

**2021 DOWNTOWN COMMERCIAL
REHABILITATION GUIDELINES
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2021 Application Deadlines

Open window January 4 – December 3, 2021.

Applications will be reviewed within a 45-day period.

CDBG DOWNTOWN COMMERCIAL REHABILITATION PROGRAM GUIDELINES

The purpose of the program is to help cities improve the quality of their downtown commercial districts by assisting private property owners in the rehabilitation of blighted structures. It is hoped that a strategic investment of grant funds in a key building would prevent the spread of blighted conditions to other nearby structures.

Eligible Applicants: All incorporated cities or counties in Kansas that do not receive an annual CDBG entitlement allocation from HUD are eligible to apply to the Kansas CDBG program. (The following communities receive entitlements and are ineligible to participate in the state program: Kansas City, Lawrence, Leavenworth, Manhattan, Overland Park, Topeka, Wichita and all of Johnson County.) The business operation assisted by the CDBG funding must also be located in a non-entitlement area of the state.

National Objective: All projects must meet a national objective and involve an eligible activity under the Housing and Community Development Act (HCDA) of 1974. It should also be noted that the Kansas program will be limited to privately owned buildings.

All CDBG-funded projects must meet one of the three national objectives set forth in HCDA. This program will utilize two national objectives, 1) the prevention or elimination of slums or blight; and/or 2) job creation/retention.

Slum or Blight-Spot Basis: The following activities may be undertaken on a spot basis to eliminate specific conditions of blight, physical decay or environmental contamination that are not located in a slum or blighted area: acquisition; clearance; relocation; historic preservation; remediation of environmentally contaminated properties; or rehabilitation of buildings or improvements. However, rehabilitation must be limited to eliminating those conditions that are detrimental to public health and safety. If acquisition or relocation is undertaken, it must be a precursor to another eligible activity (funded with CDBG or other resources) that directly eliminates the specific conditions of blight or physical decay, or environmental contamination.

24 CFR 570.483(c)(2)

Job Creation/Retention: The beneficiaries of the project are defined as the employees that are hired or whose jobs are retained as a result of the CDBG grant. At least 51 percent of the beneficiaries (employees) being hired or retained must meet HUD's LMI standard. This standard is based on median family income for each county or metropolitan area. (See Appendix A for the family income limits for each Kansas county and metropolitan area.)

Job creation refers to the business entity's (and affiliates) net increase in its permanent labor force in Kansas on a full-time equivalent basis. A job is converted into FTE status by dividing 40 into the number hours worked during the week. Moving existing jobs from one Kansas community to another, or from one company to another, does not qualify as job creation.

Job retention refers to those jobs (on a FTE basis) that would be lost if the business fails to receive assistance from the CDBG program. Prior to the application deadline, the employer must notify those jobholders whose positions are at risk. The application must include a Job Certification Form for each retained job.

Eligible Activities: The most relevant eligible activities are: building rehabilitation for code violations, historic preservation and building renovation for job creation.

Building Rehabilitation: Privately owned commercial or industrial buildings, that the rehabilitation of such buildings owned by a private for-profit business is limited to improvement to the exterior of the building, abatement of asbestos hazards, lead-based paint hazards evaluation and reduction, and the correction of code violations. **24 CFR 570.202(a)(3).**

Building Restrictions: The Kansas Department of Commerce has full authority to limit some aspects of the project to the space the business will occupy.

Historic Preservation: CDBG funds may be used for the rehabilitation, preservation or restoration of historic properties that are privately owned. Historic properties are those sites or structures that are either listed in or eligible to be listed in the National Register of Historic Places, listed in a State or local inventory of historic places, or designated as a State or local landmark or historic district by appropriate law or ordinance. Historic preservation, however, is not authorized for buildings for the general conduct of government. **24 CFR 570.202(d).**

Preservation Standards: If the property is listed on the National Register, the renovations must meet the standards established by the Secretary of the Interior. Historic properties listed on a state or local list may be subject to other standards.

Building Renovation: Funds, CDBG and local, used to create a business that creates or retains jobs.

Applicant: The applicant must be a unit of local general government and act as a HUD non-entitlement community in Kansas. The project itself must be located in the jurisdiction of the applicant. To maintain eligibility for the 2021 program, communities that have received grants in the past must have demonstrated to the state the capacity to administer their CDBG projects in an effective and timely manner. For the 2021 program, a community will be deemed ineligible if it has an open Economic Development grant awarded prior to Jan. 1, 2019 or other CDBG projects awarded prior to Jan.1, 2020. For the purpose of this section, a grant is considered no longer open when all monitoring deficiencies have been resolved and a bona fide Certificate of Completion has been submitted to the Department. The Department will consider a waiver only for those projects that are in court litigation or Economic Development projects where a close-out would force the liquidation of a company.

Communities that have never received a CDBG award from the state will be presumed to have administrative capacity, until they demonstrate otherwise.

Grant Amount: The maximum amount of CDBG funds that can be applied for is \$250,000. All CDBG funds must be used for an eligible activity and meet the “slum and blight” or “low-moderate” national objective under HCDA. The Department is setting aside \$1,000,000 for this program year. **If the city/county has local revolving loan fund money, they will be required to use these funds first. The full commercial rehabilitation application is still required; however, the application will initially be sent to the city/county. The city/county will send a summary of the project to the Department for final approval.**

Matching Funds: The minimum match requirement is 25 percent of project cost. The match requirement must be met by a cash match from private sources.

Resolution: The governing body of the municipality must pass a resolution declaring that the building is blighted and indicate the specific conditions that pose a threat to public health and safety.

The Building: The application is limited to one building. A building with a common wall or walls would be acceptable as long as it meets the national objective and eligibility requirement.

Ownership: The intention of the program is to upgrade private buildings and return them to productive business uses. Accordingly, at the time the application is submitted the private entity or person that is going to undertake the rehabilitation of the structure must own the property or have an option to purchase the property. In the case of an option, the earnest money must be nominal, and the contract must be conditioned on the approval of CDBG funding and the environmental clearance.

Building Reuse Plan: In order to qualify, there must be a specific private for-profit business operation or operations that will locate in the building. A business plan will be required for these new or expanding ventures.

Commitment Letter(s): The application must include a letter from the property owner outlining the building improvements that will be undertaken, the cost of these improvements, amount of matching funds that will be provided, and the source of these funds. If the operator of the new business is different than the building owner, the business operator must provide information on the cost of starting the new business, source of these funds, timeline, information on goods or services being offered, and how many employees will be hired. If the building owner and business operator are the same party, these elements can be combined into one letter. If some of these funds are coming from a lending organization, a letter from the lender will also be required.

