

Entrepreneur - Business Enhancement (EBE) Program

Guidelines – Uses of the Program

Originated: 10-1-2007

Latest Revision: 9-2008

Purpose:

The purpose of the Entrepreneur - Business Enhancement (EBE) program is to encourage growth and expansion for entrepreneurial businesses in Phillips County. These businesses shall be currently in operation or in the process of being created and/or developed within the county. By financially assisting businesses through a cost-share program such as the (EBE) program, these businesses could reduce the initial start-up burden of fixed costs that are usually incurred during the creation, enhancement, or expansion of a business. Also, a cost-share program allows for fewer burdens to a start-up entrepreneurial business as compared to a loan program.

The objective of this program fund is to provide financial support through cost-sharing on expenses of a business, which provide for such a business to expand, be retained, and or be created in Phillips County. This fund will be used to stimulate economic growth for entrepreneur businesses located within Phillips County. The EBE should be used to encourage businesses to update their buildings, improve their business appearance, and marketing signage. The EBE should also improve the quality of the community through the creation of a stronger business atmosphere, the community's overall marketability through infrastructure improvement, and perception of a community for future entrepreneur development.

The goal of the EBE program is to financially assist with enhancements and/or development costs of businesses in Phillips County; thereby, helping create stronger businesses, encouraging an atmosphere of entrepreneurial growth, providing an additional local mechanism for financial support, and improving the overall benefit to our residents/community from the enhanced business.

Expected Results:

The expected results from having the EBE to assist with business enhancement costs are very broad and impact the economy at many levels. The anticipated direct results from assisting local, entrepreneurial businesses reduce their budgetary outlay and improve business quality and appearance is the following:

- 1) Creates a better growth rate over the short period
- 2) Allows for additional funds within their operational cash flow quicker due to business appearance or efficiency, and because some of the costs were defrayed through cost share
- 3) Permits business better cash flow and opportunity to consider stronger benefits and/or wages for workforce; thus allowing stronger workforce recruitment
- 4) Provides better overall infrastructure for business growth
- 5) Sets a stronger entrepreneurial presence and overall business development atmosphere
- 6) Improves marketability of business atmosphere and business itself
- 7) Improves the overall perception of the business, business area, and the community at large.
- 8) Business improvement creates positive competitiveness and acts as an improvement catalyst for others

Fund Creation and Continuation:

The EBE program creation will be developed by the commitment of a specific amount of monies from the Phillips County Economic Development (PCED) Grant and Loan Reserve fund (GLRF). The specified amount of monies committed to the EBE from the GLRF will be determined by a quorum of the PCED Board during the 1st quarter of the year. Any other legitimate sources of funding can be used to match or grow the EBE fund throughout the year by either local, regional, state or national resources. For the continuation of the EBE program, it is highly recommended that local commitments are used as a match to request grants and/or contributions from region, state and national sources. It is recommended that each year continual internal and external commitments for this fund be sought,

through grants or other means, to continue the funds usefulness and vitality for creating an atmosphere for entrepreneurial business growth.

Since the EBE program is a cost-share tool by which there is a direct infusion of funds to a Phillips County business and is not a loan, the continuation of this fund will solely rest on the following: 1) the commitment of monies to the EBE program each year, 2) the commitment of PCED reserve fund monies to match from other financial sources, 3) the resolve to meticulously evaluate each candidate's project and need as per the guidelines, 4) If reasonable, hold back a portion of the fund each year, and , 5) allow for this fund to be maintained in a low-to-moderate interest bearing account to attain some interest to self perpetuate itself or at least help with projects.

Limitations of Program Funds:

The two types of limitations of the EBE are: 1) the guidelines by which the monies can be used by applicants, and 2) the amount of monies available to provide assistance. **The fund usage guidelines are clearly explained in eligible activities and restrictions.**

The second limitation, which is funding availability, is a strong limiting factor as to the number of businesses of which can be assisted. Due to this limitation, a ceiling (maximum per project) will be placed on the amount of cost share monies given to any one project during a calendar year and/or application period. This ceiling may be changed by the PCED Board before the application period begins, upon knowing EBE program money availabilities. This ceiling will be reviewed by PCED Board annually. Due to the limited nature of the fund, one consideration factor of ranking the applications will be the time an application is received, with preference to quality.

