



CITY OF SANDUSKY
ECONOMIC DEVELOPMENT
ASSISTANCE PROGRAM

Small Business Assistance Grant

Business Development Loan

Substantial Development Loan

INTRODUCTION

The Sandusky Economic Development Assistance Program is intended to spur and support economic development activities within the City of Sandusky (“the City”). Financial assistance is available for new or expanding businesses and/or property owners that will positively affect the economic and employment climates in the City of Sandusky.

The City strongly believes that investments in economic development activities are vital to job creation and attracting and retaining a talented workforce to fill newly created or available positions. Increased economic development will also stimulate investments in underutilized or vacant buildings and sites – which will strengthen the real estate market, increase property values, create a more walkable community and improve overall quality of life.

SANDUSKY CITY ECONOMIC DEVELOPMENT ASSISTANCE PROGRAM

The City intends its program to be fair, straightforward, and easy to navigate. **A pre-application meeting or conference call is a requirement of ED assistance.** Applications will not be accepted until this requirement is fulfilled. Please call the Community Development at (419) 627-5891 to schedule.

Section I - GENERAL TERMS:

USE OF FUNDS: ED Funds can be used for the following purposes:

Fixed Assets: examples include new construction or renovation of existing facilities

Non-Fixed Assets: must be depreciable equipment

ELIGIBILITY REQUIREMENTS:

- The business/property must be located in the City of Sandusky.
- **ED funds are intended to serve as gap financing. Prior to application, applicant should make every effort to secure private financing, such as traditional bank financing, to finance the project.**
- A Project is eligible to receive ED funds once every five (5) years; however, distinct phases of the same project are eligible.
- There will be a limited amount of ED funds available for non-profit organizations.
- All successful applicants/borrowers must provide proof of the ability to secure ownership of the real estate or (preferably) a two (2) year lease agreement in which the project is located.
- All projects must meet applicable zoning requirements.
- All projects that need approvals from other departments, such as Planning, must obtain these approvals prior to application review.

APPROVAL PROCESS: Completed applications will be accepted at any time. Those considering applying must meet with department staff before applying. The Department of Community Development reviews applications and provides recommendations for approval or denial of grants or loans to the Economic Development Incentive Committee (EDIC). Applications for assistance greater than \$10,000

that are approved by the EDIC will require final approval by the Sandusky City Commission. In this case, applicants are required to attend the City Commission meeting at which the project is reviewed.

DISBURMENT OF PROCEEDS: Proceeds are provided directly to third party contractors or on a reimbursable basis to the applicant **at the completion of the project**. The City may consider adjustments to the investment amount for substantive changes in the project scope.

REQUIRED EQUITY: A minimum of 10% owner equity is required even when other third-party sources have been secured. The Department of Community Development or the EDIC may, at its discretion, adjust equity percentage requirement.

ADDITIONAL TERMS: Applicants may be subject to personal background checks and credit reviews and must sign any waivers to allow the City of Sandusky to share information with relevant lending institutions and obtain credit reports. Requests for funding will be denied if applicants have outstanding collections, judgment liens, other court judgments, delinquent taxes or other tax liens. Any previous bankruptcy must be fully discharged prior to submitting an application.

No person shall, on the grounds of race, color, national origin, or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with ED funds.

A Form 1099 will be issued to the recipient of grant payments from the City of Sandusky.

Section II – PROJECT EXCLUSIONS

Individual program categories may have specific and more restrictive eligibility requirements than those listed in this section. The project exclusions outlined in this section generally apply to all applications and projects regardless of the type of financial assistance being requested.

PROJECT EXCLUSIONS: Projects will not be considered for financing assistance if they involve:

1. Financing of businesses that have not identified 100% of the remaining required financing to complete the project outlined in the application. Small businesses and/or startups may be exempt from this provision.
2. Refinancing of existing debts and training costs.
3. Financing of businesses that operate out of a personal residence.
4. Financing for projects that involve the sole development of short-term, transient housing.
5. Financing of speculative projects, buildings, or activities such as land banking or acquisition of real estate with no planned capital improvements or job creation.
6. Financing of historically unsuccessful ventures or projects with unresolved environmental problems. However, this exclusion does not apply to projects that will address/resolve environmental issues as part of the project scope of work.
7. Financing for businesses with a history of civil rights violations or unfair labor practices.
8. Financing to businesses which are not current with taxes or other loans.