Recapture Provision: If the property owner sells the building within three years of project closeout, the CDBG funds must be repaid to the Kansas Department of Commerce.

The building owner must make concrete plans for all renovations planned for the building. In the event the building owner plans to undertake work that is above and beyond the activities allowed under the Commercial Rehabilitation program, the building owner must make concrete plans and show how he or she will implement all additional work. The building owner may address this in one of two ways. First, the building owner may undertake all renovations allowed under the Commercial Rehabilitation program and any additional building renovations as part of one large project. All work will be bid out at one time and will fall under one or more prime contracts. Second, the building owner may choose to undertake additional renovation work, not allowed under the Commercial Rehabilitation program, separately after the close of the Commercial Rehabilitation grant. In this case the building owner must provide plans as well as proof of financial resources to take on the additional renovations. The building owner will be required to commence business operations in the building within 12 months of the close of the grant. Failure on the part of the building owner to commence business operations in the renovated building within 12 months of the close of the grant will result in the building owner paying back the Commercial Rehabilitation grant funds.

Cost Estimate: The application must include a signed cost estimate from a licensed architect.

Davis-Bacon Rates: If CDBG funds are utilized in site preparation, construction or renovation of a building, the construction workers and mechanics must be paid the prevailing (Davis-Bacon) wage rates, as determined by the U.S. Department of Labor. If the application is funded, the grantee will have to consult with the Department to obtain wage rate determinations as applicable. Commerce must be contacted concerning the applicability of Davis-Bacon wage rates.

Use of public or private matching funds in the project over \$2,000 triggers Davis-Bacon.

Environmental Review: CDBG-funded projects require an environmental review process under the National Environment Policy Act of 1969 and HUD's implementing regulations, 24 CFR Part 58. This process is the responsibility of the local governmental unit. **(The whole project is subject to environmental review.)** The project consists of all activities, not just the activities or budget line items funded with CDBG money. In most cases, the environmental review process includes notification of various regulatory agencies, publication of findings, a seven-day or 15-day local comment period and a 15-day state comment period. Construction or other activities that would have an adverse environmental impact, or limit the choice of reasonable alternatives, whether funded by private or public sources, cannot begin until the Governor's Award Letter is signed, and the *Request for Release of Funds* is approved.

Cities or counties applying for Commercial Rehabilitation funding must complete an environmental review of the project, and submit the *Request for Release of Funds* certificate, and the supporting documentation to Commerce within 30 days after the application submittal date. Failure to submit this material within 30 days may result in the application being awarded later than scheduled.

Real Property Acquisition: If the project involves the purchase of real property, the property transactions must follow the provisions of the Uniform Relocation Assistance and Real Property Acquisition Policy Act. This is true even if private funds are used for the purchase.

Grant Administration: These projects must be administered by a grant administrator. The Department of Commerce maintains a list of persons that are interested in administering Small Cities CDBG projects in Kansas. Grant administration is an eligible cost under the program. The maximum amount of CDBG funds that can be used for administration is 10 percent of total CDBG funds or \$17,000, whichever is the lesser amount.

Citizen Participation/Public Hearing: Notices must be published in a local newspaper having general circulation in the community. The notice must be published at least five full days before (starting one day after publication date and not counting the date of the hearing, i.e., a total of seven days) but no more than 20 days before the hearing. The public hearing must be conducted by the applicant's governing body. (See pages 9 and 10 for information on public hearing notice.)

Application Deadlines: The Department of Commerce will accept grant applications on a year round basis.

Application Rating System: The applications will be rated by staff members of the Business and Community Development Division of the Kansas Department of Commerce. The following point system will be used:

Efforts of Community to Revitalize Downtown Commercial District	(20 points)
Scope of Work and Impact of Building on Commercial District	(25 points)
Financial Capacity and Business Experience of Owner/Operator	(20 points)
Business Plan for Reuse of Building	(25 points)
Readiness to Proceed with Project.....	(10 points)
Total	100 points

In order to be awarded funding, the application must receive at least an average score of 70 points from the rating team.

Site Visit: Applicants will receive a mandatory site visit in order for staff to make a final determination of grant award.

Historical Society, Asbestos Inspections and Flood Plain: Prior to submitting an application, applicants must contact the Kansas Historical Society and conduct an asbestos inspection. Documentation in the application is necessary to show the Historical Society has had a chance to comment on the project. The applicant must also provide documentation showing the results of the asbestos inspection. The flood plain map is required to show the building is not in the flood plain.

APPLICATION INSTRUCTIONS

Application Submittal and Deadline

Applications will be accepted on a year-round basis through December 3, 2021.

To apply, go to www.kansascommerce.gov/CDBG

Application Summary Form Instructions

1. Applicant - The name and complete address of applicant, including name of chief elected official.
2. Sub-recipient - Include all the requested information on the property owner undertaking the project.
3. Application Preparer - The name, street address, city, telephone and fax number.
4. Project Type - Only one of the two possible activities should be marked.
5. Citizen Participation - See Commercial Rehabilitation Program Guidelines.
6. Project Description - The project should be described in as much detail as space allows.
7. Proposed Funding - Include the funds related to the renovation project, not the operating businesses.
8. Self-explanatory
9. Self-explanatory
10. Disclosure Report
11. Self-explanatory

Application Narratives

Every application will be rated on a 100 point scale. Applicants are urged to provide the best possible narratives without exaggerating the profit potential of the business entities.

- A. Community Needs - Discuss community needs and how these needs were determined. Also, discuss what actions the community has undertaken to address these needs. This narrative should include such items as water, sewer, streets, parks, recreation and community buildings. Discussion of housing is required.
- B. Project Budget Form
- C. Efforts of the Community to Revitalize Downtown Commercial District (20 points) - Discuss past and present actions of local government, private organizations, and individual property owners to revitalize the commercial district.
- D. Scope of Work on Building and its Impact on Commercial District (25 points) - Provide detailed information on the scope of work on the building and how it relates to conditions that are detrimental to public health and safety. Also, indicate how improvements relate to correction of code violations. Discuss how this building will positively impact nearby structures and the rest of the commercial district.
- E. Financial Capacity and Business Experience of Owner/Operator (20 points) - Discuss the business and professional experience of the property owner, and the business operator if it is a different party. Provide information on how the property owner is financing the

matching funds to rehabilitate the building. Also, how will the working capital and equipment needs of the business venture be funded?

