Carson City
Community Development Block Grant (CDBG) Program
Fiscal Year 2010–2011
****Request for Proposals****

An electronic version of this document is available from the CDBG Coordinator
Email request to: jbrod@ci.carson-city.nv.us

Return Completed Applications To: CARSON CITY PLANNING DIVISION
2621 NORTHGATE LANE, SUITE 62
CARSON CITY, NV 89706

APPLICATIONS ARE DUE: JANUARY 19, 4:00 P.M.

DEADLINE: *The date and hour deadline established is **FIRM** due to HUD submittal deadlines. Any proposal received **AFTER** the deadline **WILL NOT** be considered for funding.*

APPLICATION COVER SHEET

1. Agency Name: Carson City Office of Business Development
2. Agency Mailing Address: 201 N. Carson Street, Suite 2
3. Project Name: Downtown Redevelopment-Business Incubator
4. Project Address/location: Plaza and Fall Street at Telegraph Street
5. Agency Director: Joe McCarthy
6. Board Chairperson: Robert L. Crowell, Mayor
7. Contact person (see instructions): Joe McCarthy
   Phone number: 775-887-2101 E-Mail: jmccarthy@ci.carson-city.nv.us
   Fax: 775-887-2286 Website (if applicable) www.carson-city.nv.us
8. What is your funding request for FY 2010–2011? $ 2,100,000
9. Type of funding requested (Check One):

   _____ Public Service
   X Economic Development
   _____ Public Facility/Improvement
   _____ Housing

BRIEF PROJECT DESCRIPTION:
Please provide a one-sentence description of your project (not your organization).
The Business Incubator will provide inexpensive space and assistance to new firms to help them become viable businesses and will benefit low- to moderate- income persons through the creation of jobs.

Carson City
Community Development Block Grant Program (CDBG) Application

I. PROJECT ELIGIBILITY

A. **This project meets at least ONE of the HUD national objectives listed below** (please check all that apply)

X 1. Benefits low/moderate income individuals/households
_____ 2. Addresses the prevention or elimination of slums or blight
_____ 3. Meets a particularly urgent community development need

B. **Check all statements that describe HOW this project or activity meets one of the National Objectives above:**

____ ***L/M Area Benefit***: the project meets the identified needs of L/M income persons residing in an area where at least 51% of those residents are L/M income persons. The benefits of this type of activity are available to all persons in the area regardless of income. ***Examples:*** street improvements, water/sewer lines, neighborhood facilities, façade improvements in neighborhood commercial districts.

____ ***L/M Limited Clientele:*** the project benefits a specific group of people (rather than all the residents in a particular area), at least 51% of whom are L/M income persons. The following groups are presumed to be L/M: abused children, elderly persons, battered spouses, homeless, handicapped, illiterate persons. ***Examples:*** construction of a senior center, public services for the homeless, meals on wheels for elderly, construction of job training facilities for the handicapped.

____ ***L/M Housing:*** the project adds or improves permanent residential structures that will be occupied by L.M income households upon completion. Housing can be either owner or renter occupied units in either one family or multi-family structures. Rental units for L/M income persons must be occupied at affordable rents. Examples: acquisition of property for permanent housing, rehabilitation of permanent housing, conversion of non-residential structures into permanent housing.

X ***L/M Jobs:*** the project creates or retains permanent jobs, at least 51% of which are taken by L/M income persons or considered to be available to L/M income persons. ***Examples:*** loans to pay for the expansion of a factory, assistance to a business which has publicly announced its intention to close with resultant loss of jobs, a majority of which are held by L/M persons.

____ ***Microenterprise Assistance:*** the project assists in the establishment of a microenterprise or assists persons developing a microenterprise. (A microenterprise is defined as having five or fewer employees, one or more of whom owns the business.) This activity must benefit low/moderate income persons, area or jobs as defined in previous sections.

____ ***Slum or Blighted Area:*** the project is in a designated slum/blight area and the result of this project addresses one or more of the conditions that qualified the area.

____ ***Spot Blight:*** the project will prevent or eliminate specific conditions of blight or physical decay outside a slum area. Activities are limited to clearance, historic preservation, rehabilitation of buildings, but only to the extent necessary to eliminate conditions detrimental to public health and safety. ***Examples:*** historic preservation of a public facility threatening public safety, demolition of a deteriorated, abandoned building.

C. Project Category (check one):

____ Acquisition of Real Property

____ Disposition of Real Property (sale, lease or donation)

____ Public Facilities and Improvements (i.e., homeless shelter, water and sewer facilities, flood and drainage improvements, fire protection facilities/equipment, community, senior and health centers, parking, streets, curbs, gutters and sidewalks, parks and playgrounds).

