

## **City of Meriden Economic Development Department Meriden Match Program – Policies and Procedures**

### **I. Introduction**

The **Meriden Match Program** is being launched to provide forgivable loans to commercial property and business owners located in downtown Meriden. This funding can be used by property owners and business owners to make physical improvements to the exterior façade of their buildings. The program is being funded through the U.S. Department of Housing and Urban Development’s Community Development Block Grant (“**CDBG**”) Program. Additional funding may also be provided by Meriden Economic Development Corporation or other parties (referred to herein as “**Other Funders**”). Properties and businesses must be in the City’s Transit Oriented Development (“**TOD**”) District at the time assistance is granted. Properties in qualifying low/moderate income census tracts in the City of Meriden will also be given consideration (See attached maps, included in the Appendix). Additional areas of the City of Meriden may be considered using funds provided by Other Funders if permitted by such funding sources.

The objective of the program is to revitalize Meriden’s downtown, encourage small business development, and foster employment opportunities in the downtown by providing matching funds to offset the cost to tenants and property owners in improving the appearance of the facades of commercial properties. This will be accomplished by providing a direct benefit to businesses and property owners that are already in downtown or seeking to locate in the area. Businesses and property owners that are selected will be able to improve the appearance of their buildings without having the disincentive of bearing the full financial burden of doing so. This will help encourage further economic development and investment in the City, providing a benefit to all Meriden residents and visitors and enhancing the overall appearance of downtown.

Please note that all projects are subject to the approval of City departments, committees, and commissions, as applicable. All aforementioned bodies are obligated to abide by all applicable state laws and municipal ordinances and regulations as well as the requirements of the CDBG program.

### **II. Project Goals**

Specific goals of the program are as follows:

- Beautification of downtown Meriden in order to encourage the patronage of local businesses and the vitality of the area
- Elimination of blight, which negatively impacts the patronage of business and hinders reinvestment potential

- Prevention of further deterioration of commercial properties and restoration of their unique architectural features
- Retention of existing businesses and attraction of additional businesses to locate in downtown Meriden
- Enhancement of services and employment opportunities to benefit low and moderate income residents of our community
- Promotion of Meriden as a place to live, work and play by encouraging investment in downtown by public, private, and non-profit entities
- Advancement of transit oriented development opportunities in downtown in concert with increased rail service in Meriden along the CTrail Hartford Line.

### III. Financial Assistance

The City's financial contribution will be in the form of a forgivable 0% interest loan. Loans will be forgiven over a five-year compliance period at twenty percent (20%) per year, assuming the property/business owners remain current with all local taxes and maintain the property in compliance with all applicable state and local laws, codes, and regulations.

At least \$100,000 in CDBG funding is available for FY 2019 (July 1, 2018 through June 30, 2019). Additional funding from Other Funders will be announced and made available as funding is secured. Funding for loans is available to applicants on a competitive basis, which is based on a "Scoring Matrix" (see "Scoring Matrix" included in the Appendix). The Economic Development Department will maintain a waiting list of eligible applicants once funding has been fully expended. The Economic Development Department, as the managing agent of Program, will be responsible for applying for CDBG funds to support the Program on an annual basis.

Loans are generally not to exceed \$10,000.00 per eligible applicant. An applicant may be a business owner and/or a property owner. An applicant that is both a property owner and business owner located at the same site, however, may apply for a maximum of \$20,000 per project. Loans above these amounts will be considered on a case-by-case basis. Loan recipients must contribute a minimum match equal to 100% of the amount of requested funds. In cases of financial hardship, a waiver of the 100% match requirement may be granted that lowers the required match to 25% of the amount of requested funds. This is to be done on a case-by-case basis at the discretion of the City. Other Funders may also provide additional funds for the Program in the future, which could be subject to additional requirements of such Other Funders.

Increased match contribution above the required minimum will improve an applicant's score during the City's application review and ranking process.

If at any time the property/business is found to be in violation of any applicable law, code, or regulations and the owners fail to remedy the problems, the borrower shall be required to repay the balance of the loan then outstanding.

