

2023 PROPOSED CHANGES – TENANT IMPROVEMENT PROGRAM
City of Sandy – Economic Development
Tenant Improvement Grant Program Guidelines

I. Background:

The Tenant Improvement Grant Program is a City of Sandy matching grant program. This program makes up to \$30,000 in matching grant funding available for qualified projects to generally be awarded on a first come, first served basis.

II. Program Objectives:

The purposes of this incentive program are as follows:

1. To encourage new restaurants in Sandy by helping to address the cost of a commercial kitchen acting as a barrier to entry into this market.
2. To incentivize private investment in Sandy’s existing restaurants.
3. To address the stated Council goals of “encouraging the location of a brewpub/restaurant” and “encouraging the development of other dining opportunities to complement the offerings of existing businesses” by offering an incentive to investment in this industry.
4. To encourage the establishment of additional childcare businesses in Sandy to help address the shortage of businesses in this industry in Oregon generally and in Clackamas County specifically.

III. Eligibility:

Any commercial property or business within any of Sandy’s commercial zoning districts (C-1, C-2, C-3) or Industrial Park zoning district (I-1) is eligible for this program if they meet the following requirements:

1. Applicant must be either:
 - a. a food service business (restaurant or food product manufacturer)
 - b. a childcare business (preschool or day care center)
 - c. a building owner seeking to attract a food service or childcare tenant business to move into the space where grant funds are expended.
2. Applicant space must be open to the public.
3. Chain restaurants are not eligible for this program. (For the purposes of this program, a chain restaurant is defined as a restaurant with 12 or more locations within the U.S.)

4. Food cart based businesses are not eligible for this program.
5. No grant recipient may receive more than ~~\$60,000~~ in **two (2)** Tenant Improvement grants within a five (5) year period.

IV. Eligible Improvements

For restaurants that are moving into a **previously existing building**, the following expenses are eligible for matching funds (**the first ten (10) eligible expenses listed below are restricted to customer-facing areas only**):

1. ADA or seismic improvements
2. Interior lighting
3. Plumbing and plumbing fixtures
4. Flooring
5. Adding a ~~public~~ **an ADA-compliant** restroom
6. Ceiling fans/air conditioning units for dining area
7. New interior walls
8. Modification of stairs or other fire safety pathways
9. New interior paint or finishing effects (includes tile, reclaimed wood, etc. Wallpaper is excluded)
10. Permanent fixtures (adding a bar, counter space, sinks, etc.)
11. Restaurant fire suppression (sprinkler) systems
12. Grease interceptor
13. Commercial hoods
14. Commercial kitchen fire suppression systems
15. Other improvements as approved by the Program Manager (this may include changes that have the capacity to increase business – does not include mitigation of normal wear and tear or “maintenance” expenses)

For restaurants moving into a tenant space **in a newly constructed building**, the following expenses are eligible for matching funds:

1. ADA or seismic improvements
2. Adding a public restroom
3. Restaurant fire suppression (sprinkler) systems
4. Grease interceptors
5. Commercial hoods
6. Commercial kitchen fire suppression systems
7. Other improvements as approved by the Program Manager (this may include changes that have the capacity to increase business – does not include normal wear and tear “maintenance” expenses)

For **childcare** businesses, the following expenses are eligible for matching funds:

1. ADA or seismic improvements
2. Lighting
3. Plumbing and plumbing fixtures
4. Flooring
5. Adding a public restroom
6. New interior walls
7. Modification of stairs or other fire safety pathways
8. Expenses related to creating a required outdoor play area – fencing to enclose the area (minimum height 5’) and permanently installed play equipment

Expenses that are not eligible for matching funds:

- Changes to the exterior of the building other than those specifically listed in the “Eligible Improvements” section.
- Replacement of old, worn or broken equipment (replacement of worn or broken equipment is considered a regular maintenance expense)
- Flatware, silverware, plates, dishes, cooking utensils, cookware
- Moveable furniture (permanent fixtures are reimbursable; moveable fixtures are not reimbursable)
- City, county and state permitting fees

V. Financing:

This program reimburses the applicant for **50% of eligible project costs**, up to a maximum grant total of **\$30,000 per project**.

VI. Application Process

- ~~1. The applicant fills out and submits the Tenant Improvement Program application on the City of Sandy’s website.~~
- ~~2. Upon receiving the completed grant application, the Economic Development Office will contact the applicant to set up a meeting to discuss project concepts, eligibility, getting contractor bids, the reimbursement process and other program requirements.~~
- ~~3. Upon application approval, the grantee will be required to enter into a Grant Approval Agreement with the City of Sandy. Work cannot begin until this agreement is signed.~~

The application process includes the following steps:

