

Chapter DOD 15

COMMUNITY-BASED ECONOMIC DEVELOPMENT
PROGRAM

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DOD 15.01 Purpose. The purpose of this chapter is to establish a procedure for the administration of community-based economic development grants by the department as provided by s. 560.14, Stats.

History: Cr. Register, May, 1990, No. 413, eff. 6-1-90.

DOD 15.02 Definitions. In this chapter:

(1) "Acquisition" means the execution of a mortgage or lease through which the applicant acquires the rights to the property that will be used as a business incubator.

(2) "Applicable median household income" has the meaning given in s. 560.14 (1) (a), Stats.

(3) "Business incubator" has the meaning given in s. 560.14 (1) (b), Stats.

(4) "Cash match" means a cash contribution to an applicant's project.

(5) "Ceases operations" means the removal of all tenants from the business incubator, the cessation of shared services or managerial assistance by the business incubator and, the conversion of the business incubator to some other use by the applicant or the organization that operates the business incubator.

(6) "Community-based organization" has the meaning given in s. 560.14 (1) (c), Stats.

(7) "Department" means the department of development.

(8) "Distressed area" has the meaning given in s. 560.14 (1) (d), Stats.

(9) "Extreme financial hardship area" means an area to which any 4 of s. 560.14 (1) (d) 1 to 6, Stats., apply or an area which has experienced an average unemployment rate of 20% or more over the last 3 years preceding the date of application, and to which any 3 of s. 560.14 (1) (d) 1 to 6, Stats., apply.

(10) "Job" means a position providing full-time equivalent employment for an individual for at least one year following the conclusion of a project funded under this chapter.

(11) "Municipality" has the meaning given in s. 560.14 (1) (f), Stats.

(12) "Small business" means a business which employs 25 or fewer persons.

(13) "Unemployment rate" means the average unemployment rate for the distressed area which is proposed to be served by the grant or in

which the incubator will be located during the 18 months immediately preceding the date of submission of the application.

History: Cr. Register, May, 1990, No. 413, eff. 6-1-90; renum. (1) to (10) to be (2), (3), (6) to (13), and am. (9), cr. (1), (4) and (5), Register, November, 1991, No. 431, eff. 12-1-91.

DOD 15.03 Business promotion and assistance grants. (1) The department may make a grant to a community-based organization to promote small business development in distressed areas or to provide assistance to businesses or entrepreneurs located within a distressed area.

(2) The maximum amount that may be granted for any project of small business promotion or small business assistance is \$30,000.

(3) An application by a community-based organization for a grant under this section shall be in such form as the department may require and shall include all of the following:

(a) A description of the level of distress in the area proposed to be served by the grant activities including a presentation of data and information for the area which addresses the criteria in s. 560.14 (1) (d) 1 through 6, Stats.

(b) A discussion of the capacity of the community-based organization to undertake the activities proposed by the application.

(c) A description of the past experience of the community-based organization related to the proposed activities.

(d) A demonstration of the need for and feasibility of the activities proposed by the application.

(e) A description of the expected results to be achieved by the activities proposed in the application.

(f) Evidence of adequate financial support to carry out the proposed activities.

(g) A description of the qualifications of the persons who will provide the promotion or assistance.

(h) A description of the proposed project including a budget.

(i) A description of community support for the proposed project activities.

(j) Any other information the department may require to make a determination in accordance with s. 560.14 (2), Stats., and this chapter.

(4) The department may make a grant under this section after examining the application and any other information it deems relevant, if based upon the criteria contained in pars. (a) to (j), the application submitted by the community-based organization compares favorably to other applications received during the fiscal year. The department shall fund only those proposals which, in its judgement, effectively address the criteria in pars. (a) to (j) even if the department's determination results in the expenditure of less than the total funding assigned under s. DOD 15.05 for grants under this section.

(a) The level of distress in the area proposed to be served by the grant activities.

(b) The ability of the community-based organization to carry out the activities proposed in its application.

(c) The need for the activities being proposed.

(d) The need for state financial assistance.

(e) The anticipated results and the likelihood they will be achieved.

(f) The number of jobs that are likely to be created and retained as a result of the proposed activities and the number of jobs that are likely to be created and retained for low-income persons.

(g) The level and adequacy of financial support available to undertake the proposed activities.

(h) The degree of community support for the proposed activities.

(i) The level of representation on the community-based organization's governing body of low- and moderate-income persons and persons who live or work in the area proposed to be served.

(j) Whether or not the applicant is a nonstock, nonprofit corporation organized under ch. 181, Stats., or a nonprofit cooperative organized under ch. 185, Stats.

(5) Grants to provide assistance to a specific small business planning a start-up or expansion project in the service area of the community-based organization may be for one or more of the following direct management services:

(a) Production of a feasibility study.