#### **IV. Technical Assistance**

For those selected projects requiring it, an architect will be required to write work specifications. The property/business owner (the owner) can supply his/her own architect and count these costs towards their overall project contribution. If an architect is required and is to be paid for through the requested City funds, the City will procure an architect for the owner. The architect will write specifications only for improvements eligible to be funded under the program. Certain projects, such as those limited to signage or other minor improvements may not need the services of an architect.

The owner will be given the opportunity to review and approve a copy of the draft architectural specifications. Upon review and approval by the owner, the architect will issue final work specifications which will be used to solicit bids or quotes.

#### **V. Eligibility**

In order for an application to be accepted into the program, the following basic criteria must be met:

- The property must be located in the City's Transit Oriented Development District;
- Projects located or in a low or moderate income census tract located within the Meriden City limits will also be given consideration;
- The property must be commercial, industrial, or mixed use (which includes residential);
- Applicants must be current on property tax bills, water/sewer bills and any other forms of indebtedness to the City of Meriden, State of Connecticut, or the Internal Revenue Service;
- Entities with pending litigation against the City of Meriden are ineligible for funding through the Program;
- Business owners who do not own the building they occupy may apply to the program, however signoff from the property owner will be required as a condition of approval;
- A business owner and a property owner may both apply for funding;
- Outstanding building code, zoning, and fire code violations must be resolved before applying to the Program;
- For sign and awning projects, tenant must have at least one (1) year remaining on lease at location of proposed project, and/or an option to renew for at least one (1) year;

- For CDBG funded projects, applicants must demonstrate a benefit to a low-to-moderate income community;
- Approved applications are required to meet all applicable local, state and federal regulations. CDBG funded projects also need to meet all regulations related to environmental review, lead paint, procurement regulations, conflict of interest, and labor laws related to the use of Federal Community Development Block Grant Funds.

Businesses being considered for awards must agree to the following:

- Businesses relocating to the City of Meriden must do so with 12 months after completion of the project;
- Full participation in relevant technical assistance programs and completion of all award requirements;
- Willingness to coordinate with financing professionals to assist in the underwriting and financing of the project. Personal financial statements, tax returns, and other financial documents may be required for consideration of technical assistance awards, grants and loans.

Additional eligibility requirements are outlined below:

A. Property Fire/Hazard Liability Insurance:

The owner is required to obtain and maintain Property Fire/Hazard/Liability Insurance on the property. Properties located in the FEMA 100-year flood plain must obtain federal flood insurance.

B. Bid Addenda:

Bid addenda are changes in the scope of work prior to the submission of bids and prior to the start of the rehabilitation work.

If an addendum reduces the amount of work or eliminates items to be done, the bid will be awarded after a comparison of each total bid minus the items to be reduced or eliminated is made. The award will be made to the lowest responsible bidder unless the owner has selected otherwise. The owner is responsible for paying the difference between the lowest responsible bid and the bid from the contractor of choice.

C. Add/Alternates

Additions or alternates to work specifications are optional aspects of the scope of work. These are included with bid documents. Separate and individual prices for these options are required to be entered on a Bid Form. Bid awards are selected from the base bid submitted and do not include the Add/Alternate prices. The owner's loan amount is also derived exclusively from the base bid. Add/Alternate options, if determined by the City to be necessary after contract execution, would be covered by the program.

#### D. Credit for Bid Allowances

In some instances, a contractor may submit a credit in his/her final invoice. Credits may occur if an allowance for materials was included in the bid specifications and that full allowance was not necessary for the project. Verified by the architect, the contractor provides a written statement confirming measure of materials used as well as final cost. If the contractor spends less than the allowance permissible in the bid specifications, a credit may be issued to the owner.

#### VI. **Eligible Improvements & Costs**

Eligible project costs are defined as costs incurred by an independent contractor, hired through an approved procurement process, to make improvements and/or repairs to the eligible commercial or mixed-used buildings in the City's Transit Oriented Development District and direct costs associated with these approved activities. Work performed prior to the execution of an Agreement between the City of Meriden and the owner is not eligible for reimbursement through this Program. Eligible improvements must be permanent. Building Permit Fees, architectural fees, and studies associated with the project can be included in the overall project cost as matching funds.

