

City of Scranton
American Rescue Plan Act

Notice of Funding: Small Business Start Up or Expansion Grant Program
Guidelines

Expenditure Category 2.32 “Business Incubators and Start-Up or Expansion Assistance”

BACKGROUND AND GENERAL INFORMATION

On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 (ARPA) into law. The \$1.9 trillion Fiscal Recovery Funds package is intended to combat the COVID-19 pandemic, including public health and economic impacts. The City of Scranton has received a total of \$68.746M to respond to the COVID-19 public health emergency and its economic impacts.

The mission of the city’s specific ARPA program is to give people access to resources, rebuild the infrastructure systems that impact their everyday lives, and foster real equitable wealth generation that targets the needs of Scranton residents. This mission statement is also accompanied by six (6) guiding principles:

1. **Recovery:** Use funds to equitably guide residents, businesses, nonprofits & local government out of the economic downturn and onto a path of financial recovery
2. **Response:** Enhance city health & emergency response capabilities
3. **Alignment:** Integrate ARPA Funds with ACT 47 Exit Plan Goals, long-term financial and tax strategies, & comprehensive economic development planning
4. **Sustainability:** Avoid one-time items and programs that incur unsustainable operational, maintenance, or other long-term legacy costs
5. **Leverage:** Tackle large infrastructure needs for a safer, healthier city
6. **Transparency:** Accountability, communication, collaboration

Scranton City Council approved ARPA funding to be made available as grants to small business that have faced economic hardship resulting from or exacerbated by the public health emergency. Below is a summary of the award funding, as well as eligibility requirements.

DEFINITION OF ECONOMICALLY DISADVANTAGED

In accordance with the City’s mission to offer equitable recovery and investment resources to the community, grant applications for subrecipient awards will be reviewed and prioritized based on the target populations the beneficiary or its program will serve. Higher prioritization and consideration will be given to those applications that serve the economically disadvantaged populations within the city. According to a recent median household income study by race/ethnicity, it was found that the median income for Black or African American and Hispanic or Latino households is lower than the White and

Asian households located in the city. Programs and applicants that intend to serve these lower income communities will be given more consideration for funding than those that do not.

DEFINITIONS OF IMPACTED AND DISPROPORTIONATELY IMPACTED

An impacted small business is a business that both meets the definition of “small business” as defined by the City below and can demonstrate a negative economic impact directly related to COVID-19. A disproportionately impacted small business is a business that both meets the definition of “small business” as defined by the City and is located within a Qualified Census Tract (QCT) area within the City. For this Small Business Start Up or Expansion Program, only applicants that qualify as disproportionately impacted (located within a QCT Area) will be given consideration for funding.



Business Start Up or Expansion Grant Program:

In accordance with the Scranton ARPA mission, the City is seeking applications for Business Start Up or Expansion funding for disproportionately impacted small businesses. Awards are available to assist eligible small business owners and entrepreneurs develop startups or an expansion of a small business located within the city. To qualify, the businesses had to open after March 3rd, 2021.

Funding can be used for small business startup and expansion costs, technical assistance or counseling involved with startup or expansion, and technical development (e.g., websites sites, technology, marketing, new lines of business or new buildouts). Business franchises are not eligible. Awards are available up to 25% of the total startup or expansion costs with a \$100,000 maximum.

REQUIRED DOCUMENTATION

Below is a list of required documentation for award applications.

- Proof of Address or Business Startup Location to confirm location within a QCT area (*e.g. utility bill, lease agreement, mortgage statement, etc.*)
- One fiscal year bank statement for the organization (*if available*)
- Federal Tax Identification Number
- Current copy of IRS W-9 Tax Form
- Copy of 2021 Tax Return (*if available*)
- M/W/DBE certifications (*if available*)
- Articles of Incorporation
- List of monetary and/or in-kind donations from the City of Scranton (*if applicable*)
- Disclosure statement if Owner(s) hold greater than a 10% interest in the company/organization
- Completed business startup or expansion budget worksheet
- If an applicant intends to utilize Alternate Federal or State funding to assist with the same start up or expansion costs, the applicant will be required to complete a duplication of benefit worksheet as well identifying the budget, sources, and uses of all funding associated with these costs for review by the City.

