

RESOLUTION NO. R-16-2025

A RESOLUTION OF EAGLE MOUNTAIN CITY, UTAH APPROVING THE COMMERCIAL AFFORDABILITY PROGRAM (CAP) POLICY

PREAMBLE

WHEREAS, Eagle Mountain City seeks to promote economic opportunity and support local entrepreneurship within the community; and

WHEREAS, the City has identified a need to assist home-based entrepreneurs and microbusinesses in establishing their first brick-and-mortar locations within Eagle Mountain; and

WHEREAS, the Commercial Affordability Program (CAP) has been developed as a forgivable loan initiative funded through the Community Development Block Grant (CDBG) to provide financial assistance of up to \$75,000 for eligible build-out, equipment, and startup costs; and

WHEREAS, the CAP Policy establishes eligibility criteria, outlines compliance with Federal CDBG regulations, and specifies loan forgiveness conditions tied to two years of continued operation within Eagle Mountain; and

WHEREAS, adoption of the CAP Policy will authorize City staff to implement and administer the program in coordination with the U.S. Department of Housing and Urban Development (HUD) and Utah County; and

WHEREAS, the City Council finds that the Commercial Affordability Program will foster local business growth, support job creation, and encourage community revitalization consistent with the City's long-term economic development goals;

NOW, THEREFORE, BE IT RESOLVED by the City Council of Eagle Mountain City, Utah, that the Commercial Affordability Program (CAP) Policy is hereby adopted as presented, authorizing City staff to implement the program in accordance with applicable CDBG regulations and City procedures.

BE IT FURTHER RESOLVED that the Mayor is authorized to execute this Resolution and any related documents necessary to carry out the intent of this action.

This Resolution shall become effective immediately upon its passing.

ADOPTED by the City Council of Eagle Mountain City, Utah, this 5th day of November, 2025.

EAGLE MOUNTAIN CITY, UTAH


Tom Westmoreland, Mayor

ATTEST:


Gina L. Olsen, CMC
City Recorder



CERTIFICATION

The above Resolution was adopted by the City Council of Eagle Mountain City, Utah on the 5th day of November, 2025.

Those voting yes:	Those voting no:	Those excused:	Those abstaining:
<input checked="" type="checkbox"/> Donna Burnham	<input type="checkbox"/> Donna Burnham	<input type="checkbox"/> Donna Burnham	<input type="checkbox"/> Donna Burnham
<input checked="" type="checkbox"/> Melissa Clark	<input type="checkbox"/> Melissa Clark	<input type="checkbox"/> Melissa Clark	<input type="checkbox"/> Melissa Clark
<input checked="" type="checkbox"/> Jared Gray	<input type="checkbox"/> Jared Gray	<input type="checkbox"/> Jared Gray	<input type="checkbox"/> Jared Gray
<input checked="" type="checkbox"/> Rich Wood	<input type="checkbox"/> Rich Wood	<input type="checkbox"/> Rich Wood	<input type="checkbox"/> Rich Wood
<input checked="" type="checkbox"/> Brett Wright	<input type="checkbox"/> Brett Wright	<input type="checkbox"/> Brett Wright	<input type="checkbox"/> Brett Wright





Gina L. Olsen, CMC
City Recorder

Exhibit A



Commercial Affordability Program (CAP) Pilot Phase

Launch Year: FY2025

I. Purpose and Vision

The Commercial Affordability Program (CAP) is designed as a transformative, forgivable loan program for Eagle Mountain. The program supports home-based entrepreneurs and microbusinesses as they open their first-ever brick-and-mortar location in the city—not for existing businesses seeking to relocate or expand additional outlets.

Core goals:

- Remove key barriers faced by local startups moving into commercial spaces.
- Foster economic self-sufficiency, job creation, and generational wealth within Eagle Mountain.
- Diversify and strengthen the local retail, service, and innovation economy.
- Enhance commercial corridors through well-supported, community-engaged local businesses.

II. Funding Model

- **Annual Budget:** \$150,000 (funded via Community Development Block Grant - CDBG).
- **Award Amounts:** Forgivable loans/grants up to \$75,000 per business.
- **Number of Awards:** 2–3 businesses per pilot year (based on funding and applicant quality).
- **Fund Sustainability & Repayment:** Awards are designed as forgivable if all program criteria are met for a minimum of two (2) years after contract execution. If a business fails to meet forgiveness criteria, the award converts into a repayable loan. The standard repayment period is twenty-four (24) months from the date of conversion. For awards above \$50,000, repayment may be extended to thirty-six (36) months at the City's discretion.