- F. Business Plan for Reuse of Buildings (25 points) - Applicant must provide a business plan for how the building will be used once all repairs have been made. The building reuse plan must be realistic.
- G. Readiness to Proceed with Project (10 points) - Provide information on the City's and the private parties' readiness to proceed. This could include such things as pre-selection of grant administrator, preliminary architect report, ownership or option on building, and status of the environmental review. Provide a detailed timeline for the rehabilitation project and the operation of the new business.

Failure to include required forms, signatures, seals, etc., will result in a 10 point deduction.

Other Attachments

- H. Business Plan(s) - A separate business plan for each business that will occupy the renovated building. (See Appendix C)
- I. Commitment Letter(s) - The property owner and the business operators should submit separate letters indicating their commitment to the project and how they will obtain the funds needed to implement their commitment. If funds are coming from an external source, a letter from the lender should also be included.
- J. Signed Cost Estimate - An estimate from a licensed architect should be included with the application.
- K. Photo Documentation - Exterior and interior photographs of the building should be provided.
- L. Map - A map of the commercial district with the location of the building marked on it should be provided.
- M. Purchase Option (if applicable) - If the party that will undertake the renovations and then own the property has not yet acquired it, a purchase option is required.
- N. Historic Preservation documentation (if applicable) - If this is an historic preservation project, documentation of its historic status must be provided.
- O. Asbestos Inspection.
- P. Flood Plain Map
- Q. Any other environmental concerns that could delay the project.
- R. Project Low- and Moderate-Income Benefit Form - Separate Low- and Moderate-Income Benefit forms will have to be submitted for the group of "Jobs Created" and for the group of "Jobs Retained." The words "Not Applicable" should be written across either of these forms that are inappropriate.

Instructions:

1. Job Title/Classification: The Applicant should provide a brief job title or classification for the jobs that will be created or retained during the course of this project, e.g., welders, assemblers, maintenance supervisors and shipping clerks.
2. Number of Jobs Created/Retained: For each job title/classification, indicate the number of jobs that will be created or retained on a full-time equivalent basis. Based on a 40-hour work-week, jobs are converted into FTE status by dividing the number of hours worked by 40: For example, a job that provided 30 hours of work would be listed as .75 FTE ($30/40 = 0.75$).

3. Number of Jobs Counted as LMI: Provide the number of jobs included in Column 3 which are to be counted as jobs for low- and moderate-income individuals.
4. Salary Level: Indicate the entry level hourly wage or salary for each job classification listed in the first column. This can be expressed as an annual salary or an hourly wage as appropriate.

NOTE: All applicants retaining jobs must provide Employee Certification Forms verifying that LMI requirements are met for the retained jobs (a sample form is included in this application). Such applicants must also clearly and objectively demonstrate that without CDBG assistance, the jobs would be lost. Examples of acceptable evidence are: (a) the issuance of a public notice that a given number of jobs will be eliminated or that the business will close if a grant is not received or (b) the notification of employees who would be affected in the event the grant is not awarded.

Appendix A
HUD Section 8 Assisted
Housing Income Data

The latest HUD income limits can be found on HUD's website:
<https://www.huduser.gov/portal/datasets/il.html>.

Local Citizen Participation

Local government applicants are required to meet citizen participation requirements each year prior to submission of an application to Commerce.

The applicant must hold one (1) legal public hearing for each application submitted during the program year. If an application is re-submitted within the same program year, it is not necessary to hold another public hearing, unless there are material changes in the application. Material changes would include such things as: amount of funds requested, job targets, location or activities. The purpose of the public hearing is to allow citizens to express their opinions of the proposed project. The local governing body should consider these comments before final submission of the application.

Applicants must provide adequate notice of the public hearing in a timely manner, accessible and understandable to all citizens. **Notices shall be published in a local newspaper having general circulation in the community.**

Each notice shall be published **at least** five full days before (starting one day after publication date and not counting the date of the hearing, i.e., a total of seven days) but **no more** than 20 days before the date of the hearing. Public hearings must be conducted by the applicant governing body.

The hearing must be held at a time and location convenient to potential or actual beneficiaries, with accommodations for persons with disabilities. Public hearings shall be conducted in a manner to meet the needs of non-English speaking residents where a significant number of non-English speaking residents can reasonably be expected to participate.

A hearing must be held to address **the specific project application** that will be submitted. The notice **must contain a description of the proposed project, proposed project location, job target, activities to be carried out and total estimated cost of activities.** The notice must include the grant amount requested and the total project cost. The application grant amount may not exceed the amount shown in the notice.

The local government should consider any comments or views on the proposed application before submission to the state.

The following public hearing notice is a sample that may be used by the applicant. Notices failing to include the information specifically required in the instructions above may not meet the threshold requirements of public participation.

NOTE: If funded, a second public hearing must be held prior to close-out to allow public comment on grant performance.

Sample Public Hearing Notice
Downtown Commercial Rehabilitation Applications

The City of _____ will hold a public hearing on (day), (date), at (time) in the (location) for the purpose of considering an application to be submitted to the Kansas Department of Commerce for Small Cities Community Development Block Grant funds under the Downtown Commercial Rehabilitation category. A specific project application to be discussed is (description) located at (location) that will consist of (specific activities). The estimated project cost is \$ _____ with the grant request for \$ _____ of the project cost. Other project proposals introduced at the hearing will be considered. Oral and written comments will be recorded and become a part of (City) CDBG Citizen Participation Plan.

Reasonable accommodations will be made available to persons with disabilities. Requests should be submitted to _____ by (date).

A second hearing must be held at the conclusion of the project to inform the citizens of the project's successful or unsuccessful completion and to outline the benefit to the community.

Appendix B
Applicable Laws and Regulations

Applicable Laws and Regulations

There are a number of federal and state regulations that jurisdictions receiving Community Development Block Grant funds must follow. These laws cover a wide range of activities, such as labor practices, environmental impacts and civil rights. Listed below are some of the more important laws and regulations that could apply to projects involving CDBG funds. This is a preliminary list and by the time funds are released, it could change, depending upon actions by the federal government. Each regulation is annotated to give the applicant some idea of the requirements that must be met. Since this is only a summary and is not meant to be a comprehensive description of each law, please contact the Kansas Department of Commerce if you need more detailed information. We will keep applicants informed of any changes in this list as we learn of them.

