

Small Business Microgrant Program Guidelines



Overview

Administered by the City of Sacramento's Office of Innovation and Economic Development, the Small Business Microgrant Program provides the participants of its Business Solutions Center with up to \$5,000 in micro-capital to implement recommendations identified during technical assistance consultations. The purpose of the program is to promote business growth and expansion.

Eligible Applicants

To be eligible, applicants must meet the following criteria:

I. Business Solutions Center Participation

- a. Created a City of Sacramento 311 business account and submitted a business resources request
- b. Received at least 5 hours of technical assistance from a City-contracted business counselor
 - i. Documentation must include a written attestation from the business counselor confirming:
 1. At least 5 hours of consultation took place
 2. The recommended goods or services are a valid business need

2. Be a For-Profit Business

- a. Legal Business Formation Requirements
 - i. Active [City of Sacramento Business Operations Tax Certificate](#)
 - ii. If home-based: Active [City of Sacramento Home Occupation Permit](#)
 - iii. If a sole proprietor doing business under a fictitious name: [Active County of Sacramento Fictitious Business Name Statement](#)
 - iv. If a corporation, LLC, or LP: Active and good standing with the [California Secretary of State Business Registry](#)
 - v. If selling taxable goods or services: Active [California Department of Tax and Fee Administration \(CDTFA\) Seller's Permit](#)
- b. Business Activity Verification
 - i. Applicants must show they have incurred legitimate and verifiable business expenses, such as:
 1. Selling goods/services for profit
 2. Paying employees or contractors (including owner-operators)
 3. Acquiring capital (grants, loans, personal investment)
 4. Covering operational expenses (rent, equipment, marketing, etc.)
 - ii. Documentation must include at least one of the following:

1. CDTFA sales and use reporting
2. Business tax returns
3. Business bank statements
4. Commercial lease agreement
5. Other valid business documents

3. Operate within City of Sacramento Limits

- a. Must have an operating address within [City of Sacramento limits](#)
- b. The City will verify the operating address using one or more of the following sources¹:
 - i. [City of Sacramento Business Operations Tax Certificate Database](#)
 - ii. [California Secretary of State Business Registry](#)
 - iii. [CDTFA Seller's Permit Registry](#)

4. Additional Requirement for Home-Based Businesses

- a. Home-based businesses must show at least \$25,000 in gross revenue from the past calendar year
- b. Documentation must include at least one of the following:
 - i. CDTFA sales and use reporting
 - ii. Business tax returns
 - iii. Business bank statements

Ineligible Applicants

The following applicants are not eligible:

1. Nonprofits
2. Businesses located outside Sacramento city limits
3. Businesses who:
 - a. Have not met legal business formation requirements
 - b. Cannot verify business activity, as defined in 2.b. above
4. Cannabis dispensaries, liquor stores, adult entertainment establishments, or casinos

¹ If any of the three sources lists an operating or principal address located outside of City of Sacramento limits, the applicant is not eligible.

Eligible Uses of Funding

The grant program is meant to address a wide range of unique business needs. The requirements for usage are as follows:

1. The usage must align with recommendations identified during business counseling consultation.
2. The usage must address a legitimate business need that will improve and/or expand current business operations.
3. The usage must be easily documented, corroborated, and make a measurable economic impact toward revenue growth, job creation, and/or job retention.

While the City reserves the right to determine what constitutes an eligible use at its sole discretion, examples of eligible uses include but are not limited to:

1. Replacing existing business equipment that has exceeded its useful life and is essential to daily operation.
2. Purchasing new business equipment and/or supplies to maximize productivity and profitability.
3. Obtaining new business software/technology to improve digital optimization.

Ineligible Uses of Funding

Since the microgrant is one-time funding, the following are ineligible uses of funding:

1. Staffing costs.
2. Inventory costs to replenish similar, existing and/or previously sold inventory.
3. Working capital costs, described as general operating costs not tied to clear growth impact.

Funding Parameters

Amount Appropriated

The City appropriated \$250,000 to fund this grant program.

Grant Request Amount

A grant request must be between \$2,500 and \$5,000.

Match Requirement

There is no match requirement.