Eligible improvements include, but are not limited to:

- Removal of elements which cover original architectural details and design;
- Addition or replacement of signs or awnings. Signs must be affixed to the façade and comply with all sign regulations. The City reserves the right, in its discretion, to approve or reject the design of any signs or awnings paid for through this program. Preference may be given to businesses with long-term leases;
- Painting, cleaning, and repointing of masonry;
- Cleaning, painting, or removal and replacement of exteriors or siding;
- Replacement of elements including, but not limited to, exterior doors, windows, stairs, porches, cornices, and/or railings that are directly visible from the public right of way;
- Exterior lighting;
- Overall replacement of architectural elements which have structural problems;
- Correction of building code violations (exterior only);
- Removal of architectural barriers which restrict access by handicapped persons;
- Other permanent items having significant visual impact.

For the purposes of this Program, “façade” is defined as the visible portion of a building that looks on to a public thoroughfare or open space.

## **VII. Ineligible Repairs**

The Program will NOT cover the following

- Physical or visual removal of architecturally important features;
- Installation of aluminum or vinyl siding;
- Temporary features, including landscaping, decorating, or seasonal projects;
- General maintenance work not contributing to the overall visual impact of the building;
- HVAC repair or improvements;
- Plumbing repair or improvements;
- Parking lot resurfacing;
- Interior repairs not related to exterior improvement;
- New building construction;
- Work performed prior to fully executed loan agreement;
- Purchase of property and/or equipment.

Additionally, program funds may not be used for working capital, debt refinancing, or legal fees.

## **VIII. Underwriting Fundamentals**

- A. The project costs must be considered reasonable as determined by the Evaluation Committee.
- B. All sources of the project financing must be committed. Prior to the City’s commitment to award, business and property owners will work with applicable financial partners and technical assistance team to:
  1. Verify that sufficient sources of funds have been identified to finance the project; and
  2. Verify that all participating parties providing those funds have affirmed their attention to make the funds available; and
- C. There must be a minimum of 50% investment towards the overall project cost. This equates to a one to one match between the funds supplied by the applicant and the requested program funds. The match can be lowered to 25% of the total amount requested on a case-by-case basis.

This decision will be made at the discretion of the Evaluation Committee (See Section X.A.4 below)

- D. Personal guarantees of principals of limited liability entities (*i.e.* limited liability companies, corporations, limited partnerships, etc.) may be required prior to the receipt of funds.

**IX. Criteria for Project Selection**

Projects will be scored by the Evaluation Committee in each of the categories listed below. Applications for CDBG funded projects will also be reviewed and evaluated for compliance with the Program guidelines and relevant federal regulations associated with the use of Community Development Block Grant (CDBG) funds (See Section XI.G below).

- A. **Visual Impact:** The aesthetic appeal and visual prominence that a project will have based on its visibility within the streetscape; the size, location, and current condition of the building will be taken into consideration; preference is given to projects located in the City's Transit Oriented Development District;
- B. **Cost/Benefit Value:** The relationship between the estimated cost of a project and the overall benefit it will provide to the city; amount of matching funds provided by the applicant will be taken into consideration;
- C. **Historic Preservation:** Consideration will be given to projects that preserve the historic integrity of buildings, or make an effort to compliment the historic character properties;
- D. **Project Readiness:** The ability of the project to move forward in a timely fashion; preference will be given to applications that display the capacity of the business or property owner to fully execute the project in a timely manner; work must be completed within a reasonable amount of time;
- E. **Experience:** The professional experience of the business or property owner and other key members included in the project application; also taken into account will be the vision and plan for the business based on the soundness, completeness, and creativity of the concept;

**X. The Process**

A. Application:

1. The Economic Development Department will open a submission period for pre-applications, listing deadlines on its website, Meriden2020.com. Applicants begin by submitting the pre-application to the Economic Development Department by the required deadline.
2. City staff will review the pre-applications received by the submittal deadline. Review will include the scope of the proposed work, amount of funds requested, amount of match provided, and whether the project is located in a qualifying area of the City. Applicants will

then be contacted within 45 days of the application deadline to discuss their proposals further.