Repayments made within the 24–36-month period remain interest-free. If repayment extends beyond that timeframe, a small interest rate (annually, as set by City Council resolution) will be applied until the balance is fully repaid.



All repaid funds will be returned to the CAP program to establish a sustainable revolving loan fund supporting future applicants.

Use of Funds Restrictions: Funds may ONLY be used for:

- Commercial space build-out and improvements (tenant improvements, ADA compliance, utilities, signage, etc.)
- Equipment or commercial-grade furnishings directly supporting business launch
- Initial infrastructure and code compliance costs

Not eligible:

- Wages
- Expansion of a business with existing physical presence in Eagle Mountain or other cities
- Regular operating expenses
- Working capital
- Inventory for Resale
- Personal expenses.

III. Eligibility Criteria

To qualify, businesses must:

- Be first-time commercial tenants (never operated a brick-and-mortar elsewhere).
- Be headquartered in Eagle Mountain with no other commercial locations.
- Be independently owned (no national chains; local franchises considered case-by-case).
- Have completed the SBDC How to Start a Business 101 and Marketing Fundamentals (<https://www.uvu.edu/sbdc/training/>), covering:
 - Business planning, marketing, digital presence,
 - HR basics and payroll, accounting, tax compliance.
- Submit a comprehensive business plan with a detailed use-of-funds proposal.



- Target space in a city-approved commercial zone (no home offices/R&D facilities).
- Agree to participate in quarterly check-ins, mentorship, and public business presentations.
- CDBG Low-to-Moderate Income Requirement: Business owners must qualify as low-to-moderate income ($\leq 80\%$ Area Median Income, AMI). Documentation such as tax returns, bank statements, or other verifiable proof is required and must be kept on file. Current HUD standards can be found at [Income Limits | HUD USER](#).
- Microenterprise Requirement: Businesses must have *5 or fewer employees*, including the owner, at the time the loan is made. Documentation confirming employee count must be provided. Businesses may grow and add employees later, but initial eligibility requires 5 or fewer employees.
- Provide a valid business license and business incorporation documentation as part of the application.

IV. Compliance Requirements

1. Environmental Review:

- Before entering a contract with the small business owner, the City of Eagle Mountain must complete an environmental review using HUD's HEROs system.
- If any work begins before the environmental review is complete and the contract is signed, no expenses will be reimbursed. No program funds can be disbursed, and no business expenses reimbursed, until the environmental review is completed and the contract is signed.

2. Davis -Bacon Compliance:

- For any construction work exceeding \$2,000, the city must maintain Davis-Bacon payroll documentation.
- Documentation must show workers were paid at least the minimum prevailing wage for the work performed, per federal requirements. Borrowers and contractors must maintain certified payroll documentation.
- All federal labor compliance rules (beyond payrolls) must be followed, including subcontractor compliance.



3. City Staff Roles:

- The designated City staff member responsible for environmental reviews must obtain a HEROs account through HUD.
- City staff managing Davis-Bacon compliance must undergo labor compliance training to ensure accurate collection and maintenance of all required documentation.

V. Application & Selection Process

1. Application Package

For CDBG purposes, a business owner is defined as anyone with 20% or greater ownership in the company. The incomes of all such owners must be verified and documented.

- Structured online form with required uploads:
 - Business plan
 - Use of Funds Budget – Budget plan
 - Documentation from Readiness Program (SBDC Training)
 - Letters of intent/indication from landlords (if available)
 - Proof of owner equity in project (e.g., capital, equipment, in-kind)
 - Proof of LMI status ($\leq 80\%$ AMI)
 - Proof of employee count (5 or fewer at loan issuance)
 - Business license and incorporation documentation
 - Acknowledgment of environmental review and Davis-Bacon compliance requirements
 - <https://forms.cloud.microsoft/r/LmVca0yz7X>

2. Screening

- Administrative review of basic eligibility and completeness, all documents will be verified for validity.
- AI-supported initial segmentation, with right to manual review upon request.



3. Public Presentation

- Qualified applicants present their business (15 min pitch + Q&A) to the city’s scoring panel and interested public observers.
- Fosters public transparency and surfaces community priorities.

4. Scoring Panel & Evaluation

- The scoring committee is appointed by the Economic Development Department, with strict conflict of interest disclosures, public lists of reviewers, and a requirement for impartiality. Panels include City Economic Development staff, local business mentors, and community leaders.
- Applications scored independently using formal criteria; scores averaged. (see below).

