



CITY OF AUBURN NEW YORK

“HISTORY’S HOMETOWN”

Coronavirus State and Local Fiscal Recovery Funds

Addendum #1

Date Issued: April 6, 2022

The City of Auburn and Cayuga Economic Development Agency (CEDA) have prepared responses to questions received following the two (2) Information Sessions hosted by CEDA on March 29th and March 30th, 2022 about the availability of Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) to provide assistance to Small Businesses located within the City of Auburn, NY. This is a grant funded program.

As a reminder, the purpose of CSLFRF funding is to ensure the City of Auburn has resources to:

1. Fight the pandemic and support families and businesses struggling with its public health and economic impacts;
2. Maintain vital public services, even amid declines in revenue, and
3. Build a strong, resilient and equitable recovery by making investments that support long-term growth and opportunity.

As a point of clarification, the eligible and ineligible uses of funding for assistance to small businesses are outlined in the US Treasury Final Rule document. The funding distribution is broken down into two categories: Impacted or Disproportionately Impacted populations. A small business falls into one-or- the- other category, it cannot be eligible for both. This is further described as follows:

Impacted Small Businesses

- Eligible small businesses located within the City of Auburn;
- CSLFRF grant funds available for eligible costs from March 3, 2021 forward to this point in time. No costs prior to March 3, 2021 will be eligible. Anticipated or estimated negative economic impact costs after April 30, 2022 are not eligible.
- No capital improvements are associated with impacted small businesses
- Funding is primarily for revenue recovery due to business closure or lost revenue or otherwise described in the Addendum below.

Disproportionately Impacted Small Business

To be considered for this Category, the small business must be:

- Located in the Qualified Census Tract (QCT)#421 see map at:
<https://www.auburnny.gov/planning-economic-development/files/qualified-census-tract-map>
- Or
- A class of Small Business located in the City of Auburn with a NAICS code in one of the following industries:
 - Arts, Entertainment and Recreation;
 - Accommodation and Food Services;
 - Educational Services;
 - Health care and Social Assistance; and
 - Retail Trade

If the Small Business meets one of the criteria above, then:

- For applications seeking revenue recovery funding all the same requirements apply as under the Impacted Small Business Category; and
- For applications seeking capital expenditures the small business must apply under the Disproportionately Impacted Category.
- Eligible capital expenditures are described in the Addendum below.

Questions Received:

1. Can the City provide examples for eligible uses of funds for both categories?

The US Treasury issued the Final Rule regarding the Coronavirus State & Local Fiscal Recovery Funds (CSLFRF) in January 2022 that takes effect on April 1, 2022. The Final Rule provides the final guidance on the eligible and ineligible uses of CSLFRF funding. In regards to Assistance to Small Businesses, eligible uses include the following for each category:

Impacted Small Businesses

The Small Business must identify an economic harm caused or exacerbated by the pandemic on the small business. A negative economic impact can be measured or demonstrated in many ways. For example, small business owners could consider the following:

- **Documented lost revenue or gross receipts since March 3, 2021 to this point in time;**
- **Documented increase in costs in business operations or labor costs due to the pandemic since March 3, 2021 to this point in time;**
- **Documented financial challenges in covering staff payroll, property rent or mortgage or other operating costs since March 3, 2021 to this point in time.**

Impacted Small Businesses are eligible to apply for lost revenue or increased costs from the period of March 3, 2021 to this point in time. These funds are not forward looking. Anticipated or estimated negative economic impact costs after April 30, 2022 are not eligible.

Disproportionally Impacted Small Businesses

Assistance to Disproportionately impacted small businesses includes the same eligible enumerated uses under “Impacted” small businesses with costs as of March 3, 2021 to this point in time. These funds are not forward looking. Anticipated or estimated negative economic impact costs after April 30, 2022 are not eligible.

Eligible uses under Disproportionately Impacted Small Businesses are expanded to include certain capital investments with costs as of March 3, 2021 going forward through December 31, 2024. Eligible capital costs include the following:

- Rehabilitation of a commercial property, storefront improvements or façade improvements which could include enhancing outdoor spaces for COVID-19 mitigation (e.g., restaurant patios/ outdoor seating);
- Cost assistance with COVID-19 mitigation tactics (e.g., barriers or partitions; or enhanced cleaning)
- Other capital expenditures as outlined in the application.

2. How does the business identify “hardship”? Is this through a lack of business, reduced income, customer delayed projects or lack of qualified workers?

The City recognizes that the pandemic has severely impacted many small businesses. According to the US Department of Treasury Final Rule- The negative economic impact was likely the result of small businesses having faced periods of closure and having declining revenues as customers stayed home (Final Rule, Assistance to Small Businesses, pg. 142). In New York State, there were executive orders that negatively impacted “non-essential” businesses and the associated workforce. In addition, the New York State-wide indoor mask mandate was only lifted as of February 10, 2022.

The Small Business could consider citing one of the above reasons for establishing hardship.

