

ECONOMIC DEVELOPMENT AND GROWTH INFRASTRUCTURE PROGRAM GUIDELINES

Program Description

The Economic Development and Growth Infrastructure Program (EDGIP) aims to address the economic development and infrastructure needs of the state as it recovers from the effects of hurricanes Gustav and Ike. This program will focus on major economic development initiatives primarily aimed at established and growing industries, workforce expansion and development. This program is designed to have a large impact by providing jobs, infrastructure, and workforce development to hurricane damaged regions. The program will focus on large economic development loans and grants for projects that:

- Support high growth sectors;
- Maximize new and existing business and jobs;
- Provide infrastructure needs to industries and businesses;
- Spur long-term job creation, economic revitalization and long-term sustainability;
- Employ disaster recovery resources to leverage private resources.

National Objective

Low to Moderate Income Benefit, Elimination of Slum and Blight, or Urgent Need

Eligibility – General Business Characteristics

Businesses, nonprofits, educational institutions and public entities damaged by hurricanes Gustav and Ike, or those willing to invest in and contribute to the economic recovery and revitalization of communities affected by the events, are eligible to apply for grants, low cost and/or forgivable loans.

Project Criteria

Preference will be given to projects that create jobs, increase wages, and/or achieve industry expansion and diversification. Selections will be based on CDBG eligibility, impact on the state's recovering economy, business or project readiness and feasibility, availability of other sources of funds, and ability to implement the project in a timely manner.

Recipients will be required to provide a plan detailing an acceptable use of funds, including demonstration of how the grant/loan would be used. Projects may be selected based upon review and recommendation from the Louisiana Department of Economic Development in the following three categories:

- Universities and Workforce Training
- Public Facilities and Infrastructure
- Performance-Based Business Incentives

HUD has provided underwriting guidelines for economic development activities in the regulations (24 CFR Part 570.482(e). Unless otherwise justified and approved by OCD, the OCD and/or LED will use these guidelines for underwriting of economic development projects:

- **Project costs should be reasonable;**
- **All sources of project financing should be committed to the project;**
- **CDBG funds should not be substituted for non-Federal financial support;**
- **The project must be financially feasible;**
- **Return on the owner's equity investment should not be unreasonably high; and**
- **Funds should be disbursed on a pro rata basis with other finances provided to the project.**

Acceptable Use of Funds

The amount of funds requested under the EDGI Program need to be broken out and supported in a certified cost estimate. In the cases where the award is issued in the form of a grant, the recipient will need to demonstrate that proper procurement procedures have been followed for all incurred for all applicable cost categories. Eligible uses of funds include:

- acquisition of real property
- public facilities and improvements
- clearance, rehabilitation, reconstruction, and construction of buildings
- where eligible, working capital, equipment and inventory costs
- provision of public services, such as workforce development training and technical assistance to businesses
- assistance to neighborhood-based organizations, local development corps, and non-profits serving the developing needs of communities

Other Sources of Funding

In the Project Sources and Uses Form, identify the sources and amounts of other funding that have been contingently or firmly committed to the applicant and that will be available to fund the project/program described in the application. If the applicant has commitment letters from the other sources of funding, attach them to the back of the application packet. Please note that OCD/LED may require the applicant to have all sources in place prior to committing funding any CDBG funds to the project/program.

Monitoring and Compliance

The OCD and/or LED will perform program monitoring of the subrecipients. The frequency and depth of the monitoring will be established on a case-by-case basis, depending on the nature of the activity and the risk assessment of each of the projects/programs.

The areas that will be reviewed during monitoring visits will vary from activity to activity, and will be established with the program manager prior to or at the beginning of the award, but each subrecipient will be expected to maintain a project file that includes, but might not be limited to, the following information and documentation:

- 1) Eligibility of the activity;
- 2) Evidence of having met a national objective;
- 3) A copy of the CEA or loan agreement and any approved amendments;
- 4) A copy of the final, approved application
- 5) Where applicable, copies of sub-grantee agreements and/or vendor contracts. In the case that vendor contracts exist with grant recipients, the subrecipients will be expected to maintain documentation that demonstrates proper procurement policies have been followed;
- 6) Characteristics and location of the beneficiaries of a program/project;
- 7) Where applicable, documentation that the business created the positions and LMI persons filling them;
- 8) Where applicable, documentation that the beneficiaries were trained, received technical assistance and/or were placed in employment and that at least 51% of the participants were persons of low to moderate income;
- 9) Compliance with special program requirements;
- 10) Budget (including approved amendments) and expenditure information (including draw requests); and
- 11) The status of the project/activity;
- 12) The Environmental Review and Notice to Proceed;
- 13) Where applicable, documentation that demonstrates compliance with the Davis Bacon and other relevant labor acts.