VI. Evaluation & Scoring System

Category	Points	Details
1. Business Viability	30	Business plan quality, feasibility, local demand
2. Community Impact	20	Job creation, civic engagement, filling local service gaps
3. Readiness & Commitment	20	Owner equity, speed to open, long-term intent
4. Education & Preparedness	15	Training, regulatory knowledge, HR readiness
5. Location Feasibility	15	Identified/secured site, build-out readiness
Bonus Points (Demographics/green)	up to 15	Tenant Improvement (TI) Allowances / in-kind contributions (+5); Minority, Woman, or Veteran Ownership (+5); Sustainable practices (+5); Local entrepreneurship network participation (+2)

- **Minimum Threshold:** 70/100 points for consideration.
- **Complete Rubric:** [CAP Program Scoring Rubric.xlsx](#)



VII. Forgiveness Criteria

To be fully forgiven, recipients must:

- Remain in business and physically located at the approved Eagle Mountain address for at least 2 consecutive years after launch.
- All awardees are required to participate in quarterly check-ins with the City, which include brief site visits and financial reviews.
 - To maintain forgiveness eligibility, participants must attend at least three out of four scheduled check-ins each year.
- Maintain complete and detailed expenditure records showing allowable uses of program funds (including vendor and purchase information).
- Engage in community activities (attending civic/merchant events, working with city staff).
- Submit timely reports and respond to all city feedback and technical assistance efforts.

Forgiveness is contingent upon full compliance with federal requirements, including environmental review, Davis-Bacon, low-to-moderate income documentation, and demographic reporting. Failure to meet these requirements will trigger a formal review and possible conversion of any remaining grant balance to a loan with city-mandated repayments.

VIII. Quarterly Check-In Process

Check-ins are designed as both compliance and support tools, structured as follows:

- **Check-in Form:**
 - [Quarterly Check-ins.docx](#)
- **Format:**
 - Brief written update (operations, finances, milestones, challenges)
 - Mandatory mentorship or technical assistance session provided by the SBDC (<https://www.uvu.edu/sbdc/workshops/>) (quarterly or as needed)
 - In-person or virtual site visit by Economic Development Dept.
- **Purpose:**
 - Validate progress on build-out and launch schedule



- Confirm continued alignment with business plan and city use-of-funds requirements
- Identify resource needs, connect to support services/partners
- **Documentation:**
 - Check-in form, updated expenditure report, photographs or receipts as appropriate
 - Meeting/visit notes uploaded to business's city file

IX. Transparency & Public Engagement

- Only businesses located in city-approved commercial/business zones are eligible.
- Names and basic information of awardees will be announced publicly on the EMC website under the Economic Development section.
- Annual CAP Report published, including awardees, success stories, and financial sustainability.
- All applicants are expected to participate in at least two public events, roundtable, or presentation during the program year. These events are listed in the city events calendar.
- [City Events.pdf](#)

X. Equity & Sustainability Commitment

- Targeted outreach to minority, woman, and veteran entrepreneurs.
- Bonus points for applicants leveraging landlord TI allowances.
- Incentives for green practices and sustainable sourcing
- Designed to maximize inclusion of Eagle Mountain's many home-based businesses transitioning to storefronts.

XII. Underwriting Standards

The City of Eagle Mountain will apply the following underwriting standards to all CAP applications:



1. Equity Investment:

- Borrower must contribute at least 10% of total project costs in cash or owner-provided resources.
- Equity may include documented savings, equipment, or materials directly tied to the project.

2. Debt Capacity:

- Borrower must demonstrate the ability to meet repayment obligations if forgiveness criteria are not met.
- Debt Service Coverage Ratio (DSCR) of at least 1.15 based on projected cash flow (or equivalent financial indicator for microenterprises).

3. Creditworthiness:

- Borrower must provide personal or business credit history. Minimum score is not required, but recent bankruptcies or defaults must be explained.
- Alternative credit documentation (e.g., utility payments, rental history) may be accepted for LMI applicants without traditional credit.

4. Feasibility of Business Plan:

- Business plan must demonstrate:
 - Reasonable revenue and expense projections.
 - Clear market analysis showing demand for the product/service.
 - Identification of risks and mitigation strategies.

5. Job Creation/Retention:

- Borrowers must certify intent to create or retain jobs consistent with CDBG microenterprise rules (5 or fewer employees at contract execution).
- Growth projections will be reviewed but not required for forgiveness.

6. Collateral/Assurances (if applicable):

- While collateral is not required, Borrower must agree to City monitoring and provide ongoing financial updates during the loan period.
- City reserves the right to request a personal guarantee for awards of over \$50,000.



7. Regulatory Compliance:

- Borrower must meet all CDBG regulatory requirements, including LMI ownership certification, environmental review, and Davis-Bacon compliance.
 - As part of HUD compliance and the City's recordkeeping obligations, the race and ethnicity of each business owner must be collected and maintained in the City's program documentation.
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