



EDA

U.S. ECONOMIC DEVELOPMENT ADMINISTRATION

2019 SWREDA Conference

Developing Strong Projects

December 5, 2019

INNOVATION. REGIONAL COLLABORATION. JOB CREATION.



INTRODUCTION

Developing Strong Projects: EDA Sausage Making 101

- Panel will discuss Three Fictional Projects to showcase the type of technical issues AURO considers.
- We will also highlight “merit-based” issues. It should be noted, however, that all projects/competitions are unique.
- Please feel free to ask clarifying questions through presentation but hold questions about other considerations and issues to the end. If you have specific questions about a particular project, please come talk to us afterwards.



AURO CITY

Edge of Town Commercial Park.

- Community: Rural near metro area. 80% PCI. Recent Disaster.
- Scope: Public Roadway in Private Commercial Business Park
- Match: In-kind Easements and Cash.
- Economic Impact: 100 jobs and \$2,000,000 in PI. Based on "comparison to other projects." Developer also commits to investing \$1,500,000 in additional infrastructure.
- Engineering/Environmental: PER/Environmental Submitted. Some questionable costs.
- Other: Little to no contact with EDD. Community relies significantly on developer.



MIDDLE AMERICA CITY

Town Road Supporting Industrial Development.

- Community: Largest town in heavily rural area at 63% PCI with recent natural disasters.
- Scope: Scope involves roadwork but overall scope of work unclear.
- Match: Cash. Applicant provided city resolution.
- Economic Impact: Per application project will save 50 jobs and create 50 jobs. Support letter from Business supports retaining 50 jobs.
- Engineering/Environmental: PER submitted inconsistent with project budget. No environmental.
- Other: Project is clearly city priority and has support from EDD, the County and a neighboring Tribe. There is no information from State DOT, which appears to be involved in the scope.



TOWN OF THE SOUTHWEST

Water and Sewer and Site Work for Industrial Park

- Community: Bedroom Community with less than 80% of national PCI.
- Scope: Site work and water and sewer lines in a new Industrial Park.
- Match: Land match equivalent to 48% of project scope. No valuation provided.
- Economic Impact: Application states it will create 500 jobs and \$15,000,000 in private investment. This is based on a major company moving in, but the details are "confidential".
- Engineering/Environmental: PER is mostly complete but there are some questionable budget lines, including "demolition." Environmental Report contains mostly "NA's."
- Other: SWREDA County will own, operate and maintain the sewer line. Complementary projects will be funded by the State and State DOT. A bond package was passed to support the park.





OTHER COMMON ISSUES

- Special Issues Related to Buildings
 - Security Interests/Mortgages
 - Spec Buildings
- Force Account
- Acceptable Match Forms And Documentation
 - Other Federal Funds



QUESTIONS?



THANK YOU!

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Area Director

Example 1: AURO City

Project Title: Edge of Town Commercial Park

Community Description: Rural Town approximately 40 miles outside a growing metropolitan area. County is at a PCI of 80% or less of the national PCI, the unemployment rate is at the national average and the community had a natural disaster within the last 18 months.

Project Scope: The Project is requesting roadway infrastructure inside a commercial business park. While the roadway will be owned/operated/maintained by the City, the business park is privately owned by a developer who plans to lease out lots to commercial enterprises.

Match: The match consists of easement provided in-kind as well as cash match. Both are provided by the Developer. The match letter is signed by the Applicant and states that it is “unencumbered, available as needed and committed to the project contingent on City Council approval of additional funding for other infrastructure inside the commercial business park.” There is no additional documentation supporting the value of the easements.

Economic Impact: Applicant states that the project will create up to 100 jobs and \$2,000,000 in private investment. They state in the application that this is based on “comparison to similar projects”. The Developer also provided a letter stating it will invest \$1,500,000 in additional infrastructure. There are no other letters from other businesses.

Engineering/Environmental: The Applicant provided a PER (Preliminary Engineering Report) and a decent Environmental Assessment. While there are a few questions about the budget, including a line item for heavy construction equipment, overall the documents are supportive.

Other: When the EDR has communicated with the Applicant, they often have to “get back” to her after consulting with the Developer. As far as the EDR can tell, the project came up after the Developer approached the community. The EDR has also provided the contact information for the local EDD, but is not sure if they have contacted them.

Example 2: Middle America City

Project Title: Town Road Supporting Industrial Development

Community Description: While still relatively rural, this is the largest town in the County and, in fact, the several surrounding counties. The County has a PCI of 63% of the National per capita income, an average unemployment rate and has been hit by flooding in 2017 and 2019.

Project Scope: The application is unclear as to the scope. It is EDA's understanding that it is for a town road in a mostly undeveloped industrial area. However, there is some discussion of a State DOT project on another section of road. It is not clear whether the DOT section is part of the EDA scope or not. At one point the Application discussed a \$5,000,000 project and then referenced a \$12,000,000. The Application requests \$3.5 million.

Match: The town has cash match that accounts for 30% of the total project cost. To support the match, the applicant submitted a resolution of general support for the project from the city council.

Economic Impact: The Application states that the project will support the creation of 50 jobs and the retention of 50 jobs. It does not include any private investment. To support the application, "Farm Equipment Makers" sent in a letter stating that it would need to close if the terrible road conditions and flooding were not addressed. The letter stated that they currently employ 50 people. There are currently no other businesses along the road.

Engineering/Environmental: The Applicant submitted a PER but there are some inconsistencies in the project budget as well as the scope in the PER and the application as referenced above. There is no environmental assessment provided.

Other: This project has been a priority of the City for several years, but they had been unable to fund enough dollars for match until now. Included in the application is a support letter from the EDD, the County and a neighboring Tribe. There is no information from the State DOT.

Example 3: Town of the Southwest

Project Title: Water and Sewer and Site work for Industrial Park

Community Description: Town of the Southwest is a bedroom community in a Major Metropolitan Area. They are at 80% or less of the National Per Capita income and have an unemployment rate of 1% or more of the latest 24 month estimates from the BLS.

Project Scope: Project includes site work in a new Industrial Park and some water and sewer lines.

Match: Project includes the underlying land as match that is equivalent to 48% of the total budget. Applicant drafted a letter stating that the land value is committed, unencumbered and available as needed. There is no information on the land valuation.

Economic Impact: The Applicant states that the project will create close to 500 jobs and have \$15,000,000 in private investment. They also state that they have a big company coming in, with project code name "Project Big Bucks". The State has provided a letter of support for "Project Big Bucks" and stating that it will have a big economic impact on the State. There are no business commitment letters.

Engineering/Environmental: The PER appears to be mostly complete and the budget aligns with the budget submitted by the Applicant. However, there is a line item for "demolition" that does not have any explanation. In addition, the contingency line item is relatively high and there is a line item for administration but no discussion in the application. Applicant submitted an Environmental report, but it mostly contains the phrase "NA" in response to the individual questions. There is also no site map.

Other: From the Application, it appears that the water infrastructure will be owned, operated and maintained by a division of SWREDA County (in which Southwest Town is located). It is also noted that the State will be funding a complimentary project including a road within the industrial park (through a state economic development fund) and an intersection leading to the park (through the State DOT). The Application also mentions a bond package was passed in the past year to support the development of the Industrial Park.

