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BUSINESS RETENTION & EXPANSION OVERVIEW 1.1

The Sonora Economic Development Corporation (SEDC) has created the Business Retention & Expansion (BRE) program to assist local businesses that are interested in growing or expanding in Sonora, Texas by making a significant capital investment or hire new employees. Statistics show that around 80 percent of capital investment, as well as job creation, come from local businesses that are established in a community, even with increasing remote working opportunities. The goal of this program is to help encourage business growth in Sonora through incentives, provided by the sales tax collected on taxable items at local stores and online shopping. In addition to growth, the program also aims for the retention of businesses in Sonora by aiding with problems that could cause the business to fail, close or relocate. BRE eligible businesses are not restricted to a specific area of Sonora or a Tax Increment Reinvestment Zone (TIRZ).

This package contains the guidelines for the program, criteria, and processes.

If you are not sure if your business qualifies for the BRE program, please contact our office and our executive director will be happy to discuss the guidelines for the program. 325-387-6280.

The SEDC reserves the right to update the program guidelines at any time. Applicants are encouraged to review guidelines on the website or contact the office for the most current program guidelines as they may have been recently updated.

BUSINESS ELIGIBILITY 2.1

The Sonora Economic Development Corporation strongly believes in an equal opportunity for all businesses and does not unlawfully discriminate against businesses or business owners on the basis of an individual's race, color, religion, creed, sex, national origin, age, disability, marital status, veteran status or any other status protected by applicable law. This program eligibility applies to existing businesses. Eligibility standards are set for compliance of Local Government Code 501.251:

- 1. Must be in business over 3 years.**
- 2. Must be registered in Sonora or have a DBA in Sonora.**
- 3. Must provide proof of current sales tax, property tax, franchise tax, excise taxes and/or any other taxes applicable to the business.**
- 4. Must provide proof of Texas Workforce Commission Unemployment Quarterly Reports.**
- 5. Must provide proof of filed; FICA (federal payroll tax) payments form 941, and FUTA (Federal Unemployment Tax Act) form 940**
- 6. Must provide financial statements to SEDC.**
- 7. Tenants must have a letter of project approval from property owner.**
- 8. All applicants must have a signed Permit Request Letter from Sonora Code Enforcement Officer for consideration of application.**
- 9. Property must be occupied by a business or have an agreement for occupancy.**
- 10. Must be a primary job as defined by North American Industry Classification System (NAICS) or a business that collects sales tax or have 3 or more W-2 employees.**

CONDITIONS 2.2

General Conditions 2.2a

Project management is the sole responsibility of the applicant and SEDC is not responsible for damages, work warranties, or any actions of contactors for projects partially or fully funded by SEDC programs. All

projects under this program are subject to annual budget set by Board of Directors and approved by City Council. Applications will be accepted from October 1st to May 15th the preceding year, earliest date for funding is December 1st, an announcement of early program closure will be made if program budget has been met for fiscal year. and must be submitted before the 3rd Wednesday of each month to ensure every business is given an opportunity to apply for the BRE program there are 2 different BRE programs:

- Fast Track
- Standard

Fast Track BRE 2.2b

Business requests are capped annually at \$10,000 per business for capital investment projects, or \$2,000 per employee trained/job creation capped annually at \$10,000 as defined in section 2.3 (employees paid above minimum living wage may qualify for increased amount for employee training/job creation).

1. Business **MUST invest a 50/50 match** towards capital improvement, businesses cannot be awarded a grant consecutively and must wait **two (2) consecutive years** to reapply for BRE but can apply for other grant programs such as Façade after **one (1) year** waiting period.
2. All projects are required to enter into a Performance Agreement for compliance of Local Government Code 501.158.
3. All improvement and repair projects must have a completion date, applicants needing an extension for completion must request the **extension fourteen (14) days before the original date. Projects/training must be fully funded by business before grant funding is released.**
4. Projects that do not adhere to Performance Agreement are subject to a “clawback” clause, defined as repayment of grant to Sonora EDC for failure to comply with Performance Agreement.