3. For those projects requiring it, an architect will be used to further refine the scope of work for each pre-application received and to develop a potential budget for the project. If the owner will need to utilize architectural services, the owner can choose the architect. However, if City funds are to be used to reimburse the cost of the architect, then the City will procure the architect.
4. An Evaluation Committee of five (5) people made up of representatives from the Economic Development Department, the Development & Enforcement Department, the Midstate Chamber of Commerce, and the Meriden Economic Development Corporation will review the pre-applications, the accompanying scope of work created by the Architect, and any other documentation received during the initial review process. These materials will be reviewed based on the review criteria listed above. City staff will also review tax and land records to ensure that the owner is in compliance with applicable laws and regulations. Final authority to select which projects will go forward and the total funding amount approved rests with the Evaluation Committee.
5. Representatives from the Evaluation Committee and the architect, if one is necessary, meet with the selected owners to finalize project scope, estimated cost, and work on a final proposal. If no architect is needed, representatives of the Evaluation Committee will meet with the applicant alone.
6. The Economic Development Department will maintain a waiting list of eligible applicants once funding has been fully expended.

B. Design & Review:

The City of Meriden will procure and contract with an architect to prepare a design, write the work specifications, and oversee the project work, as needed.

The owner is provided a copy of the specifications for review and approval.

The owner must receive all necessary approval and permits from the appropriate City commissions and departments.

C. Bid Documents and Contractor Inspection of Work:

All projects will be either bid through the City of Meriden Purchasing Department, or quoted, depending on the project scope, projected costs, and on the requirements of the funding source.

For those projects that will be quoted, at least three quotes will need to be solicited from contractors. The process for the quoters will be detailed in the quote documents for a given project. The quoting documents will be created by the architect in conjunction with the City of Meriden and will be in accordance with applicable



purchasing guidelines for the City, its CDBG program, and the requirements of any other additional funding source.

For bids, Legal notices are placed in a newspaper having a general local circulation, such as the Meriden Record Journal.

Bid Documents are prepared listing rehabilitation items in priority order, as determined by the architect.

Bid bonds and/or performance bonds may be required as determined by the City of Meriden. Prior to official award of the contract, the lowest responsible bidder MUST provide the following:

1. Evidence of a valid State of Connecticut Consumer Protection Number;
2. Certificate of insurance naming the City of Meriden and owner(s) as additionally insured for the duration of the project, which insurance coverage shall be in form, content and with such insurers, deductibles and limits as may be satisfactory to the City in its discretion;
3. Evidence of EPA certification to conduct lead-based paint activities and renovations, if applicable.

It is the owner's responsibility to correct any code non-compliant items identified as being in need of repair or replacement but which cannot be supported with loan funds.

D. Bid Opening:

Only sealed bids are accepted by the Purchasing Department. At the bid opening, the Purchasing Agent will open, record, and review the bids in the presence of anyone who wishes to attend, including any of the following:

1. Property owner
2. Business owner
3. Bidding contractors who wish to be present
4. City of Meriden staff
5. Witnesses

The lowest responsible bidder is awarded the project with the approval of the architect, if one is necessary. If the owner wishes to select a contractor other than the lowest responsible bidder, the owner will be responsible for paying the difference in price between the lowest responsible bidder and the bid from the contractor of choice.

All CDBG funded projects are subject to Davis-Bacon prevailing wage rates.

The City of Meriden, in conjunction with the owner, reserves the right to reject any and all bids that are not in the best interest of the City or the Applicant.

Contracts may not be rewarded if the lowest bid exceeds 20% of the initial cost estimate for the project. Final distribution of the loan amount and owner contribution is based on lowest responsible bid received.

Once awarded, a pre-construction meeting will be required with the owner, City staff, and the selected contractor.

