

# **CITY OF AVOCA**

## **Small Business Start-Ups and Expansions Incentive Funds**

### **Introduction:**

The City of Avoca City Council has determined it appropriate, beneficial, and in the Public Interest, to provide incentives to promote business start-ups and expansion within the City of Avoca.

The City currently budgets \$25,000.00 per fiscal year towards this program, with individual incentives, designed to encourage the above behaviors, limited to \$5,000.00 per applicant. Incentives are provided or paid out on a reimbursement basis, after the receipt of documentation supporting payment of the incentive.

If incentives are provided to assist with the purchase of a building, the incentive will be considered a forgivable loan, to be repaid to the City under and in accordance with terms and provisions of a “Forgivable Loan Agreement, Promissory Note, and Mortgage.”

If incentives are provided as rental assistance, funds approved will be paid out on a quarterly basis in amounts determined by the City until the total pre-approved sum has been distributed.

The City of Avoca City Council may, in its sole discretion, amend the qualification requirements as well as other terms and provisions related to the payment of incentives hereunder.

### **Participation Qualifications and Guidelines**

#### **Eligibility, Location Preference, and General Requirements:**

1. Applicant must operate, or intend to operate, a business within the City limits of the City of Avoca, Iowa.
2. Preference will be given to businesses operating or intending to operate within the Town Center Zoning District.
3. Eligible Applicants must provide proof of, or qualify as follows:
  - a. Applicant business must provide evidence that the gross annual receipts of the business were less than \$350,000 for the tax year immediately preceding the year in which the Application is submitted; or
  - b. If Applicant gross proceeds for the prior year exceeded \$350,000, the Applicant must provide evidence that the business employed less than the five (5) full-time equivalent (FTE) employees; or
  - c. Applicant business must Qualify as a “Start Up” or “Expansion”.
4. Applicant must agree to complete a one-on-one counseling program with the Small Business Development Center (SBDC) prior to the receipt of incentive funds with verification of completion to be provided the City by SBDC.
5. Applicant must submit an Application including such information required by the City in addition to such other information deemed appropriate and necessary by Applicant to show eligibility for the incentive.

6. Where applicable, the Applicant shall submit a full business plan, balance statement, identification of other funding sources, and other relevant information.
7. Applicant shall acknowledge that the business is and will continue to operate in full conformance with all regulations, codes and applicable licensing standards.
8. Applicant shall acknowledge that all required building permits, if any, will be obtained on a timely basis.
9. Applicant shall disclose any City Code violations and/or State Code violations alleged or prosecuted by the City of Avoca, or other City in which applicant has operated, over the five year period preceding the Application, with a full explanation of the allegations and the outcomes of same.
10. Applicant shall disclose any issues related to licensure, including public reprimands or similar action, suspension or revocation of licenses of the business or its' owners and/or principals over the five year period preceding the Application, with a full explanation of the allegations and the actions taken by any licensing authority.

**Maximum Eligibility:** Applicants are eligible to apply for and receive up to \$5,000.00.

**Forgivability of Incentive:** The City may, in the award of an incentive, tie the incentive to continued operations of the business, or other relevant and appropriate terms and provisions, which if not met result in some or all of the incentive being considered reimbursable to the City, if deemed necessary and appropriate in the sole discretion of the City to promote the purposes of this incentive program. City may require Applicant to execute an agreement including “forgivable” terms, a promissory note, a security agreement, a personal guarantee, a mortgage, or some or all of the above.

**Definitions and Eligibility:**

1. Start Up: A business operating within its' first year in Avoca.
  - a. Eligible uses of incentive include:
    - i. Rental Assistance
    - ii. Expenses associated with the purchase of new equipment and/or software.
    - iii. Real Estate/Building or Business Purchase, Building renovation/remodeling (Incentive Funds to be paid upon confirmation of project completion in accordance with previously submitted plans.)
2. Expansion: Means a business that is Relocating to a larger or more suitable facility, purchasing new equipment/software necessary to expand/grow the business, or remodeling existing location in a manner so as to allow for or provide business expansion in a manner that can be documented. (Incentive Funds to be paid upon confirmation of project completion in accordance with previously submitted plans.)
  - a. Eligible uses of incentive include:
    - i. Real Estate/Building or Business Purchase
    - ii. Rental Assistance
    - iii. Expenses associated with the purchase of new equipment and/or software.
    - iv. Building renovation/remodeling (Incentive Funds to be paid upon confirmation of project completion in accordance with previously submitted plans.)