Restrictions:

Restrictions can be added to the EBE by the PCED Board. Any new usage restrictions may only be applied to EBE guidelines for new projects, not previously accepted applications or those applications on file. EBE restrictions are those that impact the guidelines for the usage of the fund's monies. The current general fund restrictions are those below:

Funds of the EBE ***CANNOT*** be utilized for or by:

- Individuals seeking to create a business expansion or development outside the Phillips County area
- Network Marketing Companies (which may include a home based business)
- Businesses that have already received EBE funding within selected application period
- Refinancing or debt payoff of the business
- Marketing immoral practices, services, or products (as indicated by the precedents of the Phillips County area)
- Expansion or Creation of Government entities
- Businesses of which owe ANY property taxes for previous years, notwithstanding the current tax period
- Businesses that do not meet the proper zoning restrictions for the area
- Operational expenses of the business that have been incurred already (debt reduction or financial – bad debt cleansing)
- A Business with intention or commitment to sell within two years of project
- A Not-for-Profit business
- Costs on the project already incurred prior to getting approval for EBE program assistance

Eligible Activities:

All cost-share projects must demonstrate that they would enhance the business through growth/expansion or improve the appearance of the business, its building and its surrounding area. The focus of the EBE will be for entrepreneurial businesses located or willing to locate within Phillips County. The EBE will be available to companies that can show a match of the required portion of the project's total cost. The guidelines for eligibility are outlined below:

Types of Businesses:

Any and all types businesses are considered, except those mentioned in the Restrictions area.

Structure of Businesses:

All For-Profit businesses are considered, except those mentioned in the Restrictions area.

All For-Profit Organizations must have all of the following (*updated 5-19-08*):

- a. a permanent location (office)
- b. a current federal tax Identification number
- c. Must have active board and presence

Uses of Funds:

1. Building Improvements
 - a. Interior (technology improvement, painting, wiring, fixtures, other items affixed to building)
 - b. Exterior (Paint, Entryway, Parking lot improvements, appearance, awnings) -- Building improvements must not radically change business districts fluid appearance. Any plans must be in harmony with a Main Street plan (if applicable).
2. Machinery and/or Equipment
 - a. Large items (for production or service which are critical for business survival or expansion)
 - b. Smaller items (i.e: tables, chairs, counters or other needed items)
3. Building Structures
 - a. Construction or Re-Construction of Facade
 - b. Necessary foundation structure support
 - c. Needed Demolition work (all or part)
4. Marketing (Signage)
 - a. Affixed to building
 - b. Electronic signs promoting service and enhancing business location

Geographic Boundaries:

To be eligible for the EBE program, the business project must be located within the boundaries of Phillips County. A satellite location in Phillips County for a business under specific circumstances may qualify for use of the fund, providing ample proof of ownership and by maintaining an active on-site management either by a home office representative or a hired manager for the satellite location. Phillips County citizens seeking funds for businesses outside of Phillips County will not be eligible.

Specific Other Guidelines:

1. Businesses must currently have or create employees that will work in Phillips County, but the workforce does not necessarily have to reside in Phillips County.
2. Business must have an active and current business plan (either short or long) (*5-19-08*). An entrepreneur developing, expanding, or retaining a business WITHOUT a business plan will NOT be considered to receive assistance through this fund. In such cases, a business plan must be created to apply for assistance. A short plan is defined as a simple three (3) year cash flow projection. Preference may be given to businesses with extensive business plans (*5-19-08*).
3. An entrepreneurial business is limited to only one application to the EBE program fund during a 12 month period.

