



City of Milaca COVID-19 Economic Relief Business Grant Guidelines

The purpose of the City of Milaca COVID-19 Economic Relief Grant is to provide temporary working capital support to local small businesses adversely affected by the COVID-19 pandemic including any business interruption caused by a required closure.

Applicants are also strongly encouraged to apply for all other available COVID-19 related funding such as the Small Business Administration Economic Injury Disaster Loan, the Paycheck Protection Program, the Minnesota Small Business Guarantee Program, Pandemic Unemployment Assistance Program, etc. Applicants applying for funds through these programs are still eligible to receive a grant from the City, but may not use City grant funds for eligible expenses covered by other Local, State or Federal funds.

The Applicant recognizes and agrees that the City of Milaca retains absolute authority and discretion to decide whether to accept or deny any particular Grant Application, and that all expenditures, obligations, costs, fees, or liabilities incurred by the Applicant in connection with the Grant Application are incurred by the Applicant at its sole risk and expense.

Receiving an Economic Relief Grant may affect your business or individual taxes.

Eligibility Requirements - Businesses

Eligible Businesses must meet all of the following criteria as of MN Executive Order 20-01 to be eligible for grant funds:

1. Be able to demonstrate that the business was directly and adversely affected by the COVID-19 pandemic.
2. Have a physical commercial or industrial location in the City of Milaca.
3. Be registered with the Minnesota Secretary of State and not be debarred by the State of Minnesota.
4. Employ the equivalent of 50 or fewer full-time workers.
5. Be current on all taxes, bills, or charges due to the City prior to February 1, 2020.

Ineligible businesses include the following (this is a non-exclusive list):

- Non-profit organizations;
- Independent contractors and the self-employed;
- A business manufacturing, distributing, selling or conducting related activities of sexually explicit materials;
- A business that derives income from passive investments without operational ties to operating businesses or a business primarily focused on speculative activities that develop profits from fluctuations in price rather than the normal course of trade;
- A business that earns more than half of its annual net revenue from lending activities;
- A business engaged in pyramid sales, where a participant's primary incentive is based on the sales made by an ever-increasing number of participants;
- A business engaged in activities that are prohibited by federal law or applicable law in the jurisdiction where the business is located or conducted; and
- A business engaged in gambling enterprises, unless the business earns less than 50% of its annual net revenue from lottery sales.



Amount of Grant and Use of Grant Funds

Eligible businesses may receive a grant of up to \$10,000 based on demonstrated need and for use on eligible expenses. The minimum grant amount is \$1,000. When CARES Act funds are depleted, no more applications will be accepted.

Funds can be used for rent or mortgage or rent payments, payroll for current employees, working capital and operational costs such as inventory and delinquent utility payments.

All businesses applying for this grant should be able to distinguish between direct and indirect costs. Direct costs encompass the costs involved with creating, developing, and releasing a product (e.g., manufacturing supplies, equipment, raw materials, labor costs, and other production costs). Indirect costs are costs *not directly* related to the development of your business's product or service (e.g., utilities, office supplies, office technology, marketing campaigns, accounting services, employee benefit and perk programs, and insurance costs). Both types of costs are eligible for consideration.

Funds cannot be used for direct expenses related to crop or livestock production, purchasing machinery or vehicles, moving expenses, land acquisition costs, or capital improvements.

Non-exclusive Examples of Ineligible Uses of CARES Act Stabilization Funds:

- Expenses/costs that are/will be funded/reimbursed by other federal or state grant program.
- Replacement of lost revenues (government entities).
- Government expenses incurred prior to MN Executive Order 20-01 or after December 30, 2020.
- Expenses for the State share of Medicaid (including the portion of state share paid by counties).
- Damages covered by insurance.
- Payroll or benefit expenses for government employees [or staff time] whose work duties are not "substantially dedicated to mitigating or responding to the COVID-19 public health emergency."
- Reimbursement to donors for donated items or services.
- Workforce bonuses (generally) other than hazard pay or overtime for employees.
- Severance pay.
- Legal settlements.
- Prepayments on contracts to the extent that doing so would be inconsistent with the ordinary course of policies and procedures.
- Per capita payments to residents of a jurisdiction without an assessment of individual need.

The City will determine in its discretion the appropriate amount of a grant and the eligible costs and expenses for each eligible business.