All CDBG funded projects are subject to HUD's environmental review procedures found at 24 CFR Part 58. The Economic Development Department is the responsible entity for conducting environmental reviews, inclusive of historic preservation. No project may commence until the City has completed a satisfactory environmental review.

All other HUD requirements for procurement, conflicts of interest, or other regulations as applicable to this Program, will be enforced for CDBG funded projects.

E. Contracts and Agreements:

The property or business owner will be required to sign the following contracts and agreements to secure funds from the City of Meriden.

1. **Owner/City Agreement:** This agreement states the City's commitment of funds and outlines the property and/or business owner's responsibilities for participation in the program, including his or her agreement not to displace any residential tenant residing at the property to be rehabilitated, or to increase any tenant's rent for a period of five years unless in accordance with the Residential Rent Stabilization clause contained therein. This agreement will also include the proposed scope of work, and what items will need to be finished for the project to be considered complete. These items will need to be certified complete in a Final Inspection Report. The property owner and/or business owner will also agree to allow the City of Meriden to document the project (via written report, photo/video media) and distribute the information to the funding agencies and to the general public. Public information documents completed shall be made available to the public.
2. **Contractor/City Agreement:** This is an agreement between the City and the Contractor performing the work. This agreement states that the contractor agrees to the scope of work for the project as well as its cost. The agreement also details the contractor's responsibilities regarding insurance, providing a one year guarantee, and adhering to applicable federal regulations.
3. **Promissory Note:** A Promissory Note executed by the borrower and endorsed and personally guaranteed by the owner and all associated principals of any limited liability entity (for example, a corporation, limited liability company, limited partnership, etc. ) will evidence the loan. The Note details that the loan will be forgiven in five (5) years, with the

principal of the loan being reduced by 20% of the original loan amount every year, provided no default or acceleration event has occurred.

Upon sale or transfer of all or any part of the ownership of the property (including termination of business, foreclosure, voluntary transfer or conveyance, quit claim, or the death of the original signatories of the mortgage deed/note), the owner must pay the remaining portion of funded debt. A Notice of Transfer Agreement will be recorded on the land records in order to alert any person conducting a title search that a given property has received a loan and that the remaining loan balance will need to be repaid if the property transfers prior to the loan being 100% forgiven. Once the loan has been forgiven or repaid, the City will be responsible for releasing this agreement from the land records. The owner has the option to pay off the loan at any time without penalty. Any principal balance on the loan must be paid in full at the time of sale or refinancing.

F. Unauthorized Work and Change Orders:

The owner agrees that no rehabilitation, alterations, improvements, demolition, or construction work of any kind, other than that contained in the specifications for the rehabilitation project, will be undertaken after the date of contract signing until the Architect's Final Inspection Report, if an architect is required. This includes work done by either the owner or by another contractor. Any violation of this provision will render the Owner/City Agreement null and void. The City's loan will be withdrawn and any and all expenses incurred will be the sole responsibility of the owner.

Any change orders must be approved, in writing and in advance by the owner, architect (if required), and the City of Meriden. Changes to the scope of work which increase the contract amount will be supported by the loan only up to the maximum amount previously agreed upon. The owner will be financially responsible for work above and beyond this threshold.

G. Inspections:

All rehabilitation work is subject to inspections by the architect and by City staff, including, but not limited to, building inspectors. A Final Inspection report certifying that all work has been completed will be produced by the architect or by City Staff if no architect is utilized. This report needs to be signed off on by the Owner and the City of Meriden prior to final payment.

H. Payments:

All City loan funds will be retained in an account administered by the City of Meriden. The City will make payments to the contractor by check upon satisfactory completion of the work. All invoices are subject to review and inspection by the City. Additional financial requirements include documentation of all costs incurred, including to subcontractors or other requirements. Final payment will not occur until the project is determined to be complete in accordance with the Owner/City agreement.