9. Financing to businesses/applicants who are not in good standing on all outstanding forms of City assistance.
10. Financing to projects which cannot demonstrate an ability to repay the loan (if applicable), are intra-family transactions, or involve illegal activities.
11. Financing to projects in which the applicant has ever or currently owns entirely or in part, real estate that is tax delinquent, has code violations, contains non-registered rental units, or is in foreclosure.
12. Financing of projects in which the applicant has been convicted or has a pending conviction of a felony within seven (7) years from the date of application submittal.

Section III – PREFERENCES

PROJECT PREFERENCES:

- Projects that involve the redevelopment of vacant, foreclosed or underutilized sites and buildings, especially projects that focus on creating ready-to-lease commercial space.
- Minority or female owned business enterprises.
- Projects which offer proportionately high employment opportunities to persons of low- and moderate-income households.
- Projects involving the beautification and enhancement of properties listed on the National Register of Historic Places or contributing members within Nationally Registered Historic Districts.
- Businesses and/or projects that promote goals and objectives of the City of Sandusky Comprehensive Masterplan and Strategic Plan.
- Projects that result in increased job creation and tax revenue
- Projects that leverage private investment

Section IV – ECONOMIC DEVELOPMENT ASSISTANCE PROGRAM CATEGORIES

1. **SMALL BUSINESS ASSISTANCE GRANT PROGRAM - PROJECTS WITH TOTAL DEVELOPMENT COSTS UP TO \$100,000:** The intent of this program is to aid new or existing small business with access to capital that otherwise may not be available from traditional avenues. These resources aim to assist 1) new small businesses with start-up costs and 2) intend to help stabilize cash flow during the infancy stages of new businesses or expansion periods of existing businesses both with the goal of adding jobs to the Applicant’s employment base.
 - i. **ELIGIBLE USES**
 1. Physical construction/renovation costs – interior and exterior
 2. Purchase and installation of permanent real estate fixtures (fixed asset)
 - ii. **REQUIREMENT AND TERMS**
 1. Projects must not exceed \$100,000 in total project costs
 2. City assistance can be up to 7% of Total Project Costs

3. City funding is a reimbursement grant disbursed upon completion of project after submission of evidence that all expenses have been paid
4. Applicants may be required to seek approval of enhancements and signage (if applicable) by other administrative bodies, including but not limited to, the Landmarks Commission or the Planning Commission.
5. Contractors and journeymen utilized must be registered with the City of Sandusky and permits may be required, where applicable.
6. The City reserves the right to require applicants to utilize entrepreneurial support services such as RISE

2. **BUSINESS DEVELOPMENT FORGIVABLE LOAN PROGRAM – PROJECTS WITH TOTAL DEVELOPMENT COSTS RANGING \$100,000-\$499,999:**

The intent is to aid new or existing business with access to capital that otherwise may not be available from traditional avenues. These resources aim to assist with business start-up or expansion costs including purchase of equipment (fixed asset) and/or renovation of business facility. Program also seeks to support adding jobs to the Applicant’s employment base.

i. ELIGIBLE USES

1. Environmental remediation
2. Demolition
3. Physical construction costs (both new construction/expansion or rehabilitation)
4. Relocation expenses as part of retention efforts
5. Purchase of equipment that allows for the expansion of business or efficiency in operation.

ii. REQUIREMENTS and TERMS

1. Projects must range between \$100,000-\$499,999 in total costs, exclusive of acquisition, soft costs and developer fees.
2. City assistance may be up to 7% of total project costs or \$25,000 - whichever is less.
3. City funding is a 5 year zero-interest loan payable in full at the end of term or at sale of building or business. Loan can also be structured to capture payment via monthly, quarterly, or annual installments.
4. Loans are forgivable by 20% per year if job creation and payroll addition goals are achieved. Program participants are subject to annual evaluation.
5. City funding is secured via mortgage, personal guarantee, cognovit promissory note and/or UCC lien.
6. Job creation/retention must represent one (1) FTE for every \$25,000 of City funds committed to the project.
7. Applicants are required to seek approval of enhancements by other administrative bodies, including but not limited to, the Landmark Commission or the Planning Commission. Applications will not be reviewed until approvals are obtained.
8. Contractors and journeymen utilized must be registered with the City of Sandusky and permits may be required, where applicable.