FEDERAL LAWS AND REGULATIONS

Fair Housing Amendments Act of 1988

CDBG grant recipients must comply with the provisions of "Fair Housing Amendments Act of 1988." The act provides that no person in the United States shall, on the grounds of race, color, religion, sex, sexual orientation, gender identity or national origin, disability, or familial status be denied the benefits of, be excluded from participation in, or be subjected to discrimination under any program or activity receiving federal financial assistance.

Public Law 90-284, Title VIII of the Civil Rights Act of 1968 (42 U.S.C. 3601 et seq.)

Grant recipients shall comply with the provisions of "Public Law 90-284," which refer to Title VIII of the Civil Rights Act of 1968 (42 U.S.C. 3601 et seq.). The law states that it is the policy of the United States to provide, within constitutional limitation, for fair housing throughout the United States and prohibits any person from discriminating in the sale or rental of housing, the financing of housing, or the provisions of brokerage services, including in any way making unavailable or denying a dwelling to any person, because of race, color, religion, sex, or national origin. The grantee must administer programs and activities relating to housing and urban development in a manner which affirmatively promotes fair housing.

Executive Order 11063, as amended by Executive Order 12259 (24 CFR Part 107)

CDBG grant recipients must comply with the provisions of Executive Order 11063, as amended by Executive Order 12259, which direct the recipient to take all action necessary and appropriate to prevent discrimination because of race, color, religion, creed, sex, or national origin.

Title VI of the Civil Rights Act of 1964

Recipients must comply with Title VI of the Civil Rights Act of 1964 that states, no person shall, on the grounds of race, color or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

Section 109 of the Housing and Community Development Act of 1974, as amended

Recipients must comply with the provisions of Section 109 of the Housing and Community Development Act of 1974 which require that no person in the United States shall on the grounds of race, color, national origin, or sex 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 made available pursuant to Title I of the act.

Age Discrimination Act of 1975, as amended (42 U.S.C. 6101 et seq.)

CDBG recipients shall comply with the Age Discrimination Act of 1975, as amended, which provides that no person shall be excluded from participation, denied program benefits, or subjected to discrimination on the basis of age under any program or activity receiving federal funding assistance.

Section 102 of the Housing and Urban Development (HUD) Reform Act of 1989 (24 CFR Part 12)

Recipients must comply with the provisions of Section 102 of the HUD Reform Act of 1989 if the recipient receives at least \$200,000 in covered assistance from HUD, states or local units of government, during the fiscal year in which the application is submitted. This requires the recipients to disclose:

- assistance from other government sources in connection with the project;
- the financial interests of persons in the project;
- the expected sources and uses of funds that are to be made available for the project or activity.

Section 104(1) of the Housing and Community Development Act, as amended

Section 104(1) provision states that no CDBG funds may be obligated or expended to any unit of general local government that fails to adopt and enforce a policy of prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations; or fails to adopt and enforce a policy of enforcing applicable state and local laws against physically barring entrance to or exit from a facility or location which is the subject of such non-violent civil rights demonstration within its jurisdiction.

Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794)

Recipients must comply with Section 504 of the Rehabilitation Act of 1973, as amended, which provides that no otherwise qualified individual shall, by reason of his or her handicap, be solely excluded from participation (including employment), denied program benefits, or be subjected to discrimination under any program or activity receiving federal assistance funds.

Americans with Disabilities Act (ADA) (P.L. 101-336; 42 U.S.C. 12101)

ADA provides disabled people access to employment, public accommodations, public services, transportation, and telecommunications. The ADA extends Section 504's mandate of non-discrimination based on disability to most of the private sector and to state and local government agencies not covered by Section 504. Recipients of federal assistance should note that the ADA complements, but does not replace, Section 504.

Section 3 of the Housing and Community Development Act of 1968 (12 U.S.C. 1701(u))

CDBG grantee shall to the greatest extent feasible, comply with the provisions of Section 3 of the Housing and Urban Development Act of 1968 when planning and implementing projects assisted by a CDBG. Section 3 requires opportunities for training and employment be given to lower-income persons residing within the unit of local government or the non-metropolitan county in which the project is located, and that contracts for work in connection with the project be awarded to eligible business concerns which are located in, or owned in substantial part by residents of the project area. The recipient must assure good faith efforts toward compliance with the statutory directive of Section 3.

Executive Order 11246, as amended

CDBG recipients must comply with Executive Order 11246, as amended, which provides that grantees and any subcontractors shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin and shall take affirmative action to assure same.

Section 110 of the Housing and Community Development Act of 1974, as amended

CDBG recipients shall comply with the provisions of Section 110 of the Housing and Community Development Act of 1974, as amended through 1983. These provisions require that in all construction contracts all laborers and mechanics assisted under the act shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act as amended (40 U.S.C. 276-a-276a-5). The exception to this is for rehabilitation of residential property which is for use by less than eight families.

Davis-Bacon Act, as amended (40 U.S.C. 276a-s), Section 2; June 13, 1934, as amended (48 Stat. 948.40 U.S.C. 276(c)), Popularly Known as the Copeland Act

Recipients shall comply with all amendments of the Davis-Bacon Act, including the Copeland Act, which requires that all laborers and mechanics be paid unconditionally and at least once a week with only "permissible" salary deductions. Wage rates must be not less than those contained in the prevailing local wage determination issued by the U.S. Department of Labor.

Contract Work Hours and Safety Standards Act (40 U.S.C. 327 et seq.)

CDBG recipients shall comply with the provisions of the Contract Work Hours and Safety Standards Act. According to this act, no contract work may involve, or require laborers or mechanics to work in excess of 40 hours in a work week, unless compensation of not less than one and one-half times the basic rate is paid for the overtime hours.

Section 104(f) of the Housing and Community Development Act of 1974, as amended

Recipients shall comply with Section 104(f) of the Housing and Community Development Act of 1974 that expresses the intent that the policies of the National Environmental Policy Act of 1969 and other provisions of law that further the purpose of the National Environmental Policy Act shall be effectively implemented in community development projects.

The National Environmental Policy Act of 1969 (42 U.S.C. Section 4321, et seq. and 24 CFR Part 58)

CDBG recipients shall comply with the provisions of the National Environmental Policy Act of 1969. The purpose of this act is to attain the widest use of the environment without degradation, risk to health or safety, or other undesirable and unintended consequences.

The Clean Air Act, as amended (42 U.S.C. 7401, et seq.)

