



**CITY OF DIXON  
INFORMATION FOR APPLICANTS  
COVID-19 SMALL BUSINESS SUPPORT PROGRAM**

**1. Program Description**

The Program is funded by the federal Community Development Block Grant program and provides forgivable loans to qualified Dixon businesses. It is intended to address and partially mitigate the business impacts caused by COVID-19 and its associated restrictions and mandated closures. The program focuses on job retention, with the majority of retained jobs required to be held by low/moderate income persons.

**2. Eligible Applicants**

Eligible businesses must meet the following criteria:

- Must be an operating for-profit businesses located and licensed in the City of Dixon
- Must have employed fewer than 25 full time equivalents (FTE's) prior to July 1, 2021.
- May not have access to an active line of credit
- Must not have any active tax liens
- Must have a DUNS number
- Must be able to provide evidence of all required operating permits and licensing

Loans will be approved contingent upon the City receiving committed funds from the California Department of Housing and Community Development.

**3. Approved Uses of Funds**

- Payroll and associated costs
- Operating expenses such as lease payments, insurance, utilities and replacement of inventory
- Working capital
- Furniture, Fixtures and Equipment (FF&E)

- Capital improvements associated with required COVID modifications (e.g. no touch entry, drive-through, etc.)
- Pay off high interest credit card debt for verified business expenses (no personal debt)

#### **4. Underwriting Criteria**

Eligible applicants are underwritten in accordance with CDBG underwriting criteria. Lender has determined that the following criteria will be reviewed:

- Loan amount request is reasonable to address significant impacts to the business due to COVID-19
- Revenues will be reviewed in relationship to reasonable financial projections that had been documented in the company's business plan
- Credit check supports a history of good financial management (i.e. charge off, liens, extended credit)
- Verification that CDBG funds are not substituted for non-federal funds
- Verification that projections for anticipated revenue generation are feasible
- Verification that approval of the loan will result in stated job retention projection

#### **5. Duns Number**

All businesses who wish to receive funds under this MFP will be required to obtain a Dunn's number. The Dunn's number is free and can be obtained online.

#### **6. Debarment Check**

Each applicant will be checked to confirm they are not on the federal debarred contractors list.

#### **7. Duplication of Benefits**

Borrowers will be required to provide assurance that there is no duplication of benefits. A duplication occurs when a beneficiary receives assistance from multiple sources for a cumulative amount that exceeds the total need for a particular recovery purpose. If, for example, a business has received sufficient funding from any federal agency, insurance or any other source to address a loss, CDBG funds cannot be used to fund the same loss.

#### **8. Loan Amount**

The minimum loan available is \$10,000. Employers are asked to identify how many

FTE's they propose to retain for the purpose of this loan. For example, if an employer has 20 FTE's, they may choose to designate a smaller number for retention. Loan requests are limited to a maximum of \$10,000 per FTE retained, with a total loan cap of \$70,000. Loan amounts will be determined based on the reasonableness of the costs to be paid, and the anticipated benefit to the business recovery and designated job retention.

## **9. Loan Forgiveness**

Loans will qualify for forgiveness:

- If the proposed number of FTE's are retained throughout and at the end of the forgiveness period of 120 days after loan closing. All full-time employees count as one FTE. Any part-time employees will have their average weekly hours worked added together and computed into FTE's. For example, two part-time employees who work 20 hours each will equate to one FTE.
- If the pay scales of the positions have not be reduced during the forgiveness period

At the end of the 120 day period after loan closing, the borrower will be asked to provide payroll records for the last previous quarter in order to assess whether they have met their job retention target.

If the borrower is unable to meet the job retention target at the end of the forgiveness period, forgiveness will be calculated as a percentage of the target met. For example, if the retention target was the retention of ten jobs, and the borrower was able to retain only five at the end of the forgiveness period, 50% of the loan would qualify for forgiveness. The remaining 50% would be required to be repaid. In that case, loan payments would commence 6 months from date of closing, amortized over a five year term and accruing simple interest of 1.5% per annum.

## **10. Business Financial Information**

Applicants are required to provide company financial information with their application

- Balance Sheet: current and 12 months prior
- Profit and Loss (P & L): current and 12 months prior
- Payroll records for previous quarter prior to applying

## **11. Technical Assistance Requirement**

In order to assure that the Borrower has access to resources that can increase the likelihood of success, the program requires that those approved for a loan contact the SBDC and register as a client. SBDC will conduct an assessment and recommend personalized follow up counseling and/or coursework as needed.

## **12. Application Process**

Completed applications can be submitted to the City as follows:

by mail or in person: Dixon City Hall  
600 E. A St.  
Dixon, CA 95620

by email: [lburkhardt@cityofdixon.us](mailto:lburkhardt@cityofdixon.us)

Questions regarding the program can be directed to Larry Burkhardt, Economic Development/Grants Manager at 707 678-7000, ext. 1126.

Loan applications will be processed as received. The Lender will accept loan applications and review them for eligibility and completeness. Applications that do not meet basic requirements of the program will be returned with an explanation of requirements needing to be met. Applications that do meet basic eligibility requirements will be sent out instructions with requests for additional information. The Lender will also meet with the business owners and visit the site of the business.

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