Rolling Application Window

The grant program will operate on a rolling basis with a monthly review process to occur until funds are exhausted.

Number of Grants per Applicant

Given the limited amount of funding available, the City will restrict one grant per small business address. The City also reserves the right, at its sole discretion, to limit the number of grants per single individual or organization with a financial interest.

Payment Disbursement Method

The City will issue payment via an incurred cost method. For this grant program, an incurred cost means either an expense that the grantee has already paid or an expense that the grantee is obligated to pay but has not yet made the payment.

Prioritization Criteria

To meet the City’s diversity, equity, and inclusion goals, the City will use the following 10-point prioritization rubric when reviewing applications. The City reserves the right, at its sole discretion, to modify the criteria at any time.

Priority Criteria	Preference Points
Qualifies as a small business as defined by the California Department of General Services	1
Qualifies as a micro business as defined by the California Department of General Services	1
Operates out of a brick-and-mortar location	1
Operates at an address that is zoned commercial as defined by the Sacramento County Parcel Viewer	1
Operates at an address that qualifies as a 2025 or 2026 U.S. Department of Housing and Urban Development Qualified Census Tract	1
Operates at an address that qualifies as a Sacramento Promise Zone	1
Operates at an address that qualifies as an SB 535 Disadvantaged Community	1
Operates at an address with a CalEnviroScreen 4.0 pollution burden score of 60 or more	1
Operates at an address with a CalEnviroScreen 4.0 linguistic isolation score of 50 or more	1
Operates at an address with a CalEnviroScreen 4.0 housing burden score of 60 or more	1

Since some census tracts are too small to have scores in all priority criteria categories, the City will

total the points and divide by the number of available priority criteria categories to obtain a percent. Applicants earning 60% or more will be awarded a grant.

Unless facing a hardship or extenuating circumstance, applicants earning less than 60% will not receive funding. Applicants denied funding once cannot reapply. The City reserves the right to determine what constitutes a hardship or extenuating circumstance at its sole discretion.

Other Requirements

If selected for funding, applicants must further comply with the following requirements before grant agreement execution:

1. Must become a registered City of Sacramento supplier.
2. Must furnish proof of insurance that meets the City of Sacramento's standards and agree to list the City of Sacramento, its officials, employees, and volunteers as an additional insured.

Application Process

To apply, applicants must submit an electronic application via the City's Submittable platform. Applicants invited to apply will receive a link to the online application from either City staff or their City-contracted business counselor.

The following information and materials must be submitted:

1. Business Name:
2. Business Address:
3. City Council District (based on business address):
4. Applicant Contact Name:
5. Applicant Contact Email:
6. Applicant Contact Phone:
7. Description of Grant Funding Use, Why Needed, and How it Will Improve and/or Expand Current Business Operations:
8. If Applicable, Description of Hardship or Extenuating Circumstance:
9. Amount of Grant Funds Requested (must be between \$2,500 and \$5,000):
10. List of Itemized Expenditures
11. Upload Price Quotes/Estimates
12. Name of Business Counseling Organization:
13. Business Counselor Name:
14. Business Counselor Email:
15. Business Counselor Phone:
16. Upload Business Counselor Written Attestation ([download template here](#))
17. Self-Attestation that the applicant qualifies as a small business as defined by the [California Department of General Services](#): Yes or No

18. Self-Attestation that the applicant qualifies as a micro business as defined by the [California Department of General Services](#): Yes or No

Miscellaneous

Amendments

The City reserves the right to revise or amend any part of these guidelines by issuing an addendum up to the due date/time for submittal. If necessary, due to the revisions or amendments, the due date for applications may be postponed.

Public Records

All applications and application materials are public records. All information received from an applicant, whether received in connection with a grant application or in connection with any grant funded activities performed, will be disclosed upon receipt of a request for disclosure pursuant to the California Public Records Act. Application scores are also subject to disclosure. The City reserves the right to use application materials as demonstration examples in future workshops.

Rejection of Applications

The City of Sacramento may, at its discretion, determine not to award any grant in response to this request or to negotiate with any grantee in any manner necessary to serve the best interests of the City. No applicant shall receive any compensation for preparing any grant application.