____ Privately-Owned Utilities

____ Public Service (i.e., a new service or an **increase** in the level of service

____ Relocation Payments and Assistance to Displaced Persons

____ Removal of Architectural Barriers, Handicapped Accessibility

____ Housing Rehabilitation

____ Historic Preservation

____ Commercial or Industrial Rehabilitation, including façade improvements and correction of code violations

X
____ Special Economic Development or assistance to microenterprises

II. PROJECT DESCRIPTION

The Five-year Consolidated Plan identifies priority community development needs for Carson City (see Appendix III). The need for your proposed project will be determined by identifying how the project impacts upon the adopted Consolidated Plan Priority Needs. Greater consideration will be given to projects that provide a clear description of the project with supporting data and methodology of how the project will meet these needs.

1. Describe the proposed activity, including how the activity will address the National Objective indicated and whether the activity is new, ongoing, or expanded from previous years.

   The proposed activity is the construction of a business incubator in the downtown redevelopment area to be used as inexpensive space for new firms to start their business. The business incubator will benefit low- to moderate- income (LMI) persons through the creation of jobs. LMI individuals will receive first consideration for any available job. The national objective being met is "benefitting low/moderate income individuals/households". The business incubator is a new activity and falls under the "Economic Development (ED) Assistance to For-Profit Businesses" in the Consolidated Plan Priority Needs Table, which is listed as a medium priority.

2. Describe who will benefit from the proposed activity:

   LMI individuals will benefit from the business incubator. An estimated minimum of 60 jobs will be created, 31 (or 51%) of which are expected to be retained by LMI individuals.

3. If your project is designed to serve a limited clientele, please indicate the population you will be serving with your project:

   _____ Abused Children _____ Illiterate Persons _____ Homeless Persons
   _____ Battered Spouses _____ Elderly _____ Severely Disabled Adults
   _____ Migrant Farm Workers _____ Other (Please explain)

4. If your project will not be serving one of the above categories, explain how you will document client income and how you will document that at least 51% of your clientele will be low-to-moderate income:

   Subrecipients will be required to give first consideration to LMI individuals when filling jobs and either hire unqualified local persons and train them or not require special skills as a prerequisite to fill such jobs. They will also be required to document income levels and family household size of individuals that are hired.

5. How will the CDBG funds be used on this project?
To contruct the business incubator facility.

6. Where will the project be located and what is the geographic target area that will be served by this project?

☐ Target Area (specify geographic area) _____
OR
☒ Community-wide

For Public Improvement Projects only

1. Is the proposed project part of a larger project or is it a stand-alone project? (If part of a larger project, please describe the entire project.)
The business incubator will be constructed as part of a larger $80 million project including a new library and learning center, digital media lab, office space, retail space and public plaza. The business incubator space will be distinct space within the project dedicated to that use.

2. Can this project be done in different phases? _____ Yes __X__ No
If YES, explain.

3. Have CDBG funds been used for an earlier phase? _____ Yes __X__ No

4. Who currently holds title to the property involved?
Carson Nugget, Inc.

5. With whom will title be vested upon completion?
To be determined.

6. Do any rights-of-way, easements or other access rights need to be acquired?
__X__ Yes _____ No

7. If the project requires water rights or well permits, have they been acquired?
__N/A__ Yes _____ No

For Economic Development projects:

1. identify the proposed employers that will be assisted with this project; (b) describe how they will comply with the requirement that at least 51% of the permanent full-time jobs created are either held by or made available to LMI persons; and (c) explain how they will document the jobs created and the income levels of the persons hired.
   See Attachment 6

For Housing Projects please indicate:

The number of homes to be rehabilitated: _____

The number of persons to be benefited: _____

III. PROJECT MEASUREMENT

The Carson City CDBG Program, in compliance with Department of Housing & Urban Development (HUD) directives, has implemented a Performance and Outcome Measurement System into the application and grant/project administration process. When completing this section, keep in mind that ***outputs*** are specific descriptions of what your project is intended to accomplish (such as serve a total of 20 clients) and ***outcomes*** are the benefits or changes that result from the program (such as how well the service met the client needs).

1. Please identify the quantifiable, projected **outputs** of this program/project.
   The projected output of the business incubator is job creation.

2. Please quantify the **total** number of persons intended to benefit from program/project output.
   A minimum of 60 people will benefit from the jobs created by the business incubtor.

3. Of the total number of persons in Question 2, above, how many of these are low-to-moderate income (LMI)?
   At least 31 (or 51%) will be LMI individuals.