1. Applicant to review Design Standards in Chapter 17.90 of the Sandy Municipal Code.

2. Applicant fills out online Façade Improvement/Tenant Improvement Program Grant Application on the City of Sandy website. Application is routed to Economic Development Manager for initial review.
3. The Economic Development Manager schedules a Grant Application Meeting with the applicant to discuss the proposed improvement project. City staff will review grant application requirements and program rules with the applicant.
4. The Economic Development Manager will develop a scope of work for the proposed project and ask for a design review determination from the Planning Division. Applicant will also forward any plans, elevations, or other additional project documentation discussed during the Grant Application Meeting to the Economic Development Manager at this time.
 - a. Projects requiring design review as specified in Chapter 17.90 of the Sandy Municipal Code are required to complete the design review process before proceeding with project work. (Permits will not be issued until this process is completed.)
5. The Economic Development Manager will schedule a project review hearing for the proposed project at the next Urban Renewal Board meeting. The Urban Renewal Board shall review project documentation and either approve or deny the project.
6. If approved by the SURA Board, applicant may then solicit bids for the project. Bids must be sent directly to the Economic Development Manager from the applicant – bids submitted by the applicant on behalf of the contractor will not be accepted. Projects that cost \$10,000 or more require the submittal of a minimum of three (3) bids. Projects that cost less than \$10,000 can be sole sourced. (On January 1, 2024, the threshold for requiring a competitive bidding process under Oregon law increases to \$25,000.)
7. Once the Economic Development Manager has received the minimum number of bids the project requires, they will:
 - a. Research all bidding firms for eligibility (CCB status).
 - b. Select the winning bidder and inform bidding firms of the bid results.
 - c. Use bid information to draft a standard Façade Improvement/Tenant Improvement grant reimbursement contract – contractor may not begin work until this contract is signed by both the applicant and the City.

VII. General Conditions

1. Approval of grant applications is contingent on available funds.
2. Projects shall conform to all applicable regulations in the Sandy Municipal Code.
3. Funding is limited to one (1) Tenant Improvement Grant per recipient per grant period. A recipient may not receive more than \$60,000 in grant funding within a five (5) year period.

4. Some projects may require Design Review approval prior to submittal of a grant application.
5. Once a grant application is approved, the recipient will be required to enter into a Grant Agreement with the City of Sandy in order to receive funding.
6. Construction may begin only after an application is approved and a Grant Approval Agreement has been signed by the recipient and the City of Sandy. Any work completed prior to application approval and signing of the Grant Agreement may not be eligible for reimbursement.
7. All contractors working on approved Tenant Improvement projects shall possess a valid Oregon contractor's license and a current City of Sandy business license. Applicants must use licensed contractors for all project elements to be eligible for this program. The program manager may make exceptions for individual project elements on a case-by-case basis.
8. Projects costing more than ~~\$5,000~~ **\$10,000** require submittal of a minimum of three (3) qualified bids. Projects costing less than ~~\$5,000~~ **\$10,000** may be single sourced.
9. Projects are required to be completed within one (1) year of the date of the grant approval. Any project items completed more than one (1) year from the contract date may not be eligible for reimbursement. Applicants that do not complete the scope of work identified in the Grant Agreement within one year will not be eligible to receive another Tenant Improvement Grant for five (5) years.
10. Applicants may not be the contractor on their own project. Any work performed by the applicant, regardless of contractor status, is ineligible for reimbursement.
11. Applicants and their contractors are responsible for obtaining all necessary permits (building, electrical, plumbing, and mechanical) prior to conducting work. Permitting fees are not reimbursable through this program.
12. Applicants requesting grant funding for a childcare facility shall provide a copy of a signed lease agreement with the childcare facility operator leasing the space (minimum 1-year lease) prior to receiving reimbursement.
13. Additional conditions may be included in the Grant Agreement.

VIII. Review process

The Tenant Improvement Program is offered as a first-come, first-served grant program. Applications will be processed in the order that they are received, and grant funding shall be awarded within the grant period until annual program funds are depleted. Any unspent funds remaining in the grant program at the end of the program year will be rolled over into the following program year.

Grant applications shall be reviewed by the Program Manager (consulting with other City departments as needed) to make sure that projects comply with grant guidelines and all applicable city regulations.

IX. Reimbursement procedure

Project reimbursement will occur based on the following procedures:

1. Reimbursement will occur only after construction is complete and a city inspection has been conducted.
2. Upon project completion, grantee shall contact the Economic Development Office to schedule a final site inspection. Reimbursement may only occur after a final inspection of the site has been conducted and all project work is approved by the City of Sandy Building Official.
3. Detailed invoice(s) or itemized receipts and proof of payment (i.e. cancelled checks) shall be provided with all reimbursement requests.
4. ~~If a licensed contractor was not used for any project element, only receipts for materials shall be provided. Labor costs incurred for work done by any person without a valid contractor's license are not reimbursable.~~ **Applicants may not be the contractor on their own project, regardless of contractor status. Any work not completed by licensed contractors is not eligible for reimbursement.**
5. Funds will be dispersed within thirty (30) days following submittal and verification of all documentation. Applicant reimbursement shall not occur until all contractors working on the applicant's project confirm that they have been paid in full.
6. Applicants requesting grant funding for a childcare facility shall provide a copy of a signed lease agreement with the childcare facility operator leasing the space (minimum 1-year lease) as a condition of reimbursement.