Application Process

- Applicants must submit a completed grant application to be considered. A copy of the City of Milaca Economic Relief Grant application can be found on the City's website via the following link: [https:// www.cityofmilaca.org/covid19grant](https://www.cityofmilaca.org/covid19grant)
- Completed applications must be received by **4:30 p.m. on October 22, 2020** to be considered.
- Completed applications should be mailed to Tammy Pfaff at the City of Milaca or emailed to tpfaff@milacacity.com
- Applicants should include the following information:
 - Basic details about the business;
 - Narrative descriptions and estimated calculations of the negative impacts on the business due to COVID-19; and
 - Information on the intended use of the grant funds.
- **Following notice of an approved application, applicants must submit the following within 5 business days:**
 - 2019 Federal Business Tax Return or appropriate Business Tax Schedule, or substitute documentation of revenue if 2019 Return is not yet completed;
 - Evidence of revenue loss related to COVID 19 or other documentation demonstrating the impact the COVID-19 pandemic.
 - Any additional documentation or information deemed necessary by City Administration to determine eligibility, generate grant documents, disburse grant proceeds, or meet program reporting requirements.
- The failure to submit required documentation will result in forfeiture of grant award.
- All grant recipients are considered sub-recipients of Federal pass-through funds. There are certain information collecting requirements that must be met by pass through entities awarding grants. *See 2 USC § 200.331.* In circumstances where this information is not available, the “best information available to describe the Federal award and subaward” is required. *Id.*

Reporting

Applicants receiving grant funds must sign an agreement form acknowledging that the applicant will use the grant funds only for eligible costs and expenses not already covered by other Federal, State or Local funds and agreeing to provide a report to the City on the use of the grant funds within 60 days of receiving grant funds and permitting the City of Milaca to have access to the applicant's records and financial statements as necessary for the City of Milaca to meet its reporting requirements to the state and Federal governments. The City will require business applicant to provide proof that grant funds were used only for eligible costs and expenses. Upon the satisfactory provision of this report and any requested proof provided to the City of Milaca, the grant process will be complete.

Pursuant to Minnesota law, any funds improperly spent may be recouped by the state and federal government from the City of Milaca as a pass-through entity. Accordingly, any funds improperly spent by a sub-recipient may also be recouped by the City of Milaca within 60 days of the Minnesota Commissioner of Revenue certifying that amount must be repaid by the City of Milaca.

City of Milaca COVID-19 Economic Relief Business Grant Application

Program Information: All grants awarded are for the purpose of working capital and intended to replace cash flow used for operating costs that existed at the time of the peacetime emergency declaration made through Executive Order 20-01. Such costs may include current payroll obligations, lease or mortgage payments, utilities, accounts payable, and other critical business expenses that cannot be paid as a direct result of the current health emergency. This program is subject to applicable state and local peacetime emergency executive orders.

Eligibility Notes: All business applicants must be eligible businesses with physical commercial or industrial operations located within the city limits of Milaca that have been operating long enough to demonstrate financial viability. Applicants must demonstrate that they were directly and adversely affected by the COVID-19 related peacetime emergency Executive Orders 20-04 and 20-08, including being in an industry specifically named by those executive orders.

Please review and complete entire application prior to submittal.

Applicant Information

1. Individual completing the application:

Name: _____

Address: _____

Telephone: _____

Email: _____

Federal Unique Entity Identifier (UEI): _____
(see <https://fedgov.dnb.com/webform/> to obtain your number)

Federal Award Identification Number (FAIN): _____ or Not available

2. Business legal name:

_____ *(Name should be the officially registered name of the business entity.)*

Business operating name _____
(if different)

Type of Business: _____

Business street address: _____

City: _____ State: _____ Zip Code: _____

3. Please check all business funding sources applied for: Federal PPP Federal EIDL MN SBEL MN SBRG

Please check all business funding sources received: Federal PPP Federal EIDL MN SBEL MN SBRG

4. Has your business received grant funds from a local, state, or Federal government previously?
 Yes No (if Yes, please attach any available audits from previous grant programs)
5. Is your business registered with the Minnesota Secretary of State? If so, please provide certificate of good standing with the MN Secretary of State Office.
 Yes No
6. Was your business ordered to close or had to significantly reduce its operations by a State of Minnesota Emergency Executive Order in 2020?
 Yes No
7. What year did this business begin operating in the City of Milaca? _____
8. Do you own the building where your business is located or have a lease for the space?
 Own Lease
Applicants (including individuals) will need to provide a copy of a lease or statement of lease terms, mortgage statement, property tax statement, or other documentation to show site control within the City of Milaca.
9. Gross revenue for March 1st – May 31st, 2019 \$ _____
 Gross revenue for March 1st – May 30th, 2020 \$ _____
 Estimated monthly gross revenue loss due to COVID-19: \$ _____
10. Employment (please include all W-2 employees):
 On March 1, 2020:
 # Full-time employees: _____ # Part-time employees: _____
 Current:
 # Full-time employees: _____ # Part-time employees: _____
11. Briefly explain how the business or individual has been impacted by COVID 19 health pandemic and/or related Executive Orders and what challenges it is facing.
12. Grant amount requested _____
13. Please describe how you intend to use awarded grant funds. Refer to grant guidelines for eligible expenses for businesses. Please specify eligible expenses expected to be paid with funds and the time period during which the funds will be spent. Please describe whether the costs to be paid are direct or indirect expenses (see guidance for more information). Include proposed expenses requested to be paid using total amount of grant. For example: Labor expense for 2 employees August 17–28, 2020 (direct cost): \$3,000; May 2020 Rent (indirect cost): \$2,000. Attach receipts if available.