I. After Project Completion:

1. Warranties/Guarantees: All original warranties and guarantees provided by the contractor will be given to the owner at project end. The City requires the contractor to warranty the workmanship for at least one year.
2. Disposition of Funds: All project funds are disbursed through the Economic Development Department. The Department will complete a form detailing payments made on all aspects of the project.
3. Release List: The loan is a 0% interest, five year, forgivable loan. At the end of the five-year period, assuming compliance with all obligations hereunder, the Economic Development Department will release the personal guaranteed Note. The Owner will be notified regarding the release of this Note.
4. Project Documentation: The property owner and/or business owner shall provide information to Economic Development Department documenting the project. Information provided may be used for staff reports, social media communications, or for other public information documents. Photos or videos documenting the project will be the property of the City of Meriden.

## **XI. Additional Information**

### **A. Historic Preservation Requirements**

If a CDBG funded project involves a property that is historically significant and is eligible for rehabilitation work, the work must be done in accordance with "The Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings." The purpose is to avoid any significant alteration of a building (such as application of vinyl siding or vinyl windows) that may change its overall appearance and historic character. The CT State Historic Preservation office shall be consultant on such projects as required by the federal CFR 24 Part 58 Environmental Review process.

### **B. HUD Objective**

Meriden Match is funded in part by the U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant ("CDBG") Program. As such, the CDBG funded portion of the program must satisfy the Low- and moderate-income (Low/Mod) Area Benefit (LMA) National Objective found at §570.208(a)(1) of Code of Federal Regulations. Therefore, the applicant must be able to demonstrate that the project provides a benefit for low to moderate-income ("LMI") persons on an area wide basis. An area benefit activity is one that benefits all residents in a particular service area, where at least 51% of the residents are LMI persons.

### **C. Amendments to the Policies and Procedures**

Amendments to the City of Meriden Economic Development Department Meriden Match Program – Policies and Procedures may be considered in order to ensure compliance with local, state and federal requirements or as required by Other Funders. Changes to the Policies and Procedures shall be adopted by the Evaluation Committee and kept on file in the Economic Development Department, Room 217, Meriden City Hall, 142 East Main Street, Meriden CT 06450, contact Matthew Sarcione, Community Development Manager and Grants Administrator, phone 203 630 4105.

**XII. Statement of Nondiscrimination**

Projects funded by the Community Development Block Grant are obligated to comply with Section 109 of the Housing and Community Development Act of 1974, as amended. The Act requires that no person in the United States shall, on the grounds of race, color, national origin, sex, religion or handicapped conditions be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with community development funds. In addition, owners applying for assistance from this program must be in compliance with Fair Housing Laws and Title VIII of the US 1968 Civil Rights Act. These prohibit discrimination against individuals based on their race, color, creed, sex, religion, handicapped condition, or national origin with respect to the leasing and occupancy of the property belonging to the owner.

