

Covington Small Business Program Guidelines

Façade Improvement

A. Introduction

The **Small Business Program** is designed to stimulate the establishment of new Covington businesses and help existing Covington businesses expand. Our competitive program awards funding to projects that support small business growth, create jobs, leverage private investment, and will be catalytic for our community.

The façade improvement program offers property owners a 50% matching forgivable loan (up to \$6,000) to update their commercial building's façade. It is the perfect way to update lighting, windows, painting, signage, and other exterior building improvements visible from the street. One façade grant per parcel (PIDN).

Applications are reviewed quarterly. Applicants are required to schedule a meeting with the City's Historic Preservation Specialist to discuss the project BEFORE applying to receive a COA. This applies to ALL applicants, even if the building is not historic or located in an Historic Preservation Overlay zone. All proposals are due by the final submission deadline and must have the required attachments to be considered.

	Deadline to Meet with Preservation Specialist	Final Submission Deadline
Round 1	July 14, 2023	July 28, 2023
Round 2	September 15, 2023	September 29, 2023
Round 3	December 15, 2023	December 29, 2023
Round 4	March 8, 2024	March 22, 2024

Please send a complete application to the Program Administrator. The City staff review all applications and recommends funding awards based on the criteria in the program guidelines and rating sheet. City staff will evaluate the strength of an application based on the Rating Sheets attached as Exhibit A. Depending upon funding availability and the strength of individual applicants utilizing the evaluation criteria, City staff can choose to recommend applicants to City Commission for final approval. If City Staff recommends funding for a project, the Program Administrator will then present the project to Commission for final approval. Funding agreements will be executed following Commission approval. **CONSTRUCTION STARTED PRIOR TO A SIGNED FAÇADE LOAN AGREEMENT WILL NOT BE ELIGIBLE FOR REIMBURSEMENT.** After an agreement is signed, façade projects must complete construction within 12 months to be eligible for reimbursement. **Submission of an application is not a guarantee of funding.**

Submit applications to:

Patrick Duffy, Program Administrator

Phone: 859.292.2141

Email: PDuffy@covingtonky.gov

Mail: 20 West Pike Street Covington,
KY 41011

A. Eligibility

Applicants must meet all the following requirements to be considered eligible to receive a façade incentive under the Small Business Program:

- a) Applicant must own a commercial property located within the City of Covington to apply for the Façade Improvement Program. Building cannot be owned by a public entity.
- b) One façade incentive per parcel (PIDN) is eligible.
- c) The proposed facade improvements must be consistent with city's historic design guidelines and be approved via a Certificate of Appropriateness (COA) by the City's Historic Preservation Specialist, even if the building is not historic or within a Historic Preservation Overlay.
- d) If there is an active Rent Subsidy from the City at this PIDN, the Property Owner isn't eligible to apply for the Façade Grant until the Rent Subsidy at this property has made its final rent subsidy draw request.
- e) The property owner must be properly licensed to operate within the City of Covington, KY, Kenton County and Commonwealth of Kentucky, and the property must meet all City of Covington zoning requirements and meet all local and state building and health code requirements where applicable. This includes having an up-to-date rental license with the City if there are leased residential units also in the property.
- f) The property owner and any other associated legal entities who have received prior City funding must always, be in compliance with City of Covington Good Standing Ordinance. Pursuant to City of Covington Code of Ordinances § 35.003, applicants and affiliated persons and/or entities for this program must not have made or filed pending adverse claims against the City in the form of settlement demands and/or lawsuits; nor shall they be delinquent on their obligations to pay loans, fines, liens, or other obligations owed to the City.
- g) In accordance with the City of Covington's Code of Ordinances Human Rights Commission requirements, § 32.040 et. seq., the Business shall not discriminate on the basis of any protected class, including but not limited to: race, color, religion, sex, sexual orientation, gender identity, age, national origin, ancestry, marital status, parental status, familial status, place of birth, disability, or natural texture, color of hair, hair styles, or protective hair styles (including, but not limited to braids, locks, twists, and coverings).

B. Eligible Costs

Any construction expenses incurred prior to execution of an agreement with the City **aren't eligible** for reimbursement. However, at the owners' risk, materials purchased prior to an executed agreement are eligible for reimbursement if application is funded (if application isn't awarded funding, any incurred costs would be the owner's responsibility). All invoices/expenses must be constructed, billed, and submitted for reimbursement within the contract's term.

a) The maximum forgivable loan is \$6,000 and can be used in two different ways:

Exterior Only: This 50/50 match option maximizes exterior improvement. The forgivable loan will reimburse the investment made by the building owner on a \$1 to \$1 basis up to \$12,000 in total project cost. The maximum total incentive per property is \$6,000.00. City funds can only be used on the street facing facades. However, the other non-street facing facades can be counted towards the match if exterior work is being done on them.

