will be doing the work. The Department must respond in writing before the cost can be incurred. If the Department agrees, then a formal letter allowing CDBG project costs to be incurred, at the risk of the applicant, will be issued.

Once the activity forms are completed and financial underwriting is done, then the application can be presented to the Racine Common Council for approval via a formal resolution. Approval of the final application by the Common Council must follow the same process as other CDBG applications, including: properly noticed public hearing(s); adoption of resolution approving submittal of application and properly completed and signed application summary forms and certifications.

6. DEPARTMENT APPROVAL OF OTC APPLICATION:

Once the activity application is submitted, along with a resolution, and Summary Application form, City staff will present the project proposal to the Director of City Development for final approval. The Director will determine, if any, additional Special Conditions that should be included in the contract conditions. City Development staff will incorporate any Special Conditions recommended by the Director into the CDBG award package and grant contract. After Director Approval, a Department award letter is issued. Approval of the project proposal by the Department's Director can be done in approximately two weeks. City Development staff will then work on developing a grant agreement for the project.

7. CONTRACT EXECUTION AND DISBURSEMENT OF CDBG FUNDS:

The executed grant agreement will contain General Conditions that must be completed by the applicant's development team and possibly some Special Conditions (conditions unique to this project) that the applicant must "clear" prior to release of any CDBG funding from the Department.

Once all the conditions of the grant agreement have been met, the applicant may be submitted properly documented reimbursement requests to the Department via the appropriate departmental forms.

EVALUATION CRITERIA

If the purposed project meets all threshold criteria, City Staff will utilize the following project scoring

criteria to evaluate the proposed project for the purposes of making a recommendation to the Redevelopment Authority and Common Council.

Evaluation Criteria (100 Point Scale):

Job Creation or Retention (35 Points)

- Proposal would retain or create jobs in the City of Racine. Considerations include number of FTEs, wage levels & benefits, local ownership, immediate and potential for long-term creation and retention. Potential level of indirect jobs created may also be considered.

Return on Investment - Lasting Impact or Benefit (10 Points)

- Low funding to high outcome ratio. Extent to which proposal will result in long term benefits or positive impacts. Considerations to include net impact on the City, i.e. whether benefit to Racine comes at a cost to another community.

Readiness to Proceed (10 Points)

- Project can move forward quickly, ideally within 6-12 months. Considerations include site control, permitting and design, others resources, business stage.

Leverage of other Programs or Funding (10 Points)

- Extent to which the proposal includes other funding sources (including private capital) or builds upon existing programmatic capacity.

City Better Positioned for Economic Development (5 Points)

- Project will result in stronger systems, collaboration and connection of economic development efforts across the greater Racine area.

Addresses Unmet Funding or Programmatic Need (5 Points)

- No duplication. Clearly demonstrated need. Proposal requires funding that is not otherwise available or fills a programmatic need that is not otherwise being met.

Assistance to Those Adversely Impacted by Business Closures / Multiplier Effect (5 Points)

- Proposal would provide employment or other opportunities for former employees of recently closed businesses in the City of Racine. Consideration given to proposals that will result in additional contracting opportunities to local businesses.

Capacity and Experience to Carry Out the Project (5 Points)

- Applicant has the demonstrated capacity to complete the project. Or will partner with an organization that does. Overall Track Record.

Long Term Viability (5 Points)

- Evidence of long term financial and programmatic viability of the proposal.

Coordination with Local and Regional Planning and Development Efforts (5 Points)

- Extent to which the proposal is consistent with existing local and regional plans. Demonstrates coordination with other economic and community revitalization efforts. Greater consideration will be given to proposals that support industry sectors and clusters identified in the [Southeastern Wisconsin Regional Planning Commission's Comprehensive Economic Development Strategy](#).

Implementation Plan (5 Points)

- Proposal includes a clear plan for implementation including a realistic timeline and deliverables

IMORTANT CONSIDERATIONS

Projects are processed on a first come first served basis (based on when application are submitted to the Redevelopment Authority) with a recommendation provided by City Development staff based upon the evaluation criteria noted above.

Projects can take up to six (6) months to move through the review and approval process (from submission of the inquiry form to receiving an award letter). The more complex the project, the longer the review time.

CDBG federal overlay compliance requirements, if not fully considered, can slow down the project timeline, or result in choice-limiting action.