4. Please identify the quantifiable, projected **outcome** of this program/project. (How will the outputs benefit the total number of persons in Question 2, above?)
   The projected outcome of the project will be the creation of jobs, which will contribute to an improved economy in Carson City.

5. What procedures will be put into effect to create, compile and maintain data to track performance measurement for this program/project?
   See Attachment 7

IV. CDBG PROJECT BUDGET

Complete the Budget Summary chart. More detailed budgets may be attached in support of the proposal. Identify sources of leveraged funding for the activity. Include the status of these funds (i.e. cash on hand, grants received, planned fund-raising, etc.) Attach copies of funding commitment letters or other evidence of funding support.

Project Title:	**CDBG Funds Requested**	**Leveraged Funds**	**Total Funds**
Program Expenses FY 2010-11			
Salaries and Benefits			
Rent and Utilities			
Mortgage			
Equipment			
Equipment Maintenance & Repair			
Office Supplies			
Operating Supplies			
Postage and Shipping			
Printing and Publications			
Advertising and Promotion			
Subscriptions and Dues			
Liability/Other Insurance			
Professional Fees			
Other project costs: (Specify Below)			
Construction	$2,100,000*	$800,000**	$3,000,000
* Section 108 loan			
** Incubator only; total project development cost			
is approximately $80 million			
TOTALS	$2,100,000	$800,000	$3,000,000

V. PROJECT ADMINISTRATION

A. Provide the names, phone numbers and e-mails of the following people. (There may be more than one person responsible in each category. If the specific individual is not known, please give a job title):

1. The person to whom all questions regarding the application should be directed:

   Joe McCarthy, Director Carson City Office of Business Development
   201 N. Carson St., Suite #2 Carson City, Nevada 89701
   775.887.2101 x1
   jmccarthy@ci.carson-city.nv.us

2. The person directly responsible for on-site supervision of the project, such as a project manager:
   Joe McCarthy, Director Carson City Office of Business Development
   201 N. Carson St., Suite #2 Carson City, Nevada 89701
   775.887.2101 x1
   jmccarthy@ci.carson-city.nv.us

3. The person responsible for the financial management of the project, including preparation, review and approval of reimbursement requests:
   Joe McCarthy, Director Carson City Office of Business Development
   201 N. Carson St., Suite #2 Carson City, Nevada 89701
   775.887.2101 x1
   jmccarthy@ci.carson-city.nv.us

4. Please list the name, address, phone number and e-mail of the person responsible for preparing the quarterly reports and tracking the performance on this program/project.
   Joe McCarthy, Director Carson City Office of Business Development
   201 N. Carson St., Suite #2 Carson City, Nevada 89701
   775.887.2101 x1
   jmccarthy@ci.carson-city.nv.us

VI. AGENCY INFORMATION

1. Proof of non-profit status for private agencies (governmental entities and schools are exempt):

Date of incorporation	
Date of IRS certification	
Tax exempt number	

2. DUNS Number: 073787152
   For information on DUNS, go to: http://www.ccr.gov/pdfs/DUNSGuideGovVendors.pdf

3. Attach the following to each copy of the Proposal for Funding:

   a. IRS Tax Exempt "501(c)(3)" letter.

   b. Proof of incorporation from Secretary of State (CERTIFICATE ONLY)

   c. Current organization chart with names of staff members. Staff members may not serve as a Board Member of the agency they work for.

   d. List of current Board of Directors and terms of office. If a member of your Board of Directors is in a position to obtain a financial benefit or interest from your proposed project, you may be ineligible for CDBG funds (See 24 CFR 570.611).

   e. *For all 501(c)(3) non-profit organizations*: a copy of the organization's most recently submitted Federal Tax Return (Form 990 or 990EX). Governmental bodies and schools are exempt from this requirement.

4. Required Certification (see instructions):

   Applicant certifies that to the best of his/her knowledge, all information submitted as part of this application is true. Applicant will comply with all grant and contract requirements if funding is approved.

Joe McCarthy Signature of Authorized Official	1-19-10 Date
Joe McCarthy, Director Typed Name and Title of Authorized Official	1/19/2010 Phone Number

Signature of President of Board of Directors	Date
Typed Name of President of Board of Directors	Phone Number

Attachment 6

For Economic Development projects:

1. identify the proposed employers that will be assisted with this project; (b) describe how they will comply with the requirement that at least 51% of the permanent full-time jobs created are either held by or made available to LMI persons; and (c) explain how they will document the jobs created and the income levels of the persons hired.