Recipients shall comply with the Clean Air Act, which prohibits (1) engaging in, (2) supporting in any way or providing financial assistance for, (3) licensing or permitting, or (4) approving any activity which does not conform to the state implementation plan for national primary and secondary ambient air quality standards.

HUD Environmental Standards (24 CFR, Part 51, Environmental Criteria and Standards and 44 F.R. 40860-40866, July 12, 1979)

CDBG recipients shall comply with HUD Environmental Standards, which prohibit HUD support for most new construction (of unacceptable noise-sensitive uses) on sites having unacceptable noise exposure.

Executive Order 11990, May 24, 1977: Protection of Wetlands (42 F.R. 26961, et seq.)

Recipients shall comply with Executive Order 11990. The intent of this executive order is: 1) to avoid, to the extent possible, adverse impacts associated with the destruction or modification of wetlands, and 2) to avoid direct or indirect support of new construction in wetlands wherever there is a practical alternative.

The Wild and Scenic Rivers Act of 1968, as amended (16 U.S.C. 1271, et seq.)

CDBG recipients shall comply with the Wild and Scenic Rivers Act. The purpose of this act is to preserve selected rivers or sections of rivers in their free-flowing condition, to protect the water quality of such rivers, and to fulfill other vital national conservation goals. Federal assistance cannot be provided to water resources construction projects that would have a direct and adverse effect on any river included or designated for study or inclusion in the National Wild and Scenic River System.

Executive Order 11988, May 24, 1978: Floodplain Management (42 F.R. 26951, et seq.)

Recipients shall comply with the provisions of Executive Order 11988. If the grantee proposes to conduct, support or allow an action to be located in the floodplain, the grantee must consider alternatives to avoid adverse effects.

The Endangered Species Act of 1973, as amended (16 U.S.C. 1531, et seq.)

Recipients shall comply with the Endangered Species Act of 1973, as amended. The intent of this act is to ensure that all federally assisted projects seek to preserve endangered or threatened species. Federally authorized and funded projects must not jeopardize the continued existence of endangered and threatened species or their habitat.

The Reservoir Salvage Act of 1960 (16 U.S.C. 469 et seq.), Section 3 (16 U.S.C. 469 a-1), as amended by the Archaeological and Historic Preservation Act of 1974

Under the Reservoir Salvage Act, CDBG recipients must comply with provisions for the preservation of historical and archaeological data (including relics and specimens) that might otherwise be irreparably lost or destroyed as a result of any alteration of the terrain caused as a result of any federally financed projects.

The Safe Drinking Water Act of 1974 (42 U.S.C. Section 201, 300(f) et seq. and U.S.C. Section 349) as amended, particularly Section 1424(e) (42 U.S.C. Section 300H-303(e))

Recipients must comply with the Safe Drinking Water Act, as amended, which is intended to protect underground sources of water. No federal financial assistance may be given any project that may contaminate an aquifer that is the sole or principal drinking water source for an area.

The Federal Water Pollution Control Act of 1972, as amended including the Clean Water Act of 1977, Public Law 92-212 (33 U.S.C. Section 1251, et seq.)

CDBG recipients must assure compliance with the Water Pollution Control Act, as amended, which provides for the restoration of chemical, physical, and biological integrity of the nation's water.

The Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976 (42 U.S.C. Section 6901, et seq.)

Recipients must assure compliance with the Solid Waste Disposal Act, as amended. The purpose of this act is to promote the protection of health and the environment and to conserve valuable material and energy resources.

The Fish and Wildlife Coordination Act of 1958, as amended (16 U.S.C. Section 661, et seq.)

CDBG recipients must assure compliance with the Fish and Wildlife Coordination Act, as amended. This act assures that wildlife conservation receives equal consideration and is coordinated with other features of water resource development programs.

EPA List of Violating Facilities

Recipients shall ensure that the facilities under its ownership, lease, or supervision utilized in the accomplishment of the program are not listed on the U.S. Environmental Protection Agency's (EPA) List of Violating Facilities.

Historic Preservation

CDBG recipients shall, in connection with its performance of environmental assessments under the National Environmental Policy Act of 1969, comply with Section 106 of the National Historic Preservation Act of 1966 (16 U.S.C. 470).

Federal Regulations Protect Historic Properties Affected by Federal Undertakings

Section 106 of the National Historic Preservation Act of 1966, as amended, requires a federal agency head with jurisdiction over a federal, federally assisted, or federally licensed undertaking to take into account the effects of the agency's undertakings on properties included in, or eligible for, the National Register of Historic Places and, prior to the approval of the undertaking, to afford the Advisory Council on Historic Preservation (Council) a reasonable opportunity to comment on the undertaking. The process used by a federal agency to meet these responsibilities is commonly called Section 106 review process. Sometimes the federal agency makes the Section 106 review process. Sometimes the federal agency makes Section 106 review the responsibility of the local government receiving federal funds. When a local government is responsible for Section 106 review, they should contact the State Historic Preservation Officer early in the project planning process to receive recommendations and direction from the State Historic Preservation Officer's staff.

The Council seeks through the Section 106 review process to accommodate historic preservation concerns with the needs of federal undertakings. It is designed to identify potential conflicts between the two and to help resolve such conflicts in the public interest. The Council encourages this accommodation through consultation among the federal agency official, the State Historic Preservation Officer, and other interested persons during the early stages of planning. Integration of the Section 106 review process into the normal administrative process

used by federal agencies for project planning ensures early, systematic consideration of historic preservation issues. To this end, the Council encourages federal agencies and their designees to examine their administrative process to see that they provide adequately for the efficient identification and consideration of historic properties, that they provide for participation by the State Historic Preservation Officer, and others interested in historic preservation, that they provide for timely request for Council comment, and that they promote cost-effective implementation of the Section 106 review process. When impediments are found to exist in the agency's administrative process, the agency is encouraged to consult with the Council to develop special Section 106 review procedures suited to the agency's needs.

Copies of the federal regulations for the Section 106 review process (36 CFR 800) are available from the State Historic Preservation Officer, Kansas State Historical Society, 6472 S.W. 6th Avenue, Topeka, Kansas 66615.

Title IV of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4831)

CDBG recipients shall comply with the provisions of the Title IV of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4831), which prohibits the use of lead-based paint in residential structures constructed or rehabilitated with federal assistance of any kind.

The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, and 24 CFR 570.488

All persons displaced as a direct result of rehabilitation, demolition or acquisition (privately undertaken or public) for a federally assisted project are entitled to relocation payments and other assistance under the URA.