Standard BRE 2.2c

Business requests OVER \$10,000 are capped annually at \$25,000 per business for capital investment projects or \$2,000 per employee trained/job creation capped annually at \$10,000 as defined in section 2.3 (employees paid above minimum living wage may qualify for increased amount for employee training/job creation).

Additional General Conditions:

1. **Business MUST invest a 50/50 match towards capital improvement, businesses cannot be awarded a grant consecutively and must wait three (3) consecutive years to reapply for BRE but can apply for other grant programs such as Façade after two (2) year waiting period.**
2. All projects are required to enter into a Performance Agreement for compliance of Local Government Code 501.158.
3. **Standard BRE projects require 2 public hearings with City Council, a public notice in the local newspaper, and a (sixty) 60 day wait time after newspaper notice in accordance with Local Government Code 505.160.**
4. **All improvement and repair projects must have a completion date. Applicants needing an extension for completion must request the extension fourteen (14) days before the original date. Projects/training must be fully funded by business before grant funding is released.**
5. **Projects that do not adhere to Performance Agreement are subject to a “clawback” clause, defined as repayment of grant to Sonora EDC for failure to comply with Performance Agreement.**

ELIGIBLE BRE PROJECTS 2.3

This program is limited to Business Retention & Expansion projects, **BRE is defined as “the preservation and increase of local jobs and/or tax revenues” by the [International Economic Development Council](#)** permissible BRE projects include:

Applicant Initials _____

- Purchasing land or buildings
- New equipment (must be registered with appraisal district if applicable)
- Extension/addition of a building (must be registered with appraisal district if applicable)
- Training workers for job specific duties (ex: HVAC, Plumbing, Electrical, CDL, etc.)
- Permitting, licensing, or infrastructure needs
- Creation of new job opportunities that pay minimum living wage of \$14.37 hourly to all employees (ex: adding a new product line requiring workers)

(2023 US Dept of Health and Human Services poverty level for a family of 4: \$30,000/52.18wks/40hrs = \$14.37 hourly)

NON-ELIGIBLE BRE PROJECTS 2.4

- Equipment purchased before approval
- Insurance related claims
- Debt Repayment
- Legal proceedings
- Construction/Repairs that has already been performed prior to approval of the project

IN-KIND SERVICES 2.5

On a case-by-case basis the SEDC authorizes in-kind services provided by family, friends, and employees such as prepping, painting and small jobs. **Projects over \$50,000 MUST be completed by a certified and registered contractor with the City of Sonora Code Enforcement Officer and be registered with the [TEXAS DEPARTMENT OF LICENSING & REGULATION](#) (if applicable).**

PROJECT REVIEW POLICIES 3.1

Executive Director Review 3.1a

The SEDC Executive Director is responsible for the evaluation of all applications for project requirements under the program. **The SEDC will contact applicant within ten (10) business days after the first day of application submission**, example: application submitted on Monday, ten (10) business days starts on Tuesday.

Application Requirements 3.1b

- **Project Application**
- **Business Project Analysis**
- **Proof of Taxes listed in Business Eligibility 2.1**
- **Property, Training, Equipment, etc. Estimate or Two (2) Project Bids (if applicable)**
- **Photos/Plans/Designs/Sketches/Photos of Project**
- **Signed letter from City of Sonora Code Enforcement Officer**
- **Letter of Approval from Property Owner (if applicable)**

Review Criteria 3.1c

The project review process is based on the order received and are given a rating for each of the following criteria with a 15-point maximum. This review criteria helps prioritize projects for grants that are submitted incomplete early in the fiscal year, and to provide approval to projects with a complete package later in the fiscal year. Incomplete project packages will be placed back in review once the business has submitted required documentation. **Applicant will have 30 days to submit requested documents or application will be terminated and applicant will have to reapply, and the process will start anew. Criteria for 15-point system is listed as follows:**