The planned building includes two components: a business incubator (BI) and knowledge and discovery library (KDL). The business incubator will generate a minimum of 60 jobs. The knowledge and discovery library retains 22 permanent jobs, for a result of 82 jobs - of which 42 will be available to LMI applicants. These jobs may be claimed to be "available" to LMI persons with neither special skills that can only be acquired with substantial (i.e., one year or more) training or work experience non-education beyond high school as a prerequisite to fill such jobs and the business incubator and knowledge and discovery library and / or assisted businesses take action to ensure that LMI persons receive "first consideration" for filling such jobs and receive serious consideration. The business incubator/knowledge and discovery library will use hiring practices that under usual circumstances would result over 51% of LMI persons being interviewed for applicable jobs, serious consideration will be given to a sufficient number of LMI job applicants to give a reasonable opportunity to fill the position with such a person. Further, the distance from residence and availability of transportation to the job site is reasonable for purposes to be considered as a serious applicant.

Businesses incubated will be primarily technology businesses, however, owner-operated lifestyle businesses and additional sectors will also make up the incubator clientele. Specific client targets will be made available to LMI Hispanic populations and women. The businesses-focused resource center knowledge and discovery library will be the anchor institution from which incubator clients will have access to additional resources and include bi-lingual and bi-cultural programs, as well as Latino micro enterprises and services.

The CDBG funds for this project will be used to develop and improve real property. This project will aggregate the jobs created and retained by the business incubator/knowledge and discovery library as these businesses will not otherwise be assisted with CDBG funds.

Reporting will be accomplished through required documentation that a particular applicant who was referred from a state, county or local employment agency or other entity that has agreed to refer individuals whom they have determined to be LMI based on HUDs criteria.

A written clarification signed and a dated by the employee application indicating his or her family size and total income as necessary to determine whether the person is LMI based on HUD's criteria.

Evidence that the employee / applicant has qualified for assistance under another program with income qualifications criteria at least as restrictive as those used by this program.

All data collected on applicants and employees hired will be kept in accordance with standard local government record keeping practices, ensuring accuracy, back up and appropriate retention schedules. All records (automated and print) will be available for an audits or requests for information by appropriate authorities.

Attachment 7

5. What procedures will be put into effect to create, compile and maintain data to track performance measurement for this program/project?

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CDBG Citizen Committee Questions:
Submitted to Applicant January 29, 2010

1) What is a business incubator? Please describe the features of one that is existing and successful.

BUSINESS INCUBATION DEFINED:
Business incubation is a way of meeting a variety of economic and socio-economic needs that include:

- **Employment and wealth creation**
- **Support for small firms with high growth potential**
- **Support entrepreneurs with no other resources**
- **Transfer of technology**
  (**Technology transfer** is the process of sharing of skills, knowledge, technologies, methods of manufacturing, samples of manufacturing and facilities among governments and other institutions to ensure that scientific and technological developments are accessible to a wider range of users who can then further develop and exploit the technology into new products, processes, applications, materials or services.)
- **Promoting innovation**
- **Enhancing links between colleges/universities, research institutions and the business community**
- **Industry cluster development**
- **Assessment of a company's risk profile**

A BUSINESS INCUBATIOR IS:
An incubator is a physical location that provides a defined set of services to individuals or small companies. This may include specific types of office space, flexible lease terms, access to technology, financing, and technical assistance (such as marketing, legal, finance, HR and other business development services). By locating similar or complementary entities in proximity to each other, the incubator may also play a critical role in promoting knowledge transfer.
(**Knowledge transfer** is the practical problem of transferring knowledge from one part of the organization to another (or all other) part(s) of the organization.)

THE LARGER QUESTION, THEN IS: "WHY INCUBATION?"
Understanding the role that small/medium enterprises (SME's) play in the national economy and providing them with adequate office space doesn't explain the value proposition of Carson City's business incubation initiative, or what makes it so unique. Young companies are particularly vulnerable in their early/start up years, and particularly in northern Nevada where there is a higher percentage of inexperienced workers, and in Carson City a profound a lack of diversity in the business community. Don't forget 42% of the payroll that comes from this community is from government jobs. This creates a lack of community exposure to the corporate environment's mature governance and operations. Thus locally attempted start-ups in industries not currently in this region are, at best, disadvantaged when trying their luck at starting a new company. Further the start-up environment is even more hostile in the state of Nevada – where economically we are ranking #1 on all the bad lists. And in many ways (aside from a favorable tax climate) the balance of vital business services is inadequate, inaccessible or expensive. Business incubation then in offering these kinds of needed services, dramatically increases the chances of a successfully started, scaled and exited business.

WHAT, SPECIFICALLY, MAKES INCUBATION SUCCESSFUL?