3. **SUBSTANTIAL DEVELOPMENT LOAN PROGRAM – PROJECTS WITH TOTAL DEVELOPMENT COSTS OVER \$500,000:** The intent of this program is to spur large scale development and expansion efforts within the City. Mixed-use projects are eligible.
- i. **ELIGIBLE USES:**
 - 1. Environmental remediation
 - 2. Demolition
 - 3. Physical construction costs (both new construction/expansion or rehabilitation)
 - 4. Relocation expenses as part of retention efforts
 - 5. Purchase of equipment that allows for the expansion of business or efficiency in operation.
 - ii. **REQUIREMENTS AND TERMS:**
 - 1. Project must be catalytic involving anchor projects (i.e. standalone attractions); projects that involve large, vacant, troublesome properties; and/or projects that resolve vacant upper floors, subject to the discretion of City staff.
 - 2. Projects must be more than \$500,000 in total costs. Developer fees and acquisition costs will not be considered as part of the total cost.
 - 3. City assistance can be up to 10% of total project costs, with a maximum amount of funds invested capped at \$150,000. In the case of Catalytic projects, this cap may not apply.
 - 4. City funding is a 5 year zero-interest loan payable in full at the end of term or at sale of building or business. Loan can also be structured to capture payment via monthly, quarterly, or annual installments.
 - 5. Loans are forgivable by 20% per year if job creation and payroll addition goals are achieved. Program participants are subject to annual evaluation.
 - 6. City funding is secured via mortgage, personal guarantee, cognovit promissory note and/or UCC lien.
 - 7. Job creation/retention must represent one (1) FTE for every \$25,000 of City funds committed to the project. Program participants are subject to annual evaluation.
 - 8. Applicants are required to seek approval of enhancements by other administrative bodies, including but not limited to, the Landmark Commission or the Planning Commission. Applications will not be reviewed until approvals are obtained.
 - 9. Contractors and journeymen utilized must be registered with the City of Sandusky and permits may be required, where applicable.

APPLICATION TO FOLLOW ON THE NEXT PAGE

SANDUSKY ECONOMIC DEVELOPMENT ASSISTANCE PROGRAM

APPLICATION

Applicant / Borrower Company:

(Applicant Name)

(Title)

(Company Name – if different than Applicant Name)

(Street Address)

(Suite, Apt, etc.)

(City, State, Zip)

(Phone Number)

(Email)

(Federal Tax ID or last 4 of SSN)

Economic Development Fund Category For Which Applicant Is Seeking Assistance (select one):

- Small Business Assistance (Projects with total development costs less than \$100,000)
- Business Development (Projects with total development costs ranging \$100,000-\$499,999)
- Substantial Development (Projects with total development costs over \$500,000)

Existing Business Information:

Type of Business: Commercial Retail Service
 Other _____

Legal Structure: _____

Primary Product or Service: _____

Date Established: _____ NAICS-SIC Code: _____

Website (if applicable):

Principal Officers / Owners:

Name / Title: _____

Email: _____ Phone: _____

SSN (last 4): _____ % Ownership: _____

Name / Title: _____

Email: _____ Phone: _____

SSN (last 4): _____ % Ownership: _____

Name / Title: _____

Email: _____ Phone: _____

SSN (last 4): _____ % Ownership: _____

Name / Title: _____

Email: _____ Phone: _____

SSN (last 4): _____ % Ownership: _____

Location of Proposed Project:

(Address)

(City, State, Zip)

(County)

If a relocation, indicate from where: _____

Is the building designated as a landmark or located within a designated historic district _____

For more information: www.CityofSandusky.com/HistoricPreservation

Project Type:

- Renovation Expansion Start-Up/New Construction

Applicant / Business Background Information:

Please provide a brief summary about your background and experience. Please also provide historical information regarding the building or property at which the business will operate, including but not limited to the most recent building use (attach additional page if necessary).