Interior & Exterior: If a commercial building is vacant and needs to be whiteboxed* in order to attract a commercial tenant, this 50/50 option allows the private match to go into the interior to prepare a space for rent, rather than just on the building's exterior. The forgivable loan will reimburse the investment made by the building owner on a \$1 to \$1 basis up to \$12,000 in total project cost. The maximum total incentive per business is \$6,000.00.

- **City funds will be spent exclusively on exterior improvements (up to \$6,000), but the property owner can document up to \$6,000 worth of interior improvements to be eligible for a full forgiveness of the loan.**
- 'White Box' is a term used for a type of finish in commercial real estate with an unfinished interior and does not include: interior walls (other than code required restrooms), wall coverings, paint, flooring, plumbing fixtures (other than code required restrooms and drinking fountains), upgraded electrical fixtures, and upgraded code required restroom fixtures. A white box is ready for tenant improvements (TI's), which are to be completed once the lease agreement has been negotiated and executed.
- The Interior & Exterior option will only be available if agreed upon by City prior to entering into the Façade Loan Agreement. All approved interior expenses shall be listed in the Agreement. No prior interior improvements are eligible to be counted toward the private match before the contract's execution.

b) Eligible façade improvements include material and labor expenses related to the painting of the façade, restoring storefronts, improving exterior lighting, windows, signage or awning, tuck-pointing, and cornice repairs, etc. Roofs are an ineligible expense. This program is designed to encourage improvements to the overall appearance and condition of commercial and mixed-use structures, and although new or enhanced signage may be included, projects which are exclusively focused on signage or awnings are not eligible under this program. Public funds should not be spent on easily removable fixtures (such as flower boxes, unless they are connected to an automatic drip irrigation system and there is a 3-year, seasonal planting contract with the company).

c) After approval and contract execution, approved participants will oversee the entire construction process. Applicants must complete construction, pay all contractors, and submit for reimbursement within 12 months after the contract's execution to be eligible for reimbursement. A request for a contract extension based on a reasonable delay must be submitted to the Project Administrator 60 days prior to end date of executed contract.

d) Applicants will submit one pay application requesting reimbursement for eligible expenses, which will include:

- A signed "Project Completion Certification" form certifying that the expenses were incurred and were in accordance with the agreement
- All contractor invoices submitted for reimbursement should be dated and itemized so staff can review all expenses (materials vs labor) at the property.
- Canceled checks or digital proof for all payments made to contractors.
- Before and after photo documentation of façade.

C. General Program Requirements

- ❖ **Source of Funds:** All sources of funds for the project must be identified when the application is submitted to the City and in place at the time of the award agreement.
- ❖ **Vacant Properties:** Applications involving vacant properties should demonstrate that the improvements will help attract a commercial tenant within the next 12 months and the future user will diversify the business district's commercial offerings and create jobs in the neighborhood. The owner must agree to actively market all vacant spaces, including creating a free listing on the City's Zoom Prospector commercial database, installing a "for lease" sign in each vacant commercial space, signing up for the City's real estate leads email blast, and make reasonable accommodations to show the property to all qualified commercial prospects.
- ❖ **Construction:** Applicants will oversee the entire construction process. Applicants will be required to comply with the City's "Good Neighbor" guidelines regarding minimizing construction interference on the public. Applicant must utilize professional contractors, and work cannot be done "in house" using applicant's own employees. In order to be eligible for reimbursement, applicants shall ensure that: construction is completed, all contractors were paid, Applicant's contractor has paid all applicable City taxes and occupational licenses fees relating to the work, and that Applicant submits a final pay application to the City for reimbursement within 12 months after the contract's execution.
- ❖ **Site Visits:** City staff will conduct a site visit before and after construction. Staff may also conduct unannounced site visits periodically to ensure compliance with the terms of the agreement.
- ❖ **Repayment terms:** The monitoring period is 3 years. Full repayment of the façade incentive is required should the property owner sell the property within 3 years.
- ❖ **Façade Contractors:** Part of the City's rating sheet criteria is the preference for using local Covington contractors. The City does not recommend specific companies, however, a list of local contractors who have asked to be on a reference list is available upon request. NOTE: This is an excellent way to increase the score of your application, if available. Also, please be aware that substitution for non-local Covington Contractor's after an application has been approved may result in a 50% reduction of the eligible reimbursement amount.

