Request for Board of Commissioners' Action

From: Faye Hughes, County Administrator **Date:** 2/5/2018

Subject: DCA Grant-Joint Application w/City of Adel **Item Number:** VIII-H

John Flythe has asked the commission's consideration in signing with the City of Adel on a joint DCA application. The City is seeking DCA grant funds to enable them to supply utilities to the new medical facility. According to Mr. Flythe, the county would not have any financial responsibility.

If the Board agrees, the chairman will need a motion authorizing the Chair's endorsement on the DCA grant as a joint applicant with the City of Adel.

Motion made by _____

Second made by _____

Any discussion: _____

_____

Votes_____ yes _____ no Motion carried/ failed

Nathan Deal
Governor

Georgia® Department of
Community Affairs

Christopher Nunn
Commissioner

February 6, 2018

Honorable Luther L. Duke, III
Mayor, City of Adel
Post Office Box 1530
Adel, Georgia 31620-1071

Re: Pre-Agreement Cost Approval (PACA)
City of Adel – Cook Medical Center
EIP (PID03883A) for public water and sewer

Dear Mayor Duke:

The purpose of this letter is to respond to the City's Initial Project Assessment (IPA) received January 25, 2018 as a request for Employment Incentive Program (EIP) Pre-Agreement Cost Approval (PACA) on the above-referenced project. If awarded, EIP funds would be used to construct public water and sewer improvements.

Please be advised our Employment Incentive Program (EIP) is experiencing heavy demand and requests for funding. Similar to your situation, numerous local governments are preparing and submitting applications for projects DCA has determined are eligible for EIP funding. Because a significant portion of those applications have been submitted and may prove to be competitive, the Department may have insufficient resources to fund your proposal. Therefore, please plan your financing accordingly and use caution in arranging for any interim financing.

DCA has reviewed the City's IPA regarding the possible submittal of a $750,000 EIP grant application to assist with the construction of public water and sewer improvements to serve Cook Medical Center's new medical facility location. Construction of the proposed public water and sewer improvements will take place on MJ Taylor Road, outside of the corporate limits of the City of Adel. Given the location of the proposed facility, the Department recommends the City consider a joint application with Cook County.

The new facility will have a capital investment of at least $28,000,000, retaining 186 jobs and creating 51 net, new, full-time jobs within twenty-four months of an EIP award, if funded. The total proposed project cost is estimated to be $29,071,754, which includes $321,754 in City funds for site preparation, water and sewer improvements, and engineering. Acquisition is anticipated for the proposed project. Upon project completion, the City will own, operate, and maintain the public water and sewer improvements.

Please note, the application must include written commitments from all funding sources, including the financial institutions indicating financing is available to the Company. If funded, the Company benefiting from EIP funded public infrastructure will be required to provide and have issued to the Department an irrevocable letter of credit or some other instrument of surety acceptable to the Department. A brief history and description of the Company's organizational structure, key principals, and description of the new jobs created by salary range and benefits are supplements needed for a competitive application. Please provide copies of the City of Adel's Financial Statements for the Fiscal Years 2014, 2016, and 2017, if available.

In regard to employment impact for the project, the Department understands the Company will retain one hundred eighty-six (186) jobs and create fifty-one (51) net, new permanent full-time jobs, over and above the retained 186, within two years. In order to be eligible for EIP funds, **at least 51%**, or ninety-five (95) retained jobs and twenty-seven (27) of the net, new jobs to be created must be made available to or held by low to moderate-income (LMI) persons. In accordance with 24 CFR570.483(B)(4), the project and the Company's facility will be located in Census Tract 13075960400 and Block Group 130759604002 which respectively have 23.34% and 19.29% of their populations in poverty (American Community Survey 2012-2016 data), which does not qualify for the presumption of 100% LMI benefit. The U.S. Department of Housing and Urban Development (HUD) requires income status and certain characteristic information on the employees be collected for purposes of statistical reporting. All new jobs must be created within two years of the approval of an EIP grant award, if one is made.

For an activity retaining jobs, the City must document that the jobs would actually be lost without the CDBG assistance and that either or both of the following conditions apply with respect to at least 51 percent of the jobs at the time the CDBG assistance is provided: (1) the job is known to be held by a low or moderate income person; or (2) the job can reasonably be expected to turn over within the following two years and that it will be filled by, or that steps will be taken to ensure that it is made available to, a low or moderate income person upon turnover.

In order to maintain EIP eligibility, the City and the Company must ensure **before any work takes place**, all applicable CDBG laws and regulations (including the federal environmental review requirements, historic preservation and archeological review compliance, federal labor standards requirements, Davis-Bacon requirements, procurement requirements, etc.) have been satisfactorily addressed. We understand the City plans to comply with all state and federal requirements of the CDBG/EIP, including the NEPA environmental review. However, please note the following: **The NEPA review process must be completed prior to the start of any project site work.** In addition, prior to the start of any construction, DCA must receive Section 106 review comments from the DNR/HPD. Please refer to the CDBG Recipient's Manual and contact Michael Casper, Compliance Manager at (404) 679-0594 if you have questions concerning compliance requirements.

Upon compliance with all applicable federal and state laws, the City and the Company may proceed with the public infrastructure and site/facility activities. Should the City be successful in obtaining EIP funds, the Department will allow any EIP eligible project-related expenditures by the City and the Company **after October 23, 2017 (IPA Meeting Date)**, in accordance with this letter, to be reimbursable "pre-agreement costs."

Please be advised this letter is not a commitment to fund, a notification of grant award, or acknowledgement any of the proposed activities are eligible for EIP financing. Simply, certain activities carried out by the City and the Company **after October 23, 2017**, but before a

formal grant award, would not cause the City to become "ineligible" to receive an EIP grant. Each EIP application must stand on its own merit and obtain sufficient points under the review process to obtain funding. Since the competitiveness of your EIP application is unknown at this time, **any group which secures financing and moves ahead with any portion of the project should do so under the full realization EIP funding is not guaranteed.**

Please also be advised, one original and five (5) copies of the **EIP application must be submitted within ninety (90) days of this correspondence to maintain an active PACA. Extensions may be granted; however, this PACA will lapse one year from the date of this letter on February 5, 2019.** The most current EIP Application Manual is available through the DCA website at www.dca.ga.gov. The list of required documentation, as well as sample documents, can also be found in Appendix A – Exhibits Section of the EIP Application Manual.

Please make every effort to assure your application's competitiveness by providing:

- A complete application in a timely manner;
- Documentation throughout the application which consistently and adequately identifies and confirms the funding amounts from all sources to be used for the proposed public and private project activities; and
- Commitment letter from the Company confirming the private investments, jobs to be created, benefit to low and moderate-income persons and willingness to provide letters of credit or surety bonds in the amount of an EIP grant, if awarded, to warrant their investments and jobs.

Should you or any other interested party have any questions, feel free to contact EIP Program Manager Gabriel Morris at (404) 679-3174.

Sincerely,

Brock Smith

Brock Smith
Manager, CDBG Set-Asides

BS/gm

cc: Honorable Dwight Purvis, Chairman, Cook County
Faye Hughes, Cook County Manager
John Flythe, Adel City Manager
Kimberley Hobbs, Southern Georgia RC
Kelly Lane, DCA (via email)