- **Volume – the number of companies co-located is important as it leads to natural clustering and collaboration**
- **Entrepreneurs will learn more from each other, and other businesses, than they will learn from 'consultants'**
- **Combining start-ups with more mature companies in the same building encourages collaboration**
- **Diversified models (incubation + office rentals) keep programs sustainable and independent**
- **Not being 100% publically funded keeps the incubator focused on tenants and services provided**
- **Strict entry criteria (focused on innovation and implementation) can ensure high success rates**

2) How exactly will the salaries of these newly developed jobs be incorporated into the incubator process? Where will they come from?
Any jobs that are created from the incubator are a by product of the incubator having been created. For CDBG's contribution all funds are toward construction. Payroll of newly developed jobs is met by the incubator client companies themselves. With a measured well planned approach to growth, that is guided by the mentor team, additional company employees may be added or subtracted as the growth and profitability of that company demands.

3) When will you have a location for this project?
This project has a location. It is slated for the Carson Nugget Economic Development site in downtown Carson City – between Carson, Stewart, Robinson and Musser Streets within an approximately 8-acre mixed-use development that includes the business incubator connected with the Knowledge and Discovery Library.

4) When will you have a floor plan?
Design of the entire project will happen once the Nugget selects a master developer, whose responsibilities will include design. The overall integration of the business incubator within the Knowledge and Discovery Library is to be determined with vigorous input from key stakeholders. At the end of the day, all elements will become a part of the contractual arrangement whereby the resources, risks and rewards of the public, private incubator operator and developer are combined to provide greater efficiency. The public's interests are fully assured through provisions in the contracts that provide for on-going monitoring and oversight of the operation of the service and facility. In this way everyone wins – the governmental entity, the private community and the general public.

5) When will you have funding for portions not funded by CDBG?
The finance plan of the Carson Nugget Economic Development project is a comprehensive package with benchmarks and deliverables at each step of the way. The Board of Supervisors has approved a draft timeline with final approval by April, 2010. Just like CDBG resources governed by HUD have specific financial metrics, so too will each portion of the project's funding. Charitable resources have already been dedicated to the entire project through the Mae B. Adams Trust. To date, significant pre-development work in two specific areas: facilitating the public / private partnership efforts and defining workable redevelopment tools, and business incubation and new industry recruitment is successfully being undertaken.

6) When will you know who owns the property the building will occupy?
The Hop and Mae B. Adams Foundation will own the property upon which the entire development will be built – ground leases will be paid to the Foundation whose mission it is to support the youth of Carson City.

7) If the direct beneficiaries of this building are the start up companies who receive reduced cost rent and support facilities, will these entrepreneurs be required to qualify as LMI?
The beneficiaries of this building, as they are a part of the Knowledge and Discovery Library, will extend far beyond the start up companies. Some of the entrepreneurs will meet LMI qualifications, as will the business incubator operator's and Knowledge and Discovery Center's employees themselves. LMI qualifying and reporting tools will be an integrated part of the business incubator and Knowledge and Discovery Center operations. Additionally, when the incubator clients qualify as LMI they will be qualified, tracked and reported as well.

The business incubator operator will undergo training, technical assistance and general support for CDBG supported business incubation. Targeted income group entrepreneurs will be identified locally and steps to involve these groups will be a part of operations and client admission.

8) In your application, you have asserted that these assisted businesses will create jobs. Please tell us how you know that.
According to the National Business Incubation Association (NBIA), the country's leading organization advancing business U.S. incubation and entrepreneurship, approximately 1,000 incubators in the U.S. are currently growing 33,000 companies. Incubators provide up to 20 times more jobs than building roads, bridges, water and sewer infrastructure projects. Every 50 jobs created by an incubator client generates 25 more jobs in the community. In an average of 31 months of incubation, 60% are successful and 80% of those graduates stay in the community building the mass of new industries.

9) In your application, you have estimated that 60 jobs will be created. Please tell us how you came up with that number.
The Nugget Economic Development Project, Market, Economic Impact and Financial Analysis conducted by Reno-based Meridian Business Advisors presented and accepted to the Board of Supervisors December 10, 2009. This independent analysis of the projects estimated 100 FTE jobs generated by the business incubation center.

10) In your application, you have asserted that 51% of the new jobs created would be filled by LMI applicants. Please tell us the basis for this statement.
The fundamental premise of business incubation is to assist the participants in increasing their economic opportunities by helping them start and grow their own successful businesses and create more jobs. Many small to medium enterprises in Carson City who are first time entrepreneurs and or new Americans often need help growing their businesses.

11) Are there other potential funding sources available that can substitute for these CDBG funds?
No.

12) When will the project budget be finalized?
Once a master developer has been selected and design is final the budget will be finalized.