### **Administration:**

1. **Application process.** Every submitted Application will be evaluated according to the following process:
  - a. Staff shall meet with all applicants prior to the final submission of an application, to ensure completeness of the Application and to answer any questions or concerns of the applicant(s).
  - b. All applicants must complete and submit the City Application form. (Application forms may be obtained from the City Hall or the City website.)
  - c. Upon determination by City staff that an application is complete, accurate, and otherwise sufficient, staff will notify the applicant of such determination and will issue a conditional commitment of program benefits on behalf of the City to the applicant. The conditional commitment will require the fulfillment of all applicable program requirements prior to the release of approved City funds. If applicable, and required by City staff, Applicant shall sign a Promissory Note, Mortgage, and/or Forgivable Loan Agreement prior to or at closing, and shall submit payment to the City for the costs of recording said documents and the City shall see to the recording of same, thereafter.
  - d. Upon determination by City staff that an application must be denied, the reasons for the denial will be shared with the applicant. If the applicant disputes or disagrees with the reasons for denial, an appeal may be pursued by the submission of a written request for appeal by applicant with the City Clerk's Office within seven calendar (7) days of the denial. The written appeal shall set forth all facts in support of the appeal. The appeal will be heard by the Board of Adjustment as soon as possible, but in no event later than thirty (30) days after the written appeal is received at the City Clerk's Office. Applicant will be informed of the meeting date and time at which the appeal will be heard. The final written decision of the Board of Appeals will be issued within fourteen (14) days of the BOA meeting and the applicant will be notified of the decision in writing.

### **Miscellaneous Provisions:**

1. **Conflict of Interest.** All city officials and employees shall comply with the applicable conflict of interest regulations set forth in the Code of Iowa and any local ordinances or resolutions.
2. **Staff responsibility.** City staff shall be responsible for coordinating the Application and funding approval process without prior City Council approval.
3. **Tax Implications/Consequences:** Whether the receipt of funds under this program, forgiven or not, create a tax consequence for you should be discussed and determined between you and your tax advisor. The City of Avoca is making no representation to you regarding tax consequences nor offering tax advice of any kind, you should consult your own tax advisor.

4. **Providing False Information and/or Material Non-Compliance:** If it is determined that Applicant provided false information in the application or supporting documentation to obtain the forgivable loan or materially fails to comply with the terms of the loan, promissory note, forgivable loan agreement, or other program documents, the City may demand the entire balance immediately due and payable with no forgiveness for any prior period (months that have passed) regardless of past compliance.
5. **Equal Opportunity and Affirmative Action:**
  - a. Non-discrimination by City. The City shall not deny assistance under the Housing Programs for any reason based upon race, color, creed, religion, national origin, sex, sexual orientation, marital status, age, familial status, or disability.
  - b. Non-discrimination by Other Parties. All landlords, developers, contractors, and subcontractors agree not to discriminate in any manner against an employee or applicants because of race, color, creed, religion, sex, marital status, age, familial status, or disability.

**CITY OF AVOCA APPLICATION FOR  
SMALL BUSINESS START-UP/EXPANSION**

Date of Application: \_\_\_\_\_

Name of Applicant(s): \_\_\_\_\_

Address of Applicant: \_\_\_\_\_

Applicant Phone: \_\_\_\_\_ Applicant Email: \_\_\_\_\_

Name of Business: \_\_\_\_\_

Is Business a sole proprietorship, partnership, LLC, S. Corp, or other:

\_\_\_\_\_

Business Address: \_\_\_\_\_

Business Phone: \_\_\_\_\_ Business Email: \_\_\_\_\_

Business Name and Description of Business operations/purpose:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Do you Own the Business Property, Rent/Lease, or are you in the process of Purchasing the Business Property? (If other than current ownership, please provide detail related to lease terms and/or purchase terms and timelines.)

\_\_\_\_\_

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Purpose for requested incentive funds: (Start-Up or Expansion)

Description of proposed use of funds, timing of use, budget of expenses related thereto, and other information relevant to the proposed use of incentive funds.

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Date Small Business Development Center counseling was completed, is scheduled, or is anticipated to be completed. \_\_\_\_\_

Information submitted as attachments to Application:

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**By the execution hereof, the undersigned further acknowledge the following:**

1. The business is and will continue to operate in full conformance with all regulations, codes and applicable licensing standards.
2. All required building permits, if any, will be obtained on a timely basis.
3. Applicant has discloses any City Code violations and/or State Code violations alleged or prosecuted by the City of Avoca, or other City in which applicant has operated, over the five year period preceding the Application, with a full explanation of the allegations and the outcomes of same.
4. Applicant has disclosed any issues related to licensure, including public reprimands or similar action, suspension or revocation of licenses of the business or its' owners and/or principals over the five year period preceding the Application, with a full explanation of the allegations and the actions taken by any licensing authority.

Signed and dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Applicant(s)

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