



## **BUSINESS INCENTIVE PROGRAM (BIP) GUIDELINES**

### **Program Objectives**

The City of Flatonia Economic Development Corporation (FEDC) is organized for charitable purposes under section 501(c)(3) of the Internal Revenue Code for the further purposes of benefiting and accomplishing public purposes of, and to act on behalf of, the City by financing any project as described in Chapter 501 and 505 of the Texas Local Government Code (LGC).

In addition, Texas Local Government Code, Chapter 380, provides for the following:

#### **Sec. 380.001. ECONOMIC DEVELOPMENT PROGRAMS.**

(a) The governing body of a municipality may establish and provide for the administration of one or more programs, including programs for making loans and grants of public money and providing personnel and services of the municipality, to promote state or local economic development and to stimulate business and commercial activity in the municipality. For purposes of this subsection, a municipality includes an area that:

- (1) has been annexed by the municipality for limited purposes; or
- (2) is in the extraterritorial jurisdiction of the municipality.

Based on Texas Local Government Code, Chapters 380, 501 and 505, the City of Flatonia has adopted and authorized the FEDC to implement the program outlined herein to assist commercial property owners in their venture. The FEDC wishes to incentivize business development by offering financial grants to commercial entrepreneurs in the following area:

**Business Incentives Program (BIP).** A grant program to assist commercial entrepreneurs in their “project,” which includes the land, buildings, equipment, facilities, expenditures, targeted infrastructure, and improvements.

### **LGC Section 505.158 Requirements for Type B Corporation Expenditures**

Projects that require an expenditure of more than \$10,000 may not be authorized until the City of Flatonia City Council adopts a resolution authorizing the project and the resolution has at least two separate readings.

## **Business Incentives Program (BIP)**

The BIP is a grant program to assist commercial entrepreneurs in their “project,” which includes the land, buildings, equipment, facilities, expenditures, targeted infrastructure, and improvements.

### **Objective**

The objective of the program is to retain and create jobs and increase investment within the City of Flatonia. The Flatonia Economic Development Corporation (FEDC) offers grants to businesses for construction or renovation of a building; to purchase equipment or land; or to relocate a business to Flatonia. Business development in the Extraterritorial Jurisdiction (ETJ) where owners are seeking a BIP grant shall request annexation into the Flatonia City limits in accordance with Texas Local Government Code as applicable.

### **Eligibility**

Any business located in, or relocating to, the City of Flatonia city limits or Extraterritorial Jurisdiction (ETJ) with an agreement to request city annexation.

### **Grant Amounts and Limits**

Each year the FEDC will set aside an amount to be offered in grants for that fiscal year. Applications will be accepted, reviewed, qualified, and awarded on a first come first serve basis following notice of availability. Grant amounts will be as follows:

1. 25% of the allowable project costs for all projects in the City of Flatonia or the Flatonia ETJ.
- or
2. 30% of all allowable project costs for projects within existing structures only that are located in the Flatonia Historic District.

There shall be a maximum of \$10,000.00 per grant with a limit of one grant per year per business, unless a higher amount is requested from the EDC and approved by the City Council in accordance with Local Government Code Section 505.158. The EDC approved effective date of the agreement shall establish the base date for the grant.

Grants shall be for the cost of construction, renovation, or purchase of land, equipment, furniture, and fixtures. No inventory, vehicle repair costs, or routine building maintenance costs shall be included in the project total. Grants are a reimbursement of allowable costs incurred from a period no earlier than 12 months prior to, to no later than 12 months after, the base date set by the FEDC.

### **Grant Funding**

Grants will be paid upon completion of the project. If the required documents requesting reimbursement of expenses is not received within 12 months of the base date, the grant application shall become null and void.

When the project is completed, the applicant will submit a statement of project cost with supporting invoices. The statement will be reviewed and the grant amount will be calculated. Upon agreement with both parties the grant will be paid.

### **Application Instructions**

Please complete the application in its entirety. Incomplete applications will not be processed and will be returned. To be eligible for the Business Incentive Program, the project should show how it creates or retains jobs (or both). In addition, the applicant shall attach a Business Plan that contains the following:

1. **The Product or The Service** – Clear description of what exactly the product or service is.
2. **The Market** – Who is your market, who are the customers?
3. **Marketing** – How you let people know you exist and then convince them you have something they want? What makes it unique, positioning and branding? How much money will you spend and where will you spend it?
4. **Competitors** – Competition, present and potential; is anyone doing anything like this? Similar? Who?
5. **Management and Staffing** – Who is on the team and what is their background (usually one paragraph per person), what positions need to be filled?
6. **Revenue Model** – Pricing, how you get your revenue and from whom (advertisers, users, employers paying for their employees).
7. **Capital Requirement** –How much capital it takes to make it work - total costs to develop and get to market. Also list your sources for this capital.
8. **Projected P&L** – revenue, expenses, cash flow. Show monthly projections for the first 12 months.

