

SECTION 3. ECONOMIC DEVELOPMENT PROGRAMS

A. ECONOMIC DEVELOPMENT

The Economic Development program (EDP) provides communities with **gap** funding to assist identified businesses in the creation/retention of jobs for low-and moderate-income persons.

1. Eligible Activities by Group Number:

<u>Group Numbers</u>	<u>Maximum Award</u>
a) Grants to Municipalities: for acquisition, relocation, demolition, clearance, construction, reconstruction, installation and rehabilitation <u>associated with public infrastructure projects</u> . All public infrastructure must be owned by the municipality, or public or private utility, and be in support of an identified business.	\$500,000*
b) Grants to Municipalities for Direct Business Support: for capital and non-capital equipment, land and site improvements, rehabilitation or construction of commercial or industrial buildings, job training, working capital and capital equipment and be in support of an identified business. Acquisition is <u>not</u> an allowable activity under this group.	\$500,000*

2. Exclusions:

- Applicants may apply in only one specific activity group
- **EDP funds cannot be used to refinance existing debt.**
- All EDP activities must be in support of an identified business; speculative activities are excluded.
- Communities that received an EDP award, for the same business in a prior year, must document, at submission of Letter of Intent, employment baseline information to show the company is at or above the employment number achieved as a result of previous CDBG assistance and that the CDBG assistance is vital to the project and cannot be obtained elsewhere.
- *Start-up businesses are limited to a maximum grant award of \$250,000
- **Waivers to increase the maximum grant award amount, in instances where the impact of the project is substantial and can be documented, both through project investment and job creation, may be requested to the Director of the Office of Community Development.**

3. Project Benefit: All projects must document that at a minimum, 51% of all jobs created or retained as a result of the funded activity must be taken/held by persons of low and moderate income as defined by HUD. Jobs created/retained must be in the community applying for the EDP award, new jobs to that community and not associated with any other branches of the assisted business located in another community. Transfer positions cannot be counted toward the job creation/retention requirements. **In the event that job creation requirements are not met, the applicant community will be responsible for immediate repayment to DECD of all CDBG funds expended on the project.**

4. Program Dollars per Job: The maximum CDBG participation per job created or retained with EDP funds is \$30,000.

5. Full Time permanent Jobs: In determining CDBG National Objective compliance with jobs created or retained only **Permanent** jobs may be counted; temporary jobs may not. Full time jobs require a worker to work at least 1750 hours per year. Part time jobs require a worker to work at least 875 hours but less than 1750 hours per year. Part-time jobs **must** be converted to Full Time Equivalents (FTE). An FTE is defined as two part time jobs. **Seasonal** jobs may count only if the seasonal job lasts long enough and provides sufficient income to be considered the employee's principal occupation. (Contact OCD prior to counting seasonal jobs towards LMI benefit.) **All** permanent jobs created by the project must be counted, regardless of funding source(s). Jobs indirectly created by the project (i.e., remote location, "trickle down" jobs) do not count.

6. Maximum Project Size for Utilizing EDP Funds: \$3,000,000 Phasing of projects to make the total cost appear to be below the maximum project size is expressly forbidden.

7. Program Requirements:

(a) EDP Letter of Intent Due Dates:

All communities wishing to submit an EDP application must submit a Letter of Intent. Please refer to Page 5 of this document for Program deadlines and due dates. After review for completeness and eligibility, units of general local governments may be invited to make a full application.

(b) EDP Application Due Dates: By invitation only as a result of accepted Letter of Intent. Please refer to Page 5 of this document for Program deadlines and due dates.

(c) Necessary and Appropriate: EDP assistance to a business must be for projects that are necessary and appropriate. The application must describe the need for program assistance, reasonableness of the amount requested, and assurance that the assistance provided is commensurate with the community benefits that will accrue from the project. **Documentation must be provided that the project cannot proceed without program participation and that program funds provide gap financing.**

(d) Compliance with Benefit Certification Requirements: The business and the applicant community, under the direction of the Program Manager assigned to the project, must comply with documentation requirements for jobs created/jobs retained on a project including but not limited to benefit surveys, income verification and periodic reporting that the Office of Community Development may require.

(e) EDP Matching Funds Requirements: Communities applying for Economic Development Program funds must certify that a 100% cash match of the total EDP award will be provided. Matching funds must be directly related to the activities undertaken with EDP funding.