D. The Application Process

- 1) **Presubmittal Meeting:** All applicants MUST meet with the Historic Preservation Specialist to review their project and receive a COA before submitting an application. Applicants should have current photos of the façade(s) and any drawings of the proposed alterations or signage to the meeting. To schedule a meeting, please call Kaitlin Bryan, Historic Preservation Specialist at (859) 292 - 2171 or email at Kaitlin.Bryan@covingtonky.gov at least one week prior to the submission deadline. **Please, no drop-ins.****Schedule:** After applying, applicants will hear back from the Project Administrator within three weeks from the current round's application deadline about whether they have been recommended for funding or not. If an applicant has been recommended for funding, it will be forwarded to City Commission for final approval. Altogether, if approved, it takes about two months after the application deadline before construction can begin.
- 2) **Application:** Due to the competitive nature of this program, the City will not accept incomplete applications. The required checklist is below:
 - Completed and signed application

- All contractor quotes, bids, and drawings of proposed improvements
 - Attach evidence of financing/equity equal to the total project cost (bank letter or checking account statement).
 - Design Recommendations from Historic Preservation Specialist
 - Approved Certificate of Appropriateness (COA)
 - List of other legal entities associated with Property Owner that have received prior funding from the City
 - Evidence of 50%+ women, minority, Covington Fire/Police Employee (or spouse), or veteran-ownership, if applicable.
 - LGBTQ+ owners may self identify
 - Completed W-9
- 3) **Application Evaluation Criteria:** This is a competitive incentive program. Applicants should review the rating sheet and demonstrate why their project should receive city funding. This is your opportunity to stand out from the crowd. Submission of an application is not a guarantee of funding. The City's Incentive Review Group will evaluate the strength of an application based on the Rating Sheets attached as Exhibit A. Depending upon funding availability and the strength of individual applicants, The City's Incentive Review Group can choose to recommend applicants to City Commission for final approval.
- 4) **Appeals:** If an applicant is not recommended for funding, applicants may appeal their request directly to the City Manager, who has the final determination. The City Manager's review shall be limited to the materials submitted in the applicant's application.
- 5) **Conflict of Interest:** Applicants shall ensure a conflict of interest does not exist. A conflict of interest exists if an applicant is an employee, agent, consultant, officer, elected or appointed official to the City of Covington, and if the applicant: exercises or has exercised any functions or responsibilities with respect to funds for this program, or participates in the decision-making process related to funds for this program, or is in a position to gain inside information with regard to program activities. If a conflict of interest exists, the applicant may not obtain assistance under this program. If there is any doubt of the conflict of interest, a written waiver may be obtained from the City of Covington. Additionally, the prohibition against conflicts of interest, gratuities and kickbacks in KRS 45A.455 are specifically incorporated herein. By submitting an application, the Applicant warrants that no conflict of interest exists.

E. Program Agreement

An executed agreement between the applicant and the City is required in order for the applicant to receive fund disbursements.

The City of Covington, Kentucky is an affirmative action/equal opportunity employer and encourages the participation of minority and female business enterprises (M/WBE) and Section 3 entities.

Exhibit A

Small Business Program
Facade Improvement Rating Sheet

Applicant: FOR REFERENCE ONLY - DO NOT FILL OUT

Address of Structure (Location of Façade Improvement): _____

Business District / Neighborhood: _____

Project Rating Categories	Score =	TOTAL
1. Project is "Ready To Go" (4 points are possible) <ul style="list-style-type: none">• Available funds/bank letter (1 point)• All quotes and selected contractors identified (up to 3 points)• COA is approved	=	_____
2. Amount of matching facade investment (4 points are possible) <ul style="list-style-type: none">• <2:1 = 1 point• 2:1 = 2 points• 3:1 = 3 points• >4:1 = 4 points	=	_____
3. Shop Local (Up to 6 points are possible) <ul style="list-style-type: none">a. Hires Covington contractors/businesses (6 points for having all Cov contractor - interior or exterior work -)	=	_____
4. Impact on unused or underutilized property (4 points are possible) <ul style="list-style-type: none">• Filling a vacancy after <3 months (1 point)• Filling a vacancy after 4-6 months (2 points)• Filling a vacancy after 7-12 months (3 points)• Filling a vacancy after > 1 year <u>or supports an existing business</u> (4 points)	=	_____
5. Project's Neighborhood Impact (6 points are possible) <ul style="list-style-type: none">• Project impact & neighborhood's need for investment up to 4 points)• Highly visible location, ex. corner store (up to 2 points)	=	_____
6. Women, Minority, LGBTQ+, Covington Police or Fire Employee (including spouses), or Veteran-owned (If so, +2 bonus points) <ul style="list-style-type: none">a. Evidence of women, minority, LGBTQ+, Covington Police/Fire, or veteran-ownership attached.	=	_____