Section 104(d) of Title I, Housing Development Act of 1974, as amended

Requires certification of residential antidisplacement and relocation plan if federal funds are involved. If housing stock is reduced, one-for-one replacement units will be required on all demolition or conversion of low- and moderate-income housing units.

Section 105(a)(11) of Title I, Housing Development Act of 1974, as amended

The state may make relocation payments and assistance for displaced individuals, families, businesses, organizations, and farm operations when federal funding is involved.

STATE LAW REQUIREMENTS

Prevailing Wages

Recipients shall comply with the provisions of K.S.A. 44-201 et seq., which requires that prevailing wages be paid to workers performing under contracts with any city, county, or other municipality.

Contracts with Cities and Counties, K.S.A. 12-2908

Any eligible applicant exercising powers jointly with any other public or private agency shall be required to enter contracts pursuant to K.S.A. 12-2908.

K.S.A. 75-4317 et seq., Open Public Meetings Law

CDBG recipients shall comply with the provisions of K.S.A. 75-4317 through 75-4320 which require that all public meetings except those where specific provision are made for executive sessions pursuant to K.S.A. 1983 Supp. 75-4319.

K.S.A. 1983 Supp. 45-206 et seq., Open Records Act

CDBG recipients shall comply with the provisions of K.S.A. 1983 Supp. 45-206 et seq., which requires that all records of a public agency shall be open to inspection by the public, except to the extent otherwise specifically closed by state or federal law, and specifically K.S.A. 1983 Supp. 45-211.

K.S.A. 58-1301 et seq., Handicapped Accessibility Standards

CDBG recipients shall comply with the provisions of K.S.A. 58-1301 et seq., which require that all buildings and facilities constructed with monies appropriated by the state or a political subdivision be made accessible to the physically handicapped.

Articles 10 and 11 of Chapter 44 of the Kansas Statutes Annotated, Kansas Acts Against Discrimination

CDBG recipients shall comply with the provisions of Articles 10 and 11 of K.S.A. Chapter 44, which prohibit discrimination in employment, public accommodations or housing, on the basis of race, religion, color, sex, disability, national origin, or ancestry.

STATE LAWS THAT MAY BE AVAILABLE OR APPLICABLE

K.S.A. 12-2901 et seq., Interlocal Cooperation

The Interlocal Cooperation Act permits units of local government to exercise most powers permitted by law jointly with any other public or private agency. This act may be used by any local government recipient undertaking joint Community Development projects. Any recipient utilizing the provisions of this act shall comply with K.S.A. 12-2908, relative to contracts with cooperative agencies. Use of this act may be necessary in order to meet capacity requirements.

K.S.A. 12-5219 et seq., Local Residential Housing Finance Law

The Local Residential Housing Finance Law permits cities and counties to contract for home mortgage loans through lending institutions, to make loans, issue bonds to defray the cost of loans, and exercise other powers necessary to make residential housing available.

K.S.A. 12-1742 et seq., Urban Renewal Law

The Urban Renewal Law permits cities to formulate programs of urban rehabilitation through the exercise of various powers, including the power of eminent domain, and the issuance of bonds to finance projects.

K.S.A. 12-1770 et seq., Redevelopment of Central Business District Areas

K.S.A. 12-1770 et seq., permits cities to provide for downtown redevelopment through the use of tax increment financing and the issuance of special obligation bonds repaid from revenues of the project. Caution should be exercised in the decision to utilize this act, to ensure qualification of CDBG funds for such a project.

K.S.A. 12-1781 et seq., Business Improvement Districts

K.S.A. 12-1781 et seq. permits the establishment of business improvement districts to promote economic vitality through the financing of beautification, transportation, or other public service projects.

K.S.A. 12-17,107 et seq., Enterprise Zones

K.S.A. 12-17,107 et seq. permits cities to create enterprise zones to offer financial incentives to encourage development of business and industry within certain areas of the city. Information pertaining to, and applications for the creation of, an enterprise zone is available through the Kansas Department of Commerce.

K.S.A. 12-1740, Economic Development Revenue Bonds

K.S.A. 12-1740 et seq. permits the issuance of revenue bonds to pay part (or all) of the cost of purchasing, acquiring, constructing, equipping, enlarging or repairing facilities for agricultural, commercial, hospital, industrial, natural resources, recreational development and manufacturing purposes. Sales tax and property tax incentives may also be offered.

These are only some of the tools that may be available or made applicable in connection with projects financed with CDBG grants.

Suggested Median Fees For Professional Engineering Services as a Percentage of Net Construction Cost

Schedule for Basic Engineering Services:

Net Construction Cost	% Fee	Net Construction Cost	% Fee
30,000	14.00	400,000	8.80
40,000	13.00	450,000	8.65
50,000	12.50	500,000	8.55
60,000	12.25	550,000	8.35
70,000	11.85	600,000	8.15
80,000	11.55	650,000	8.05
90,000	11.35	700,000	7.90
100,000	11.20	750,000	7.80
110,000	11.00	800,000	7.70
120,000	10.85	850,000	7.60
140,000	10.55	900,000	7.55
160,000	10.30	1,000,000	7.40
180,000	10.15	1,500,000	7.00
200,000	9.95	2,000,000	6.70
250,000	9.55	2,500,000	6.55
300,000	9.25	3,000,000	6.45
350,000	9.00	4,000,000	6.30

The schedule for basic engineering services includes preliminary services, collection of field data, design services and services during construction, including periodic inspections. An additional compensation of two percent (2%) shall be made for the design of water treatment plants, sewage treatment plants, sewage collection systems and dams and impounding reservoirs, based on the actual cost thereof. An additional compensation of one percent (1%) may be allowed for the design on existing projects for rehabilitation purposes, based on the actual cost thereof.

Suggested Median Fees for Construction Inspection: 75 percent of Basic Engineering Services.

Architectural Services

The CDBG dollars for architectural design services will be seven percent of the construction cost. Varying degrees of project complexity may result in a higher negotiated fee. The maximum increase for complexity of an architectural service is four percent.

Inspection costs: 75 percent of Basic Architectural Design Services.