(f) EDP Projects in Support of Retail Businesses: OCD may accept an EDP application in support of a retail business activity only under the following

limited conditions:

- The retail business represents the provisions of new products and services previously unavailable in the community or is a tourism-related business; and
- The development or expansion of the retail business represents a net economic gain for the community and the region. Applications supporting a retail business or businesses are required to certify that the development represents a new overall gain for the region's economy and not a shift from existing established businesses to a new or expanded one; and
- The retail business is located in either a downtown district meeting the definition in 30-A M.R.S. Section 4301 (5-A); or a designated local growth area contained in an adopted and consistent comprehensive plan; and
- At least 50% of the jobs created by the retail business must be full time jobs.

9. Selection Process: The selection process will consist of two stages. Members of the Review Team will assign a Review Point Total for each application reviewed. Review Point Totals will consist of the sum of the three scoring areas below and any applicable bonus points. The following criteria will be used:

(a) Stage 1:

Letter of Intent: All communities wishing to submit an EDP application must first submit a Letter of Intent. After review for completeness and eligibility, units of general local governments may be invited to make a full application. Please refer to Page 5 of this document for Program deadlines and due dates.

(b) Stage 2:

Application: Members of the Review Team will assess the applications based on the following criteria:

Problem Statement

Scope

- Detail the problems or needs facing the community/business to be assisted.
- Tell how these problems relate to job creation or job retention activities.
- Describe how the overall financial viability of the community/business is affected by the problems or needs.

Impact Identify how employment opportunities for persons of low/moderate income are negatively affected by the identified problems.

- Emphasize the importance of the affected business in relation to the stability of the community/region and its current financial well-being including property tax analysis before and after the proposed activities.

Need Identify reasons why the community/business is unable to finance the proposed project on its own, or with assistance from other sources.

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- Include a narrative that highlights any recent efforts by the community/business to assist job creation/retention activities.

Solution

Project Description Detail the activities that the community/business will undertake using EDP funds to resolve the problems/needs presented in the Problem Statement.

- Identify, in detail, the specific acquisition, equipment, real property improvements and/or fixtures that will be installed, modified, and upgraded, etc., with EDP funds.
- Explain how the solution directly solves the identified problems/needs.
- Include a firm figure of the number of jobs to be created or retained as a result of the project, and how these jobs relate to persons of low/moderate income.
- Clearly state the amount of EDP funds sought and how they will fit into the overall financing for the project.
- Include a graphic description (aerial photo, map, and sketch) of the sites involved. Provide a generalized location of the site relative to the community and a copy of a floodplain map showing the project location. Include existing and proposed site and/or building improvements.

Effect on Assisted Business

- Describe the effect the EDP award and completion of the project, as a whole, will have on the ability of the community/business to remain competitive, and create/retain quality jobs.
- Describe the market including identification of competitors, price structure, resource availability, operating/manufacturing costs, transportation costs, demand, and other factors influencing the marketability of the product or service proposed. Also identify all project risks and the extent of the risks.

Project Timeline and Feasibility

- Describe how the project is assured of successful completion within 12 months.
- Identify what work, such as pre-engineering, construction and improvements, or fixture purchases that have been completed, or are in process, and exactly how these relate to the proposed EDP project.
- Provide background information (including resumes) for the owners and/or managers of the business and specific information about the skills and experiences of the owners and/or managers as related to the successful management of the business and proposed project.
- Include a concise timetable for project implementation.

Citizen Participation

Public Hearing Process

- Describe how citizen participation contributed to the actual development of this application, including how the required public hearing contributed to the process. **(Submit a public hearing record consisting of the published public hearing notice, hearing minutes, and attendance list with the original and all three copies of the application.)**

- **Business/Local Involvement** Outline other input from businesses, chambers of commerce, development organizations, local groups and individuals have had in increasing the citizen participation process for the proposed project.
Highlight how the use of any media (TV, radio, newspapers, etc.) increased public awareness and participation in the EDP project.

10. Business Friendly Community Designation Bonus – 3 bonus points will be assigned to each applicant community certified as a Business-Friendly Community at time of application.

11. Final Score. EDP applications will be awarded funding based on the consensus of the review team together with the analysis completed by OCD's financial underwriter.

12. Project Development Phase: The project development phase must be completed within 6 months from the date of award. The goal of this phase is a grant contract for CDBG funds. During this phase an OCD Development Program Manager will be assigned to work with the community to finalize their project. OCD reserves the right to rescind the CDBG program award of the community is not under contract within this time. The Office of Community Development may grant waivers for just cause.