- A complete and accurate application is imperative, to avoid delays in the review process.
(Complete/accurate first time +2)
- Project should support expansion, retention, or increase workforce in Sonora. Details such as sketches and photos provided (Details on project submitted +1)
- Project should have an economic impact and should also encourage additional investments of 25% above minimum requirement. (Additional investments without grant assistance +3)
- Project MUST conform to City of Sonora regulations and permitting procedures, as well as State and Federal regulations such as but not limited to TXDOT.
(Permits or letter submitted with application +2)
- Project costs are reviewed for reasonableness of cost and will be compared with other similar projects. The SEDC requires a minimum of two (2) bids (if applicable) on the project if project requires certified contractor. (Breakdown of supply costs if work performed by owner +3)
- The use of local vendors for projects is HIGHLY encouraged when available to promote a local economic impact for all businesses. (Use of local vendors or contractors +4)

Funding 3.1d

Project approval amount and actual funding amount may differ based on submitted proof of payments to SEDC for contractors or vendors. **It is imperative to submit all receipts, proof of processed checks or money orders, invoices and alike to ensure that funding for project is what was requested. The SEDC is not responsible for project over runs. Funding is processed at the completion of the project and payments are not made in phases, unless project is completed in phases and is designated as such during initial grant request.**

Open 3.1e

OPEN

PROGRAM PROCESS 3.2

Project Analysis 3.2a

Upon completion of Executive Directors review of application completeness, adherence to project guidelines, and submission of any additional documentation, the Executive Director will conduct a project analysis which consists of:

1. Review of documents listed in “Business Eligibility 2.1”
2. Grading project based on “Review Criteria 3.1c”
3. Business financial liquidity and solvency

Approval Process 3.2b

1. Contact applicant for additional documents or to inform of adding to SEDC agenda.
2. Placed on SEDC agenda and applicant is encouraged to attend board meeting.
3. After board meeting SEDC will inform applicant of approval, denial, or request for more documentation. (if not present).
 - a. If denied applicant has the right to reapply.
 - b. If more documentation needed applicant will be placed on the following agenda.
4. If approved:
 - a. Fast Track – SEDC will draft Performance Agreement and send to applicant for review.
 - b. Standard – SEDC will place project on City Council Agenda for review and approval and post project in newspaper for public hearing. If approved by City Council, there will be a 60-day waiting period before funding can be released and the Performance Agreement will be drafted.
5. Once Performance Agreement is approved by applicant, SEDC will prepare for final signatures.
6. Once Performance Agreement is signed, project is prepared for funding.
 - a. Project commences.

- b. Project completed.
 - c. Invoices and proof of payments or receipts provided to SEDC.
 - d. SEDC provides payment within 7 days or annually (as set forth in Performance Agreement)
7. On the anniversary date of Performance Agreement, a meeting is conducted with business based on Performance Agreement.

Letter of Approval from Property Owner

This letter is to serve as permission for the tenant listed below to apply and participate in the _____ program with the Sonora Economic Development Corporation. I _____, certify that I am the legal owner of the property and the tenant currently holds a lease for the property.

I acknowledge the improvements to be made to the property described herein:

I acknowledge the improvements shall be maintained by the tenant according to the approved project and will adhere to all applicable city, state, and federal codes.

Property owner (Signature): _____

Property address: _____

Mailing address: _____

Telephone number: _____

Tenant name: _____

Business name: _____

Current lease valid through: _____

Applicant Initials _____

Letter of Permit Request

This letter is to certify that _____ has met with City of Sonora, Code Enforcement Officer for review of the following project for SEDC grant funding:

The City of Sonora, Code Enforcement Officer certifies that the following permits are required for project approval:

or

NO PERMITS REQUIRED

Inspection #1 date: _____

Code Enforcement Officer Initials _____

Inspection #2 date: _____

Code Enforcement Officer Initials _____

City of Sonora, Code Enforcement Officer

Date: _____

NOTE: that all projects requiring a permit must have a final inspection before funding.

Applicant Initials _____