National Objective and Eligibility

1. Which National Objective does this project meet (570.208)*?

Benefit to Low- and Moderate-Income Persons

- Low/Mod Area Benefit
 Limited Clientele Benefit
 Low/Mod Housing Benefit
 Job Creation or Retention

Aid in the Prevention or Elimination of Slums or Blight

- on an Area Basis
 on an Spot Basis

An Urgent Need

- Needs having a Particular Urgency

2. Which eligibility category does the project meet? (570.201-6)?

Conformance to the Sub-Recipient or Loan Agreement

1. Contract Scope of Services – Is the full scope of services listed in the Agreement being undertaken? List any deviation.
2. Levels of Accomplishments – Compare actual accomplishments at the point of monitoring with planned accomplishments. Is the project achieving the expected levels of performance (number of persons served, number of units rehabbed, etc.)

and reaching the intended client group? Explain any problem the sub recipient may be experiencing. **Acknowledge major accomplishments.**

3. Time of Performance – Is the work being performed in a timely manner (i.e., meeting the schedule as shown in the Agreement)? Explain.
4. Budget – Compare actual expenditures versus planned expenditures. Note any discrepancies or possible deviations.
5. Requests for Payment – Are requests for payment being submitted in a timely manner and are they consistent with the level of work accomplished? Is program income properly accounted for and recorded? Explain.
6. Progress Reports – Have progress reports been submitted with payment requests (where required) on time and were they complete and accurate?

Record-Keeping Systems (570.506)

Records should demonstrate that each activity undertaken meets the criteria for National Objectives compliance. Such records should be found in both the grantee's project file and the sub recipient file.

1. Filing System – Are the sub recipient's files orderly, comprehensive, secured for confidentiality where necessary, and up-to-date? Note any areas of deficiency.
2. Documentation (activities, costs and beneficiaries) – Do the HCD project file and sub recipient records have the necessary documentation supporting the National Objective being met, eligibility, and program costs as they relate to 570.506? Do the project files support the data the sub recipient has provided for the CAPER?
3. Record Retention – Is there a process for determining which records need to be retained and for how long?
4. Site Visit (where applicable) – Is the information revealed by a site visit consistent with the records maintained by the sub recipient and with data previously provided to the grantee? Explain any discrepancies.
 - a. Is the project manager located on-site and running the day-to-day operations? Does the staff seem fully informed about program requirements and project expectations? Explain.
 - b. Is the project accomplishing what it was designed to do? Explain any problems.

Financial Management Systems [85.20 (local governments) and 84.21–28 (non-profits)]

1. Systems for Internal Control – Are systems in compliance with accounting policies and procedures for cash, real and personal property, equipment and other assets (85.20(b)(3) and 84.20(b)(3))?

2. Components of a Financial Management System – Review the chart of accounts, journals, ledgers, reconciliation, data processing, and reporting system. Note any discrepancies.
3. Accounting – Compare the latest performance report, drawdown requests, bank records, payroll records, receipts/disbursements, etc. Note any discrepancies.
4. Eligible, Allocable, and Reasonable Costs – See OMB Circulars A-87, A-122. Pay particular attention to the time distribution records where the sub recipient has employees who work on both OCD/DRU and non- OCD/DRU funded activities. Note any discrepancies.
5. Cash Management/Drawdown Procedures – See Treasury Circular 1075, 85.20(b)(7), and 84.20. Has all cash been promptly drawn down and deposited? Are all draw downs of Federal funds properly recorded? Note any discrepancies.

CDBG Compliance

Environmental Review

Prior to any choice limiting actions regarding the project, including entering agreements to purchase or finance property, demolition or grading of the property, commencement of construction, or other choice-limiting actions, you must receive an Environmental Notice to Proceed from OCD/DRU following obtaining environmental clearance on the project from all interested local, state and federal entities (24 CFR Part 58). If you have any questions regarding this requirement, you can contact the OCD environmental officer, Ann Herring, at 225 219 9620.

Audit Requirements

OMB Circular A-133 requires single audits of all grantees that have total annual federal expenditures in excess of \$500,000. Financial audits and/or certifications are required in accordance with State law when the grantee has annual federal expenditures totaling less than \$500,000. Single audit costs may be eligible for reimbursement in part as an administrative expense. Financial audits and/or certification costs are not eligible for reimbursement.

Uniform Relocation Act

Uniform Act (Acquisition and Relocation) – Requires appraisals for all acquisition (valued over \$10,000) undertaken in connection with activities included in the application, including easements/servitudes for public facilities. The local governing body is required to pay at least fair market value for all properties acquired. Acquisition must be completed before construction begins. Acquisition and relocation can be very time consuming; the program time schedule should be developed accordingly. Acquisition is considered to be a choice limiting activity and should not occur prior to receiving a Notice to Proceed from OCD/DRU.

Davis Bacon Prevailing Wages

Davis-Bacon and Contract Work Hours and Safety Standards – Requires that Federal prevailing wage rates are paid to all employees working under a construction contract of \$2,000 or more. Also, all employees must be paid at least time and a half for any time they work more than forty

hours per week. The Federal Labor Standards Provisions and the applicable federal wage decision(s) must be included in bid packages and contract documents as well as referenced in all bid advertisements. Prevailing wage rates are higher than regular wages in many rural areas and may affect the project budget.

Program Reporting

Subrecipients are required to provide the Office of Community Development and/or the Department of Economic Development (where applicable) with reports on the deliverables associated with the national objective and eligible activity of their project according to a schedule deemed appropriate by OCD and/or LED.

A Reporting template will be provided to the subrecipient at or around the time of execution of the agreement between the subrecipient and the Office of Community Development. The template will contain the information that the subrecipient is expected to track and report to OCD/LED, to include any performance measures, goals and/or objectives met by the project or program.