(b) Production of a financial plan, a financial projection, or both.

(c) Production of a business plan.

(d) Assistance with the preparation of loan applications.

(e) Assistance with the review of in-house operating procedures.

(f) Entrepreneurship and management training.

(6) Grants to promote small business development in the service area of the community-based organization may be for one or more of the following:

(a) Production of an economic profile.

(b) Production of a brochure which contains information on location advantages, available commercial and industrial sites or sources of grants, loans and other public and private financing.

(c) Production of a targeted industry study.

(d) Entrepreneurship training for the purpose of developing local expertise.

(7) The department shall specify an amount, not to exceed 7% of the non-administrative cost of the project, that may be used by a grant recipient to administer a grant made under this section.

History: Cr. Register, May, 1990, No. 413, eff. 6-1-90; r. and recr. (4) (intro.), (5) and (6), cr. (7), Register, November, 1991, No. 431, eff. 12-1-91.

Register, November, 1991, No. 431

DOD 15.04 Business incubator grants. (1) The department may make a grant to a community-based organization or a municipality for any of the following:

(a) To fund the operation of an existing business incubator.

(b) To provide technical assistance in the process of starting a business incubator, including planning, engineering, architectural and legal services, and assistance in preparation of feasibility studies and business plans.

(c) To start a new business incubator by financing the construction, rehabilitation or other development of a business incubator. To qualify under this paragraph, neither construction nor acquisition may have occurred prior to the date of the grant award unless the building is owned by a nonprofit, nonstock corporation or local government, limited or no rehabilitation has taken place as of the date of the application and the nonprofit, nonstock corporation or local government meets one of the following:

1. Received the building as a donation.
2. Is converting a building previously owned and utilized by for other purposes.
3. Purchased a vacant building at or below assessed value.

(2) A grant made under this section may not exceed 50% of the total cost. That portion of a grant made under this section for operating costs may not exceed 50% of the operating cost of the project for which the grant is made. The grant recipient shall provide at least a 50% cash match from its own resources or some other source unless the department determines that the area in which the incubator is located or is proposed to be located is an extreme financial hardship area in which case the department may consider a 30% cash match or a 50% in kind contribution as sufficient match.

(3) The maximum grant under sub. (1) (a) is \$30,000 in any year. The maximum grant under sub. (1) (b) is \$25,000. The maximum grant under sub. (1) (c) is \$100,000 in any year and the maximum amount of such a grant that may be devoted to operating expenses is \$30,000. The department may not make grants under sub. (1) (a) to a particular business incubator in more than 5 years. A municipality or community-based organization is limited to 1 grant under sub. (1) (b) and any particular business incubator may receive no more than 2 grants under sub. (1) (c). A recipient of a grant under sub. (1) (c) may not receive a grant under sub. (1) (a) for the same business incubator in the same year.

(4) A application by a community-based organization or a municipality for a grant under this section shall be in such form as the department may require and shall include all of the following:

(a) A description of the level of distress in the area which the incubator is or is proposed to be located including a presentation of the data and information for the area which addresses the criteria in s. 560.14 (1) (d) 1 through 6, Stats.

(b) A showing of the need for state financial assistance.

(c) A discussion of the management capabilities of the organization that operates or will operate the business incubator.

(d) A description of community support, including financial support, for the incubator.

(e) Evidence of the viability of the project for which the grant is requested.

(f) The need for the project for which the grant is requested and the need for the incubator that will be assisted by the grant.

(g) A description of the proposed project including a budget.

(h) Evidence of financial support for continued operation of the incubator if the grant is made for a project under sub. (1) (b) or (c).

(i) A preliminary feasibility study if the grant is for a project under sub. (1) (b).

(j) A feasibility study, business plan and financial projections if the grant is for a project under sub. (1) (c).

(k) A description of the services to be provided to the tenants of the incubator.

(l) A listing of the businesses expected to become tenants of the incubator.

(m) A written policy by the applicant which provides for the movement of maturing businesses out of the incubator to independent operation within a reasonable period of time.

(n) A discussion of the jobs anticipated to be created by the operation of the incubator and its tenants including jobs for low-income persons.

(o) An explanation of how the benefits of the grant will be passed on to the business incubator tenants.

(p) Any other information the department may require to make a determination in accordance with s. 560.14 (3), Stats., and this chapter.

(5) The department may not make a grant under this section unless it determines that the grant funds will be expended in a distressed area and that the applicant has a written policy relating to how stable, maturing businesses in the business incubator will establish themselves outside of the business incubator within a reasonable period of time.

(6) The department may make a grant under this section after examining the application and any other information it deems relevant if, based upon the criteria contained in pars. (a) to (k), the application submitted by the community-based organization or municipality compares favorably to other applications received during the fiscal year. The department shall fund only those proposals which, in its judgement, effectively address the criteria in pars. (a) to (k) even if the department's determination results in the expenditure of less than the total funding assigned under s. DOD 15.05 for grants under this section.