Application Time Period:

After adequate monies are achieved within the EBE program, the PCED Board and/or its staff will announce the open acceptance of applications and procedure. The application period will be an ongoing process. After the applicant's are approved, if monies are still available in the fund, a MOU will be signed between PCED Board and applicant. A project invoice will be sent to the county clerk. A letter of instruction with the project request will be sent to the applicant's bank and a check for the authorized amount will be sent to the applicant's bank from the county clerk to be deposited into a special escrow account for the project. The PCED Board may reserve the right to issue assistance to

other applicants from time to time that request assistance and fit the guidelines, while sufficient monies remain in the fund. Applicant's that are authorized to receive funding, while there may be insufficient monies in the fund for a project, will have their name kept on a list until such funding can be issued. Allocation of funds for approved projects will be delivered on a first authorized project basis. (8-25-08)

Cost-Share Financial Assistance from EBE Program:

Cost-Share Financial Assistance from the EBE program will be based upon the applicant's ability to meet the following criteria and objectives:

Leveraging:

The purpose of the EBE program is to stimulate entrepreneurial business growth while at the same time stretching fund dollars with a match from the business. This two-way contribution assists the business and allows the EBE monies to help more projects. It also holds the business accountable for some of the costs as well.

1. For all business projects equal or above \$10,000, the leverage match will be up to a 1:1. Up to one dollar of EBE monies to one dollar of business match (private capital). This relates as up to a 50% cost-share. 8-25-08)
2. For all business projects under \$10,000 the leverage match required by the business would be up to 25% of the cost of the project. The committed monies from the fund would be up to 75%.
3. A project with more leverage in either category will be given preferred attention and higher ranking status.
- 4.

Special Considerations:

Although all projects that meet the minimum requirements will be considered, preference will be given to those projects that:

1. Are entrepreneurial businesses.
2. Have exceeded minimum leverage requirements / Cost share percentage
3. Have shorter than 12 month project time schedules to complete
4. Create and retain primary jobs in the private sector.
5. Projects utilizing local businesses to complete projects will receive special considerations, although it is understandable that it may be necessary to complete projects with out-of-region supplies, labor, or developers

Administration of the Fund:

The EBE program will be administered by the members of the Phillips County Economic Development (PCED) Board and/or the PCED staff.

Audit:

The EBE program will be audited annually at the same time as the general operational PCED account is reviewed.

Conflicts of Interest:

No conflicts of interest shall be permitted. Use of the PCED by-laws and parliamentary procedure according to Robert's Rules of Order will apply to the use of this fund. If any member of the PCED Board, staff or county elected official has an affiliation with the business (directly or indirectly) that is requesting assistance from this fund, they too shall be governed by the PCED by-law and conflict of interest policy. All applicable federal, state, and local laws shall apply.

Promotion:

The PCED Board and/or its designated staff will submit a plan to promote the use of the EBE program. The marketing of the EBE program will include explanations of usage, application guidelines and an overview of the fund. An explanation of the designated EBE program application period will be given out on a yearly basis. In order to better plan and acquire the needed monies for projects in the future, projects planned by businesses may be continually collected and kept on file for the next application period, if monies are not available.

Amendments to the EBEF:

Each year the EBE will be reviewed by the PCED Board. From time to time, amendments to this fund's guidelines may become necessary. In such cases, the PCED Board may consult with the county attorney, the PCED director, and any other needed personnel deemed necessary to make the appropriate changes. The date of major alterations to the document will be placed in italics next to changes. Completely new additions to the document will be placed in the new amendments section.

Procedure:

The proper procedure for a business/organization to submit an application for usage of the EBEF is stated below:

1. Obtain application form, guidelines for fund, and needed information list to be attached to narrative application for EBE through the PCED office.
 2. Make arrangements with PCED staff to discuss narrative application guidelines in person by making an appointment with PCED director or PCED Board designee.
 3. Schedule a follow-up meeting with PCED staff with candidate to finalize a narrative application if not already completed.
 4. PCED director will submit application to PCED Board during next regular meeting.
 5. Applicants will be required to have a representative available for possible questions by the PCED committee. The conversation by the PCED and applicant about financial assistance to the project will be discussed in an approved executive session (due to proprietary financial issues). Any decision on support of the project will be held out of executive session. (8-25-08)
 6. PCED Board (i.e. PCED Director) will notify candidate via follow-up appointment and/or letter of the project's determination for assistance.
 7. A Memorandum of Understanding (MOU) is signed by applicant. A copy of the MOU, narrative application (minus any financial documents) and a letter of instruction will be sent to applicant's bank (5-19-08).
 8. A check will sent directly to the applicant's bank from the county clerk's office, to be deposited into an escrow account for use by the applicant only for items outlined by the request. These items will be determined by the applicant's bank. (8-25-08)
 9. If applicant's (bids) for the project have varied more than 10%, the applicant must provide copies of the new bids and project costs, and resubmit the changes to the PCED for their approval. The bids used to for the project costs must be included with the application. (8-25-08)
 10. Applicants will submit quarterly updates to the PCED Board.
 11. Upon completion of project – a review will be given orally to PCED Board or may be given in a written document.
- o During the course of the application period, monies may not be available immediately to approved applicants due to limited monies in the fund. In this case, the applicant should understand that some of the project data given in their application will be used to solicit grants for more monies for the fund if current monies are diminished) – this is also in (special agreement section)

