



TENANT IMPROVEMENT PROGRAM
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 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 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

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 Department. 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. For projects requiring building permits, the City of Sandy requires that all 90% design documents be submitted at this time – this includes any plans, elevations, drawings, product documentation and specifications for the proposed project.
 - b. 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.
 - d. If the lowest bid exceeds the project cost estimate given at the project review hearing by more than 20 percent, the project will need to come back before the SURA Board for additional review and approval.

VII. General Conditions

1. Approval of grant applications is contingent on available funds.

2. Funding is limited to one (1) Tenant Improvement Grant per property per grant period. A property may not receive more than \$60,000 in grant funding within a five (5) year period.
3. Some projects may require Design Review approval prior to submittal of a grant application.
4. The site and all structures on the project site shall be in compliance with the Sandy Municipal Code prior to starting the grant project. The City of Sandy reserves the right to hold grant funding for any project if code violations are present at the project site until such violations are corrected, or to make the correction of code violations a condition of the grant agreement.
5. Some projects will require Design Review approval prior to submittal of a grant application.
6. 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.
7. 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.
8. 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.
9. Projects costing more than \$10,000 require submittal of a minimum of three (3) qualified bids. Projects costing less than \$10,000 may be single sourced. (This threshold raises to \$25,000 per Oregon statute on 1/1/24)
10. 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.
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. Applicants are required to pass all inspections applicable to the façade work and all contractors must be paid in full for their services prior to final payment of grant funds.
14. Additional conditions may be included in the grant contract.

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 for all projects require review and approval by the Sandy Urban Renewal Agency Board.

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 Manager 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. 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.