Application Checklist for Downtown Commercial Rehabilitation

Applications must be submitted in the following order:

- _____ Application Summary
- _____ Affidavit of Publications
- _____ Community Needs (Form A)
- _____ Project Budget Form (Form B)
- _____ Opinion of Probable Cost
- _____ Civil Rights Information (Form C)
- _____ Narratives:
 - _____ Community Efforts to Revitalize Downtown Commercial District
 - _____ Scope of Rehabilitation Work on Building and its Impact on Commercial District
 - _____ Financial Capacity and Business Experience of Owner/Operator
 - _____ Readiness to Proceed with Project
- _____ Pre-Selection of Professional Services (Form D)
- _____ Resolution Certifying Legal Authority
- _____ Resolution for Slum and Blight Declaration
- _____ Statement of Assurances
- _____ Residential Anti-Displacement and Relocation Assistance Plan
- _____ Disclosure Report
- _____ Determination of Level of Review
- _____ Business Plans
- _____ Photos
- _____ Maps
- _____ Purchase Option, if applicable
- _____ Historic Preservation documentation, if applicable
- _____ Asbestos Inspection, if applicable
- _____ Flood Plain Map
- _____ Job Creation/Retention Forms, if applicable
- _____ Preliminary Architectural/Engineering Report

STATE OF KANSAS
DEPARTMENT OF COMMERCE
EMPLOYEE CERTIFICATION FORM

Name of Company: _____ Project #: _____
Date Employed: _____

Family Income-Total income from all family members during the prior year from all sources. This includes but is not limited to wages, salary, interest, dividends, royalties, and farm income.

In the left column below, check off the box that indicates your family size. Using the income limits on the line corresponding to your family size, check off the appropriate income box on the right side.

FAMILY SIZE	Section 1: INCOME LIMITS			
	A (30%)	B (50%)	C (80%)	
1 <input type="checkbox"/>	<u>10,100</u> TO	<u>16,800</u> TO	<u>26,950</u>	<input type="checkbox"/> Income below Column A
2 <input type="checkbox"/>	<u>11,550</u> TO	<u>19,200</u> TO	<u>30,800</u>	<input type="checkbox"/> Income between Column A & B
3 <input type="checkbox"/>	<u>13,000</u> TO	<u>21,600</u> TO	<u>34,650</u>	
4 <input type="checkbox"/>	<u>14,450</u> TO	<u>24,050</u> TO	<u>38,500</u>	<input type="checkbox"/> Income between Column B & C
5 <input type="checkbox"/>	<u>15,600</u> TO	<u>25,950</u> TO	<u>41,550</u>	
6 <input type="checkbox"/>	<u>16,750</u> TO	<u>27,850</u> TO	<u>44,650</u>	<input type="checkbox"/> Income Above Column C
7 <input type="checkbox"/>	<u>17,900</u> TO	<u>29,800</u> TO	<u>47,700</u>	
8+ <input type="checkbox"/>	<u>19,050</u> TO	<u>21,700</u> TO	<u>50,800</u>	

RACE/ETHNICITY & DISABILITY STATUS

Do you have a handicap or disability? Yes No
Are you Hispanic? Yes No
Are you a female head of household? Yes No

RACE

<input type="checkbox"/> White	<input type="checkbox"/> American Indian/Alaskan Native & White
<input type="checkbox"/> Black/African American	<input type="checkbox"/> Asian & White
<input type="checkbox"/> Asian	<input type="checkbox"/> Black/African American & White
<input type="checkbox"/> American Indian/Alaskan Native	<input type="checkbox"/> American Indian/Alaskan Native & Black/African American
<input type="checkbox"/> Native Hawaiian/Other Pacific Islander	<input type="checkbox"/> Other

Does your employer offer a health care plan for this job? Yes No
Were you unemployed before taking this job? Yes No

To the best of my knowledge, the above information is true and can be verified if requested by proper officials of the city/county or the State of Kansas. I also certify that I am authorized to work in the United States and can produce evidence of work authorization.

Job Title

Date

Print Name

Signature Required

Appendix C
Business Plan Guidelines



1-877-625-7232

BUSINESS PLAN OUTLINE

Every business can benefit from the preparation of a carefully written business plan. A business plan allows you to develop goals and strategies for your business. Business owners who do all or most of the work themselves are the ones who benefit most from the planning process. Planning helps not only to identify all costs associated with the future operations, expansion, or special projects, but also helps to keep a company looking toward the future.

This outline is intended to serve as a guide for an operational business plan. It explores all aspects of a business operation. It will

1. Help you think through any project and ensure that you have considered all of your options and anticipated any potential difficulties;
2. Convince potential lenders and investors that you are in control of the project and that their money will be safe with you;
3. Serve as a road map for the success of your business.

The following outline lists key topics that should be included in narrative (story) form and standard financial statement format. Start with Section IV. Sections I-III will be written last. The final product should be tailored to fit your business circumstances and personality. Keep your copy in a three-ring binder so you can make revisions easily. If you provide copies of your plan to persons outside the company, give your plan a professional appearance by printing it on high quality paper and presenting it in a binder.

I. Cover Sheet

Your cover sheet should include the name of the business, owner's name, address, phone and fax numbers, and e-mail addresses for the business. Show the date of issue of the plan and "Copy Number ____" if you need to control the copies.

II. Executive Summary

The Executive Summary, while presented at the beginning of the plan, is the last section written. It is a condensed version of the entire business plan that must be able to stand on its own. It is not simply an introduction to the rest of the business plan. Bankers or investors who review many business plans may read only the Executive Summary. If the Executive Summary is not successful in gaining the banker's or investor's confidence, the plan may be rejected and may never be read in its entirety. The Executive Summary should include:

- the purpose of the plan (operating guide, loan request, prospectus for investors),
- the type of business you own or propose to own and the current state of development,
- the unique aspects of your product or service,
- the business structure you have chosen (sole proprietorship, partnership, corporation, LLC),
- the names of the principals,
- the amount of money you need to implement your plan and how it will be used,
- the amount of money you are investing,
- if you are requesting a loan, how you will repay the funds and the collateral that will be used to secure the loan,
- a summary of the financial projections.

III. Table of Contents

List major topics and page references.

IV. The Company

- A. Company Mission and Philosophy
 1. What is the mission of the company?
 2. What is the company philosophy regarding relationships between the company and its customers, suppliers, owners, regulators, employees and other stakeholders?
 3. What are the short and long term goals for the company?
- B. Company Description and History
 1. What is the legal structure of the business (sole proprietorship, partnership, corporation [C or S], LLC)? Who are the principals and what is their proportion of ownership?
 2. What is the company's history?
 3. What are the company's strengths and weaknesses, opportunities and threats?
 4. Describe the physical plant, equipment, etc., the advantages/disadvantages of your location.
 5. Describe the product or service.
 6. Explain the company's position in the market today.