ELIGIBILITY REQUIREMENTS

The City's ARPA grant programs are designed to support residents, organizations, programs, and activities that benefit City of Scranton residents and community. Per the Final Rule, the U.S. Treasury recognizes small businesses located within a QCT area as disproportionately impacted and eligible to receive funding for this program. Below are additional eligibility requirements that all small business applicants must meet:

- Must qualify as a small business – The City of Scranton has defined a small business as business with 50 or fewer full-time and/or part-time employees
- Business must be physically located within the Qualified Senses Tract in the City of Scranton.
- Must have at least a year long signed lease agreement OR provide evidence you are the owner of the building out of which the business will operate.
- A new business line within an already existing business is eligible.
- Must be registered and in good standing with the City Single Tax Office as well as current with local taxes and trash fees
- Must not have any unpaid code enforcement liens or violations of any state, federal or local laws
- Must be current on all taxes including payroll, sales, unemployment, property, State, and Federal
- No owners have been convicted of financial crimes withing the past three (3) years
- Applicants are required to meet all codes and ordinances of the City of Scranton. Applicants are also required to secure any necessary permit(s) from the City of Scranton before work may commence. If applicable approval of the HARB must be obtained. There will be no reimbursement if code or ordinance violations exist.
- If the business expansion application includes a capital construction project, any Contractors used must be licensed in Scranton.
- Provide proof of insurance to the satisfaction of the City prior to the receipt of any funding.
- During the period beginning on March 3, 2021, and ending on September 20, 2022, the applicant has not received alternate Federal grant funding to cover these same costs and/or uses.

INELIGIBLE COSTS

- Contributions to rainy day funds, financial reserves, or similar funds.
- The purchase of an already existing business.
- Payment of interest or principal on outstanding debt instruments.
- Inherently religious activities, such as worship, religious instruction, or proselytization and/or those that promote or inhibit religious interest.
- Lobbying, support of candidates for public office, or other political activities.
- Funding for small businesses that do not serve City of Scranton residents.
- Economic hardship incurred outside of the period beginning March 3, 2021, and ending September 30, 2026
- Expenses reimbursed or eligible for reimbursement through any other contract or agreement with the City, including but not limited to City Small Business Assistance previously administered or CARES Act funding

Terms of Grant Award

- All work must be completed within 180 days from time of grant award.
- Funding is contingent upon all applicable permits, verification of local, state, and federal paid taxes, contractor licenses and fulfillment of all eligibility standards.
- Grant funding will be made available on a cost reimbursement basis following the grantees proof and submission of expenditure
- Procurement and contracts with any and all professional service providers and contractors associated with any capital expenditure projects (if submitted) must comply with Federal requirements as defined in 2 CFR 200, Treasury's uniform guidance for Federal Awards

APPLICATION PROCESS

The City of Scranton ARPA grant program applications will be available through the City's website at www.scrantonpa.gov from September 20, 2022 – October 31, 2023. Late submissions will not be accepted.

The application packet must include the information listed below.

- Completed Application
- Completed list of all required documents

City and ARPA advisory staff are available to answer questions about the application requirements, eligible activities, or the funding process once the application is posted through the deadline. Please contact Christopher Hughes at chughes@scrantonpa.gov with questions.

APPLICATION REVIEW PROCESS

City staff will review grant applications for completeness and eligibility. Applicants may be asked to revise proposals or provide additional information.

Complete and eligible applications will then be reviewed by a review panel.

AFFIDAVIT, WAIVER, AND RELEASE FORM

All eligible small businesses offered a grant who choose to accept the grant will be required to sign a non-negotiable affidavit, waiver, and release form prior to payment being made. The affidavit will require the applicant to declare that all information contained in the application is true and correct and can be used as admissible evidence in any legal proceeding against the company if the City attempted to recoup any grant funds provided under false pretenses.

AGREEMENT REQUIREMENT & MONITORING

Grant awards will be made in the form of an agreement executed between the applicant and the City. The grant period, scope, allowable budget, and reporting requirements will be outlined in a grant agreement between the applicant organization and the City. All awarded funds for new programming/activities must be expended no later than September 30, 2026. Failure to comply with this requirement may result in disqualification from future grant cycles. Additional information may be required at the City's discretion, based on the usage of funds.

EXIT REPORT

An Exit Report will be required at the end of each grant agreement when all grant funds have been expended. Awardees must submit the Exit Report to the Office of Community Development no later than December 31, 2026. Failure to submit an Exit Report may result in disqualification from future grant cycles.

PROGRAM CONTACT

Please contact Christopher Hughes with all inquiries regarding the City of Scranton American Rescue Plan Act Grant Program Application via email at chughes@scrantonpa.gov.