(26 points are possible) TOTAL SCORE: _____



2023-2024 Application

Property Owner Name (as registered with the KY SOS): _____

Project Address: _____

Applicant's Name: _____ Phone: _____ Email: _____

Other Legal Entities associated with Property Owner who've received prior City funding

Women, minority, LGBTQ+, Covington Police/Fire, or veteran-ownership?: _____

Applicant Mailing Address (if different): _____

Applicant's Occupational License Number: _____

Business Tenant Name (if applicable): _____

Will the business be adding jobs due to this project? _____

Description of the proposed building improvements (attach separate page if necessary): _____

How will improvements benefit the current commercial user, a future user, and/or the business district:

Scope of Work & Budget Itemized

Costing of Exterior Improvements:

Windows	\$	_____
Painting	\$	_____
Lighting	\$	_____
Signage	\$	_____
Rebuild Storefront	\$	_____
Cornices	\$	_____
Flower Boxes	\$	_____
Other	\$	_____
TOTAL	\$	_____

Is the Project Ready to Go?

Project Construction Start Date: _____

Est. Completion Date: _____

****SUBMISSION OF AN APPLICATION IS NOT A GUARANTEE OF FUNDING****



Sources of Funding

Private Funds: \$ _____

City's Contribution: \$ _____

Exterior Private to Public Leverage Match: _____ 1

Are you also privately making interior improvements? If so, how much? \$ _____

Shop Local:

Covington contractors (interior or exterior, please list)?

NKY or Non-Covington contractors: _____

Design & Visibility:

Did you incorporate any recommendations from Historic Preservation Specialist?

Vacancy: Was the property been previously vacant? If so, for how long? _____

Square footage of the vacant commercial space? _____

Other: Are you receiving grant assistance from any other governmental agencies? Yes | No

If yes, list any additional grant sources and amounts: _____



CERTIFICATION AND WAIVER OF PRIVACY

I, the undersigned, applicant(s) certify that all information presented in this application, and all of the information furnished in support of the application, is given for the purpose of obtaining a grant or forgivable loan under the City of Covington Small Business Program, and it is true and complete to the best of the applicant(s) knowledge and belief. The applicant(s) further certifies that he/she is aware of the fact that he/she can be penalized by fine and/or imprisonment for making false statements or presenting false information.

I understand that this application is not a guarantee of grant assistance. Should my application be approved, I understand that the City of Covington may at its sole discretion discontinue subsidy payments or reimbursement at any time for cause. I hereby give my consent to the City of Covington, its agents and contractors to examine any confidential information given herein. I further grant permission, and authorize any bank, employer or other public or private entity or agency to disclose information deemed necessary to complete this application.

I understand that this grant agreement is subject to conditions in the attached Small Business Guidelines and dependent on an executed contract with the City of Covington.

I understand that if this application and the information furnished in support of the application are found to be incomplete, it will not be processed.

Applicant Signature: _____

Date: _____

Printed Name: _____

Title: _____



2023-2024 Application

Supporting Documentation Checklist

Please EMAIL your application packet with the following documentation:

- Scheduled and met with Historic Preservation Specialist by the deadline
- Completed and signed application
- Attach all contractor quotes / bids and any drawings of proposed improvements.
- Attach proof of financing/equity equal to the total project cost
- Attach evidence of women, minority, LGBTQ+, Covington Police/Fire Employee, or veteran-ownership, if applicable.
- Attach completed W-9 for the property owner
- Attach the “Before” photo
- Approved Certificate of Appropriateness
- List of other Associated Legal Entities who have received prior City funding (please include Entity’s Occupational License #s)

****SUBMISSION OF AN APPLICATION IS NOT A GUARANTEE OF FUNDING****