Appendix A: Scoring Matrix for Project Applications

**Meriden Match Program  
Scoring Matrix**

**Name of Applicant:** \_\_\_\_\_

**Amount Requested:** \$ \_\_\_\_\_

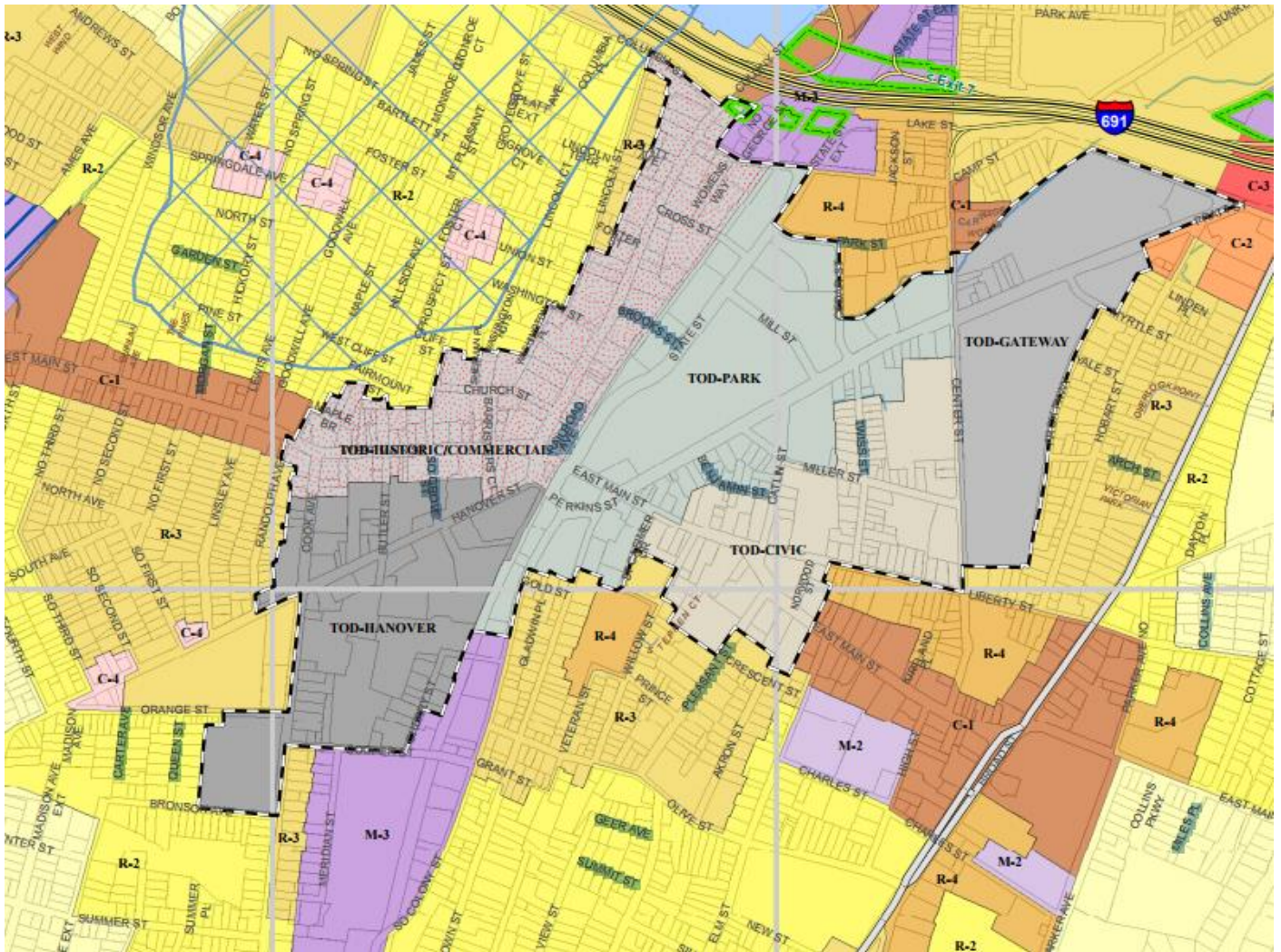
**Applicant Contribution:** \$ \_\_\_\_\_

**TOTAL Project Cost:** \$ \_\_\_\_\_

<b>Criteria</b>	<b>Score (1-10)</b>	<b>Rationale</b>
<b>Visual Impact:</b> The aesthetic appeal and visual prominence that a project will have based on its visibility within the streetscape; the size, location, and current condition of the building will be taken into consideration; preference is given to projects located in the City's Transit Oriented Development District.		
<b>Cost/Benefit Value:</b> The relationship between the estimated cost of a project and the overall benefit it will provide to the city; amount of matching funds provided by the applicant will be taken into consideration.		
<b>Historic Preservation:</b> Consideration will be given to projects that preserve the historic integrity of buildings, or make an effort to compliment the historic character properties.		
<b>Project Readiness:</b> The ability of the project to move forward in a timely fashion; preference will be given to applications that display the capacity of the business or property owner to fully execute the project in a timely manner; work must be completed within a reasonable amount of time		
<b>Experience:</b> The professional experience of the business or property owner and other key members included in the project application; also taken into account will be the vision and plan for the business based on the soundness, completeness, and creativity of the concept;		

**Total Score:** \_\_\_\_\_

**Appendix B: Transit Oriented Development District Map**



**Appendix C: Low/Moderate Income Census Tracts Map (2010)**