If your business plan is lengthy, please include an executive summary of the plan, no more than two pages in length. If the applicant does not have a Business Plan, then the applicant must complete pages 6 – 9 inclusive.

### CONTACT:

For questions or more information, please contact:

Mark McLaughlin, EDC General Manager  
125 E. South Main Street  
P.O. Box 329, Flatonia, TX 78941  
(361) 865-3548  
manager@ci.flatonia.tx.us

<b>For Office Use Only</b>	
Business Name: _____	Date Application Received: _____
BASE DATE APPROVED BY THE EDC: _____	

**FLATONIA ECONOMIC DEVELOPMENT CORPORATION  
Business Incentives Program Application**

**APPLICANT INFORMATION**

Applicant Name: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Business Name: \_\_\_\_\_

Email: \_\_\_\_\_

Mailing Address:

\_\_\_\_\_

STREET                      CITY                      STATE                      ZIP

Building or Project Address:

\_\_\_\_\_

*(WRITE "SAME", IF SAME AS MAILING)*                      STREET                      CITY                      STATE                      ZIP

Is the Project in the ETJ and have you requested annexation into the City of Flatonia?

Yes or  No (See City Hall if unsure)

Is the Project within the Flatonia Historic District?  Yes or  No (See City Hall if unsure)

**BUSINESS INFORMATION**

List Business Owner(s):

NAME	%OWNERSHIP	NAME	%OWNERSHIP
NAME	%OWNERSHIP	NAME	%OWNERSHIP

Describe your business:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**PROJECT/INVESTMENT SUMMARY**

Describe the project that this grant will help fund:

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How many full-time equivalent employees will this project create? \_\_\_\_\_ or  None

*(CHECK IF APPLIES)*

How many full time equivalent employees will this project retain? \_\_\_\_\_ or  None

*(CHECK IF APPLIES)*

Describe how this project will create and/or retain jobs:

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Total estimated project investment: \$ \_\_\_\_\_

**AFFIDAVIT**

I certify by my signature below that: A) this business does not and will not knowingly employ an undocumented worker, and B) if convicted of federal immigration violations under 8 U.S. Code Section 1324 a (f), I will repay all funds received from this grant plus 10% within 120 days of notice. At completion of project, I will submit a statement of project cost with supporting paid invoices, Texas Workforce Commission Employer's Quarterly Reports with IRS Form 941, roster of employees with total hours worked, and copies of paid tax receipts. UNDER PENALTIES OF PERJURY, I DECLARE THAT I HAVE READ THE FOREGOING STATEMENT AND THAT THE FACTS STATED THEREIN ARE TRUE.

Applicant Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Applicant Name: \_\_\_\_\_



7. What is your revenue model? Include pricing, how you get your revenue and from whom (for example: advertisers, parents, users, or employers paying for their employees).

8. Financial Information: Sources of Initial Funds

Owner's equity, savings, etc.	\$ _____
Other equity investors	\$ _____
Total equity	\$ _____
Mortgage	\$ _____
Other bank loans	\$ _____
Loans from individuals	\$ _____
EDC Grant (to be funded upon completion)	\$ _____
Other source of funds	\$ _____
Other source of funds	\$ _____
Other source of funds	\$ _____
<b>TOTAL FUNDS AVAILABLE</b>	<b>\$ _____</b>

9. Financial Information: Uses of Initial Funds

Building Purchase	\$ _____
Building Improvement/Remodel	\$ _____

Furniture, Fixtures, & Equipment	\$ _____
Inventory	\$ _____
Pre-opening Payroll	\$ _____
Utility, lease, and other deposits	\$ _____
Other pre-opening expenses	\$ _____
Reserve for losses until profitable	\$ _____
Initial marketing budget	\$ _____
Other use of funds	\$ _____
Other use of funds	\$ _____
Other use of funds	\$ _____
<b>TOTAL FUNDS USED</b>	<b>\$ _____</b>

**10. Projected Profit & Loss Statement**

Please attach a separate sheet or spreadsheet showing, for each of the first 12 months of your operation, your projected profit-and-loss and cash flow statement and include the total for the full year in the last column on the right. The normal order of items would be:

1. Revenues
2. Cost of Goods Sold
3. Gross Margin
4. Payroll
5. Fringe benefits and employment taxes
6. Occupancy covering lease payments, real estate taxes, and utilities
7. Marketing and advertising
8. Insurance

Followed by your other key expenses



Resulting in:

1. Operating (pre-income-tax and pre-depreciation) profit
2. Depreciation
3. Mortgage and Loan Payments
4. Income Taxes

Resulting in Net Cash Flow

**11. What other important things should we know about or would you like to add to this application?**