V. The Project

- A. Project Description
 - 1. What will you be doing? Start up? Purchase? Expansion? Sale?
 - 2. Where will it happen?
 - 3. How will it be accomplished?
 - 4. Who will be involved?
 - 5. When will it happen? Include a timeline for construction, equipment installation, employee training, financing, etc.
- B. Sources and Uses of Funds
 - 1. Sources
 - a. Loan amount
 - b. Your investment
 - c. Investment of others
 - 2. Uses
 - a. Real Estate (separate land and buildings)
 - b. Equipment
 - c. Prepaid Expenses
 - d. Working Capital (Cash)

VI. Marketing

- A. Market Research and Analysis
 - 1. Target market (customers) and demographics
 - a. Who are potential customers? Define the characteristics of the customer by sex, age, income, education, occupation, household size, geography, lifestyle, or other relevant characteristics.
 - b. How many different market segments (customer groups) are included in the customer base? Describe each market segment. What is the basis of purchase decisions by each segment: price? Quality? Service? Personal contacts? Political pressures? Other factors?
 - 2. Market size and trends
 - a. How much money is spent on the product or service within the target market each year?
 - b. Describe the potential annual growth of the target market for the product or service for each market segment.
 - c. Describe the major factors affecting market growth including industry trends, socio-economic trends, government policy, population shifts, etc.
 - 3. Competition (direct and indirect)
 - a. Present a profile for each main competitor by defining the current advantages and disadvantages of its products and services, suppliers, and place in the market (quality leader, lowest price, etc.)

- b. Assess their strengths, weaknesses, opportunities, and threats.
 - c. Compare competing products/services listed based on price, performance, warranties, and other pertinent features.
 - d. Discuss each competitor's share of the market, sales, distribution, and production capabilities.
 - e. Discuss why any companies have entered or dropped out of the market in recent years. Indicate any knowledge of competitors' actions that could lead the company to new or improved products/services and an advantageous position.
 - f. Discuss the possible opportunities a competitor might have in the market place. How easy is it to enter the market? How easy or difficult will it be to compete?
- B. The Marketing Plan
- 1. Promotion and advertising
 - a. What methods will be used for each market segment previously identified – TV, radio, journals, magazines, direct mail, trade shows, etc.? Are there co-op opportunities with suppliers?
 - b. Describe any advertising materials proposed or developed.
 - c. What type of promotions will you use?
 - d. What results do you expect from advertising and promotion efforts?
 - e. Include a schedule of activity by month, including costs.
 - 2. Pricing
 - a. What is the pricing strategy? Why was it chosen?
 - b. Compare pricing strategy to competitors, and explain its advantage for the company.
 - 3. Place
 - a. Discuss the strengths and weaknesses of the location.
 - b. What are the sales and distribution tactics that you will use to market the product or service? Internal sales force? Outside sales persons? Distributors? Discuss any selling salaries, contracts, commissions, or other costs in the distribution channel such as margin requirements.
 - 4. Persuasion – personal selling
 - a. Will you sell direct to the end customer? If not, discuss the distribution methods that will be used.
 - b. Discuss the customer service philosophy.
 - c. What are the service and warranty policies?

VII. Management and Operations

- A. Management Team
 - 1. Describe the organizational structure including a brief job description for each position. Include an organization chart if appropriate.
 - 2. What personal business experience do you have? What industry experience do you have that lends itself to the success of this new venture?
 - 3. Who is on the management team? Include resumes in the appendix.

4. What, if any, training will be required to address weaknesses? Describe ongoing professional development.
 5. Have you selected a Board of Directors/Advisors/Management Resource Team? Identify them and their areas of expertise.
- B. Personnel
1. Describe the labor market in terms of unemployment rates, education, background, and experience as it relates to the business.
 2. Do you anticipate difficulty in finding and recruiting employees? If so, please discuss how you will overcome them.
 3. What, if any, initial training will be required? Describe ongoing training programs.
 4. Briefly describe the personnel policies and include a copy of the personnel manual in the appendix.
- C. Operations
1. Government regulations
 - a. What licenses and permits are needed to operate in your city and state?
 - b. Is the business affected by zoning regulations?
 2. Asset protection
 - a. Have you protected your concept with patents, trademark registration, and/or copyrights? If so, discuss and include supporting documents in the appendix.
 - b. Describe the insurance coverage needed to protect both the company and yourself.
 - c. Will you/your employees need to be bonded?
 - d. If the company will have credit sales, briefly describe the credit and collections policy and include a copy of the written policy in the appendix.
 - e. If the company will have inventory, describe the inventory control system.
 3. Financial management
 - a. Describe the record keeping system.
 - b. Include the name of the company's bank, accountant, and other finance professionals who will provide assistance.
 4. Describe day-to-day operations. Do operations need to be altered to achieve company goals as stated in part I of the business plan? What changes will be required?

VIII. Financial Data

This section of the business plan will be closely scrutinized by bankers and/or potential investors. Include a minimum of a twelve month cash flow for the first year of your project, income statements, and balance sheets for the first three years of the project. State all underlying assumptions.

A. Project Financial Requirements

1. Initial costs - A complete list of all items required to begin the business, undertake the expansion, buy or sell the business, and their costs.

2. Monthly operating costs - Include a written explanation of all operating costs, by line item that appear on the projected cash flow.
 3. Owner's financial requirements including taxes.
- B. Financial Statements
1. Projected Cash Flow by month for first 12 months.
 2. Projected Income Statement for 3 years.
 3. Projected Balance Sheet for 3 years.
 - a. Number of Shares/Memberships, par or stated value, amount contributed per share
 - b. Subordinated debt (owner carry back, stand by loans)

IV. **Appendix**

The appendix should support the body of the business plan. You may choose to include marketing reports, brochures, an organizational chart, resumes, plant layout drawings, photos of the product, copy of purchase agreements, vendor cost estimates for equipment to be purchased, contractor estimates for renovation or construction, letters of support from customers, technical reports explaining your product, etc.

The following items should be included in the appendix for a loan proposal:

- Company financial statements and tax returns for the past three years.
- Ownership information including names of owners or stockholders (when appropriate).
- A list of corporate officers.
- Date and domicile of incorporation, date partnership agreement was signed.
- Personal income tax returns of all owners.
- Personal financial statement.
- Insurance coverage including carrier, amount, and beneficiary, if applicable.
- Quotes for equipment, construction, etc.
- Store or production layout.