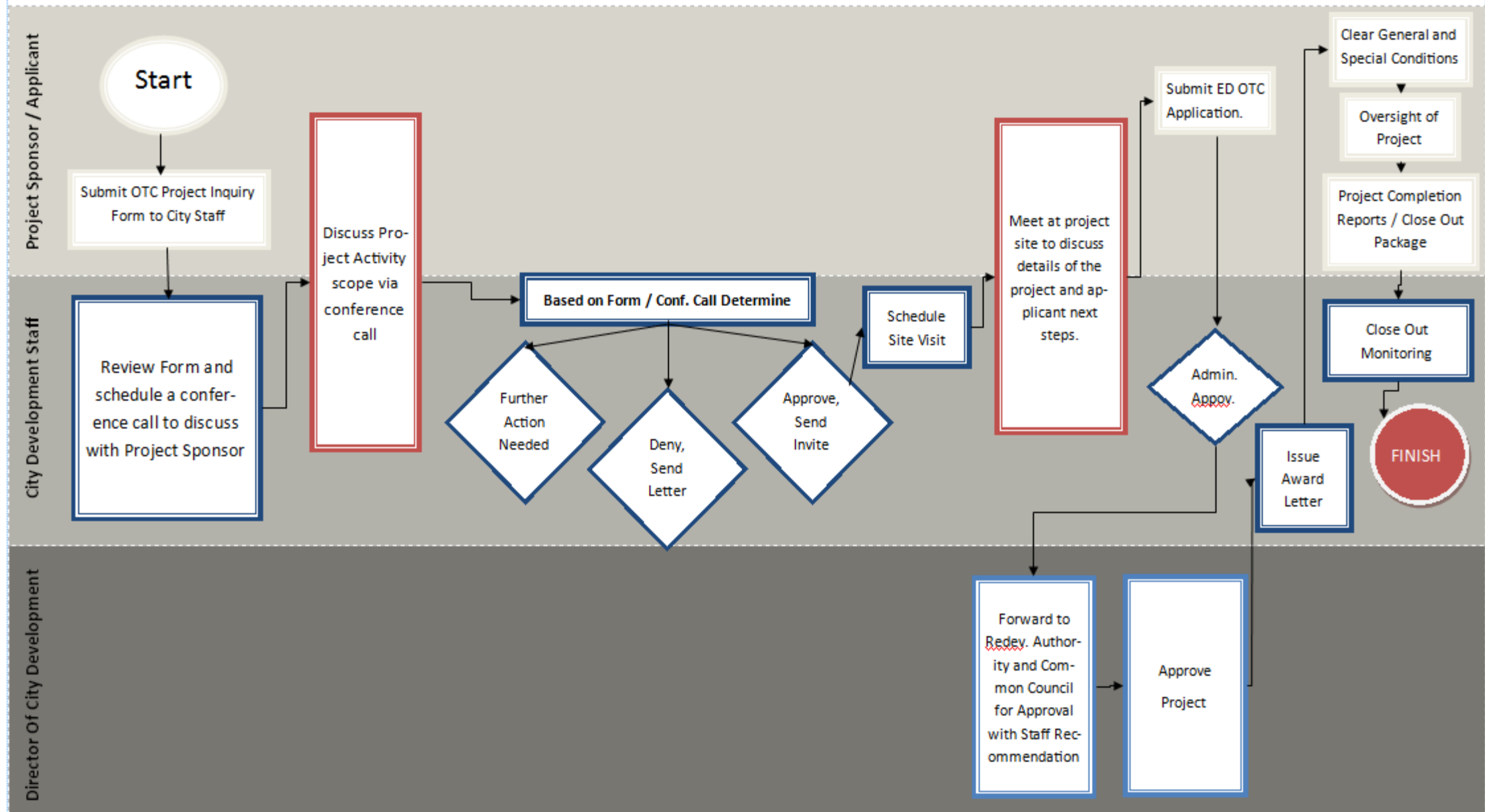
Projects are all unique. The current application forms provide a general “framework” for review of projects; however, each project will require different sets of specific information to document CDBG compliance.

Projects are underwritten based on HUD underwriting standards.

Projects will generally require the submittal of financial spreadsheets, for the Department to review as part of documenting financial feasibility and CDBG compliance.

Projects will likely require CDBG underwriting capacity, which can be done by the Small Business Development Nonprofit Staff or by a consultant. Regardless of who is doing the work, the underwriter must be knowledgeable in commercial project underwriting standards and CDBG underwriting/cash flow analysis.

REDEVELOPMENT AUTHORITY OF THE CITY OF RACINE—CDBG ED OTC APPLICATION PROCESS



Note: This is a simplified version of the process and is only intended as a supplemental visual guide.