3. How does a business quantify “hardship”?

According to the US Small Business Administration and the effects of the COVID-19 Pandemic on Small Businesses the financial health of small businesses is measured through cash balances, revenues and expenses. Documentation of revenues and expenses from March 3, 2021 forward to this present time would indicate to the City and CEDA the amount of business activity, which may also be reflected in the cash balances. Providing

information from the 2019 and/ or 2020 business year as a comparison of revenues, expenses and cash balances would be one way to quantify a negative economic impact, should one exist for that small business.

As part of the application narrative, the small business should summarize the extent of the negative economic impact and what business financials are being provided to substantiate the CSLFRF funding request.

4. Is the funding grant or loan money?
Grant. No loans.

5. If the former owner has passed away and the business was renamed after March 3, 2021 does the new business qualify for funding?
If the small business meets the eligibility criteria as outlined in 3.2 Application Eligibility of the Program Guidelines, then the new business is eligible for funding. Program Guidelines are available here: <https://www.auburnny.gov/planning-economic-development/files/program-guidance>

6. If the business received PPP and/ or EIDL can I use ARPA funds for the same time frame?
Possibly. A small business that received PPP and/ or EIDL funding for business expenses will need to provide that information as part of the CSLFRF Assistance to Small Businesses application. The costs that were covered under the PPP and/ or EIDL cannot also be requested for CSLFRF funding assistance. Eligible Small Business costs incurred related to the pandemic after March 3, 2021 going forward to this point are only eligible for submittal under this application. All small business costs prior to March 3, 2021 are not eligible for funding consideration.

7. Can construction businesses apply?
As mentioned in Question 5, if the small business meets the eligibility criteria as outlined in Section 3.2 “Application Eligibility” of the Program Guidelines, then the small business is eligible to apply. Program Guidelines are available here: <https://www.auburnny.gov/planning-economic-development/files/program-guidance>

8. What defines an independent contractor?
The Small Business Administration defines an “independent contractor” as individuals who are hired to do a particular job, receiving payment for only the work being done. Independent contractors are business owners, and are not their clients’ employees.

“The US Treasury Final Rule definition of “small business,” which used the Small Business Administration’s definition of fewer than 500 employees, or per the standard for that industry, as defined by the SBA. This definition includes businesses with very few employees, self-employed individuals, and Tribally owned businesses.”

9. Is it reimbursement based only or can businesses use a direct vendor payment option?
For small businesses that apply under the Impacted Category, the only option is reimbursement as the small business is the only vendor in that case. The Impacted Category is a direct benefit to the small business.

For small businesses that apply under the Disproportionately Impacted Category and are requesting CSLFRF funding for a future/ proposed capital improvement that would address an economic harm incurred by the COVID-19 pandemic, the City would consider direct vendor payment options on a case-by-case basis.

10. Can the City provide examples of eligible and ineligible documentation for use of funds?
For small businesses that apply under the Impacted Category, documentation for eligible uses of CSLFRF funding would include, but is not limited to:

- **2019, 2020 and 2021 business tax returns;**
- **Cash Balance Sheets;**
- **Bank Statements;**
- **Detail History Reports for Payroll;**
- **Mortgage or Rental Statements; and**
- **Utility Bills**

For small businesses that apply under the Disproportionately Impacted Category, documentation for eligible uses of CSLFRF funding for capital costs would include, but is not limited to:

- **Construction estimate for proposed eligible improvements;**
- **Construction/ Vendor Agreements, invoices, proof of payment for completed eligible improvements to the small business since March 3, 2021.**

11. Does a business have to request \$40,000? Is there a minimum amount?
No. The \$40,000 is the maximum any one small business can request under the life of this program. There is no minimum amount established as the City and CEDA would like to assist as many businesses as possible with these funds.
12. What happens if I have not filed my 2021 taxes yet? Am I ineligible to apply?
No. However keep in mind the City will need documentation to establish need for the funding and financial harm experienced by the small business as a result of the public health emergency.
13. Am I guaranteed funding if I submit an application?
No. This is a competitive application process that will be reviewed and scored for completeness and evaluated against the scoring criteria. It is the City's intent to assist as

many small businesses as possible. The US Treasury encourages local governments to prioritize funding for small businesses under the Disproportionately Impacted category.

14. When will businesses find out if they are selected for a grant award?

Applications will be reviewed for completeness upon being received. Completed applications will be scored in May 2022 and notices of funding award will be sent out by June 30, 2022.

15. Can self-employed businesses apply?

Yes. As long as the business complies with the SBA definition of a “small business”.

16. How do I know if my business is in the qualified census tract (#421)?

The Qualified Census Tract (#421) is established by the US Census Bureau. A map of the Census Tract is available here: <https://www.auburnny.gov/planning-economic-development/files/qualified-census-tract-map>

17. Are capital expenditures and projects subject to the Davis-Bacon Act?

The Davis-Bacon Act requirements (prevailing wage rates) do not apply to projects funded solely with award funds from the CSLFRF program. Small Businesses may be otherwise subject to the requirements of the Davis-Bacon Act when CSLFRF award funds are used on a construction project in conjunction with funds from another federal program that requires enforcement of Davis-Bacon Act.