

# New Business Grant Guidelines



## TABLE OF CONTENTS

<b>CHAPTER 1</b> .....	<b>2</b>
NEW SMALL BUSINESS OVERVIEW 1.1 .....	2
<b>CHAPTER 2</b> .....	<b>3</b>
NEW SMALL BUSINESS ELIGIBILITY 2.1 .....	3
GENERAL CONDITIONS 2.2 .....	3
ELIGIBLE PROJECTS 2.3 .....	4
NON-ELIGIBLE PROJECTS 2.4 .....	5
IN-KIND SERVICES 2.5 .....	5
<b>CHAPTER 3</b> .....	<b>6</b>
PROJECT REVIEW POLICIES 3.1.....	6
<i>Executive Director Review 3.1a</i> .....	6
<i>Application Requirements 3.1b</i> .....	6
<i>Review Criteria 3.1c</i> .....	6
<i>Funding 3.1d</i> .....	7
PROGRAM PROCESS 3.2 .....	8
<i>Project Analysis 3.2a</i> .....	8
<i>Approval Process 3.2b</i> .....	8
LETTER OF APPROVAL FROM PROPERTY OWNER .....	9
LETTER OF PERMIT REQUEST .....	10
LETTER OF SMALL BUSINESS DEVELOPMENT CENTER ENGAGEMENT.....	11

## NEW SMALL BUSINESS OVERVIEW 1.1

The Sonora Economic Development Corporation (SEDC) has created the New Small Business program to assist entrepreneurs that are interested in starting a new business in Sonora, Texas. According to the Small Business Administration (SBA) from 1995 to 2021 small businesses have created 17.3 million net new jobs, accounting for 62.7% of net jobs created since 1995. Although in a rural community such as Sonora a business with 500 employees or less would not seem like a small business, according to the SBA it is. The goal of this program is to help encourage entrepreneurship to increase sales tax revenues and job creation in Sonora through incentives, business education, and resources.

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

If you are not sure if your business qualifies for the New Small Business 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.

## NEW SMALL 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 all new small businesses. Eligibility standards are set for compliance of Local Government Code 501.251:

- 1. Must have a business plan (Market Research, Product/Service, Marketing/Sales, Cost Analysis, etc.)**
- 2. Must provide business formation documents (State of Texas, Comptroller, IRS, etc.).**
- 3. Business must be registered in Sonora or have a DBA in Sonora.**
- 4. Must meet with San Angelo Small Business Development Center (SBDC) or provide proof of prior business ownership.**
- 5. Must provide photos, estimates, drafts, sketches for use of funds.**
- 6. Must provide any loan documents (if applicable)**
- 7. Must provide personal financial statements to SEDC.**
- 8. Tenants must have a letter of project approval from property owner (if applicable).**
- 9. All applicants must have a signed Permit Request Letter from Sonora Code Enforcement Officer for all projects.**
- 10. Must provide a lease agreement for occupancy or deeds for property purchased.**
- 11. Must be a primary job as defined by North American Industry Classification System (NAICS), a business that collects sales tax or creates three (3) or more jobs.**

## GENERAL CONDITIONS 2.2

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.

**Applications will be accepted ALL year and must be submitted before the 3<sup>rd</sup> Wednesday of each month to ensure every business is given an opportunity to apply for the New Small Business program. Business requests are capped at \$10,000 for capital investment projects and/or \$2,000 per job creation for training.** Additional General Conditions:

- 1. Business MUST invest 50% or more of grant request as business start-up funding. If funding is a loan such as but not limited to SBA, revolving, or commercial property, documents must be disclosed to the SEDC.**
- 2. All projects are required to enter into a Performance Agreement for compliance of Local Government Code 501.158. New Businesses will receive funding in increments as outlined and agreed upon in Performance Agreement.**
- 3. All projects must have a completion date. Applicants needing an extension for completion must request the extension fourteen (14) days before the original date. Projects must be fully funded by the business before grant funding is released.**
- 4. Projects that do not adhere to the Performance Agreement are subject to a “clawback” clause, defined as repayment of grant to Sonora EDC for failure to comply with Performance Agreement.**

### ELIGIBLE PROJECTS 2.3

This program is limited to New Business projects, **New Business is defined as “a commercial enterprise started for the purpose of making a profit.”** Permissible projects include:

- 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 (ex: adding a new product line requiring workers)**

#### NON-ELIGIBLE PROJECTS 2.4

- **Equipment purchased before approval**
- **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 Plan with Analysis**
- **Proof of Formation**
- **Personal Financial Statements**
- **Photos/Plans/Designs/Sketches/Photos of Project**
- **Lease Agreement**
- **Signed letter from City of Sonora Code Enforcement Officer**
- **Letter of Approval from Property Owner (if applicable)**
- **Signed SBDC Engagement Letter**

### 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 increased sales tax or increase workforce in Sonora. Details such as sketches and photos are 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. Two (2) bids are encouraged if project requires certified contractor. (bids or 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. New businesses are subject to funding in increments for SEDC risk mitigation and are outlined in the Performance Agreement.

## 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 “New Business Eligibility 2.1”
2. Grading project based on “Review Criteria 3.1c”
3. Entrepreneur 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, SEDC will draft Performance Agreement and send to applicant for review.
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 \_\_\_\_\_

**Letter of Small Business Development Center Engagement**

This letter is to serve as proof that business owner/s, \_\_\_\_\_  
has/have participated in the San Angelo SBDC new business advising session/s.

The business name is \_\_\_\_\_ and the NAICS Code or business  
industry is \_\_\_\_\_.

We have identified the following grant eligible needs: (ex: equipment, land, buildings, infrastructure,  
training and permitting/licensing)

\_\_\_\_\_  
\_\_\_\_\_

The **San Angelo SBDC advisor**, \_\_\_\_\_ recommends  
\_\_\_\_\_ to participate in the Sonora Economic Development Corporation  
(EDC) Grant assistance programs.

**San Angelo SBDC Advisor (Signature):** \_\_\_\_\_

**Telephone number:** \_\_\_\_\_

**Email:** \_\_\_\_\_

I, \_\_\_\_\_ allow San Angelo SBDC to serve as a referral ONLY and  
NOT share personal information with the Sonora EDC for any grant request made for my business with  
the Sonora EDC.

Business name: \_\_\_\_\_

Business Owner 1 Signature: \_\_\_\_\_

Business Owner 2 Signature: \_\_\_\_\_

Applicant Initials \_\_\_\_\_