New Amendments:

1. Routine maintenance items will NOT be considered through the EBE program. Routine maintenance items are defined in this program as: items considered intentionally neglected by the current owner or normal wear and tear items. Items carried over from a previous owner are NOT considered routine maintenance items (5-19-08).
2. Once a project is approved by the PCED board, a check will be written out to the business's bank to be put into an escrow account with instructions to the bank as to project described and the monies usage (5-19-08).
3. An applicant's match can involve the value of their own sweat equity (labor) into the project. This can only be used with building structure and improvements. The value of the labor is based on the cost saved by not using a professionally bid contractor. The applicant must prove to the board during the application

that they have adequate experience in this type of construction (sweat equity work) or the ability to utilize and receive supervisory guidance (5-19-08).

4. An analysis ranking sheet of the project with recommendations will be completed by the PCED director for the board and attached to project for the reviewing of the project by the PCED board. (8-25-08)
5. During the application process, only the PCED Chairman, PCED Director, and (if so requested & needed, a 3rd party, financial consultant professional, which has been pre-authorized by the PCED board) will be the only individuals who will have access to review the business's financial data. This financial review will be verbally summarized to the PCED board during the project review as being 1) positive or 2) negative toward the use of the fund. (8-25-08)
6. Businesses using their own employees for labor on the project must use a fair and reasonable cost estimate for the wage levels paid in accordance to the labor's experience with the related work done on the project. Wage levels cannot exceed the wage price of a professional's wage rate that could be contracted for the project. Comparison wage data can be found at the Kansas Department of Labor website: <http://www.dol.ks.gov/LMIS/wagesurvey/wagesurvey.html>. This amendment is to assist with clarification of amendment #3. (8-25-08)

Entrepreneur – Business Enhancement Program

List of Needed Information

- Business Name
- Business Ownership
- Business Contact information (phone, address, e-mail, web-site)
- Outline Company's Products / Services
- Business History
- Business Management Practices
- Wage and Employment History
- Current Business plan
- References
- Financials
 - Historical Business "Financial Statements – 3 years" or (3 years) of applicable Personal Income Tax Forms
- Résumé's on principal owners/managers
- Narrative (Describing Project)
 - Scope of Project
 - Need for Project
 - Cost of Project
 - Match funds from candidate – description and amount
 - Budget for the Project
 - Project Participants
 - Why are EBE program funds needed?
 - How will using these funds help grow your business
 - How will the monies saved in using these funds be used within your business
- Zoning authorization for project by proper officials
- Explanation of jobs created/saved in expansion/creation/retention
- Insurance company covering current building and new project (5-19-08)
- Overview of any insurance claims of which not used pertaining to project request (5-19-08)

To acquire an official bid, a contractor may need to have an agreement that such a project will be performed, this would be to the disadvantage of the applicant. So we would ask for an estimate and company who gave the estimate for the following:

- Construction
- Remodeling
- Demolition
- Additions to buildings
- Vendor services
- Equipment
- Fixtures
- Retail items or other project items

The bids used for the project costs must be included with the application. (8-25-08)

If applicant's (estimates) for the project have varied more than 10%, the applicant must provide copies of the new bids and project costs, and resubmit the changes to the PCED for their approval.

★ The PCED Board reserves the right to reject, accept or modify any project request for funds.