Project Source & Use Of Funds:

Break out total project costs by use of funds and allocate each use cost by source (attach additional page if necessary) **(total of B+C+D should = A).**

(A) Total Project Cost (itemize below): _____

(B) Owner Equity (dollars and source): _____

(C) Private Lending (dollars, source, and terms): _____

(D) Request for City Assistance (dollars and type): _____

Applicants must document a need for ED funding to make the project occur. Select reason(s) why ED funds are needed for the project and attach appropriate documentation.

- Inadequate equity/private lender financing (attach bank letter/documentation of equity unavailability).
- Unable to pay market interest rates for entire project (include projections showing market rates produce inadequate return on investment.)
- Incentive financing is needed in order to improve the economics of locating and expanding in Sandusky relative to other communities (show comparative costs analysis to undertake project in Sandusky versus other cities).
- Other (please attach statement)

Project Timeline:

Please outline the project timeline. Please include expected completion dates for items including but not limited to obtaining site control, obtaining financing, and construction.

	<u>Start</u>	<u>Complete</u>	<u>N/A</u>
<u>Site Control</u>	_____		
<u>Financing</u>	_____		
<u>Construction</u>	_____		
<u>Other</u>	_____		

Project Impact and Employment:

	Current Year	Year One	Year Two	Year Three
Annual Sales Revenue				
Annual Payroll				
Current Employment (FTE)				
Average Pay Per Employee				

Attachments:

The following must be submitted with your ED Application:

- Business plan (may be required if business is new)
- Three years of historical financial statements
- Three years of projected financial statements
- Sources of financing including evidence of private funds and matching funds
- Third party cost estimates, **INCLUDING RENDERINGS**
- Lease agreement, purchase agreement, or proof of ownership/site control

Attestation of Financial Condition

Do you or your business have any of the following:

	YES	NO
Outstanding collections		
Judgement liens		
Other court judgements		
Delinquent taxes		
Delinquent loans		
Other tax liens		
Previous bankruptcy		
If yes to bankruptcy, has it been fully discharged?		
Real estate that is tax delinquent		
Code violations		
Non-registered rental units		
Real estate that is in foreclosure		

Submission Acknowledgment

The undersigned certifies that he/she is authorized to complete, sign and submit this application on behalf of the applicant/owner. Further, the undersigned certifies that the information contained in this application has been reviewed by him/her and that all information, including exhibits, are, to the best of his/her knowledge, complete and accurate and presents fairly the condition of the applicant and project accurately. Intentionally falsifying information in this document constitutes a criminal offense. The undersigned hereby authorizes the City of Sandusky to investigate the credit worthiness and of the undersigned, and/or applicant. The undersigned understands that information submitted to the City of Sandusky as part of this application may be considered a public record. The undersigned also agrees to display signage showing City support on their property for up to one (1) year after project completion.

The undersigned understands that additional information may be required to finalize the approval process, and that, if the project is funded, **Economic Development funds cannot pay for projects completed before grant approval and notice of award.** The undersigned also understands that the submission of the application for financial assistance **does not** automatically constitute approval.

The undersigned understands that if the business or enterprise receiving grant funding moves or relocates to a different location outside of the municipal boundaries of Sandusky within three (3) years from the effective date of the agreement, funding will be rescinded in its entirety and the undersigned waives any right or claim to the awarded funding. This provision does not include businesses or enterprises that cease operations and close or that open up additional locations outside of the municipal boundaries of Sandusky while maintaining their funded location within the Sandusky city limits.

By checking this box, I acknowledge that I have read, understand, and agree to the policies and procedures outlined in this document. I further agree to be interviewed, photographed and/or have my business photographed for Economic Development marketing purposes. If you have questions, please contact the Department of Community Development.

Company Name: _____

By: _____

(Print or type name and title)

(Signature)

(Date)

Inter-Office Use Only

State the date, time, and City staff member(s) present at the pre-application meeting:

Date of Completed Application Submittal: _____

Staff Reviewer: _____

Date of Committee Review: _____

Approve/Deny: _____

Amount Awarded and terms: _____

CONTACT

Department of Community Development

240 Columbus Avenue

Sandusky, Ohio 44870

Attn: Economic Development Fund

Phone: (419) 627-5891

Email: qrambo@cityofsandusky.com