(a) The level of distress in the area proposed to be served by the grant activities.

(b) The need for state financial assistance.

(c) The management capabilities of the organization that operates or will operate the business incubator.

(d) The level of community support, including financial support, for the business incubator.

(e) The viability of the project for which the grant is requested and the viability of the business incubator that will be assisted by the grant.

(f) The need for the project for which the grant is requested and the need for the business incubator that will be assisted by the grant.

(g) The adequacy of financial support for continued operation of the business incubator if the grant is for a project under sub. (1) (b) or (c).

(h) The level and type of services to be provided by the business incubator to its tenants.

(i) The number of grant dollars for each job generated by the operation of the business incubator and its tenants.

(j) The degree to which persons of low- and moderate-income and persons who live or work in the area to be served have been and will be involved in the project's development and implementation.

(k) Whether or not the applicant is a nonstock, nonprofit corporation organized under ch. 181, Stats., or a nonprofit cooperative organized under ch. 185, Stats.

(7) Grant proceeds may be used only as provided in s. 560.14 (3) (a) and (d), Stats., and the contract signed under s. DOD 15.07.

(8) (a) The department may make a grant under sub. (1) (b) or (c) only if the applicant agrees to operate the business incubator for at least 5 years following receipt of the grant. Should the business incubator cease operations during the 5 year period, the department may require repayment as follows:

1. If the business incubator ceases operations during the first year, than the department may require repayment of up to 100% of grant funds received.

2. If the business incubator ceases operations during the second year, than the department may require repayment of up to 80% of grant funds received.

3. If the business incubator ceases operations during the third year, than the department may require repayment of up to 60% of grant funds received.

4. If the business incubator ceases operations during the fourth year, than the department may require repayment of up to 40% of grant funds received.

5. If the business incubator ceases operations during the fifth year, than the department may require repayment of up to 20% of grant funds received.

(b) If the business incubator is sold during the 5 years following receipt of a grant under sub. (1) (b) or (c), the applicant shall pay to the department.

ment the lesser of that part of the sale price which exceeds the original acquisition cost or the grant amount.

(9) The department shall specify an amount, not to exceed 7% of the non-administrative cost of the project, that may be used by a grant recipient to administer a grant made under this section.

History: Cr. Register, May, 1990, No. 413, eff. 6-1-90; am. (2), r. and recr. (6) (intro.), Register, November, 1991, No. 431, eff. 12-1-91.

DOD 15.05 Distribution of funds. (1) Out of each annual appropriation under s. 20.143 (1) (fg), Stats., the department shall set aside no less than 25% for grants made under s. DOD 15.03 and no less than 25% for grants under s. DOD 15.04. Following the receipt and examination of applications, the Department shall determine that part of the remainder of the appropriation that shall be used for grants under s. DOD 15.03 and that part that shall be used for grants under s. DOD 15.04.

(2) Grant funds received under this chapter shall not be used to replace funds from any other source.

History: Cr. Register, May, 1990, No. 413, eff. 6-1-90; r. and recr. (1), Register, November, 1991, No. 431, eff. 12-1-91.

DOD 15.06 Application procedures. (1) The department shall prepare an application manual which it may update as needed. The manual shall contain the application procedures, requirements and instructions for funding under this chapter and shall be made available to potential applicants at least 2 months before the annual competition.

(2) The department shall hold an annual competition for grants under s. DOD 15.03 and an annual competition for grants under s. DOD 15.04. The competition for grants under s. DOD 15.04 shall be divided into 3 categories for s. DOD 15.04 (1) (a), (b) and (c) grant determinations.

History: Cr. Register, May, 1990, No. 413, eff. 6-1-90.

DOD 15.07 Contracts. Successful applicants shall be required to enter into a contract with the department for the purposes of implementing the proposed grant or loan. The contracts shall be signed by the secretary of development and the chief executive officer of the successful applicant, or by their authorized representatives. The department may void a contract and seek a return of any funds released under the contract for failure by the applicant to perform its obligations under the contract. Amendments to these contracts may be adopted by the written consent of both parties.

History: Cr. Register, May, 1990, No. 413, eff. 6-1-90.

DOD 15.08 Reporting and auditing. Each successful applicant shall provide the department periodic financial and program reports. A financial audit shall be submitted at the end of each contract that is for an amount greater than \$30,000. The cost of the audit may be covered by the grant. The financial reports, audit and the program reports shall be submitted to the department by a date specified in the contract. The financial audit and the program reports become the property of the department and are open to public inspection.

History: Cr. Register, May, 1990, No. 413, eff. 6-1-90; am., Register, November, 1991, No. 431, eff. 12-1-91.