

**PALM BEACH COUNTY  
BOARD OF COUNTY COMMISSIONERS**

## AGENDA ITEM SUMMARY

**Meeting Date:**      **October 16, 2012**                      **[ ] Consent**                      **[X] Regular**  
    **[ ] Ordinance**                      **[ ] Public Hearing**

**Department:** Department of Economic Sustainability

## I. EXECUTIVE BRIEF

**Motion and Title: Staff recommends motion to approve:** Policies for the Palm Beach County Community Development Block Grant (CDBG) Economic Development Program, formerly known as the CDBG Economic Development Set-Aside Program.

**Summary:** On July 10, 2012, the Board of County Commissioners (BCC) approved (R2012-0945) the Fiscal Year 2012-2013 Action Plan for Palm Beach County, which includes funding for the CDBG Economic Development Program, including Economic Development Services and Microenterprise and Small Business Assistance.

These new CDBG Economic Development Program Policies incorporate the following modifications; expand the eligible uses of funding to permit the Microenterprise Assistance activities; require the creation/retention of at least one (1) full-time equivalent (FTE) job per \$35,000 in CDBG funding for Economic Development Services, require the creation/retention of at least one (1) FTE job per \$15,000 of CDBG funding for Microenterprise and Small Business Assistance; reduce the job maintenance period from three (3) years to no less than one (1) year; establish a collateral requirement for CDBG loans; and expand the eligible geographic area within the County. The new policies will increase the efficiency of program operations by removing unnecessary requirements, and will improve the effectiveness of the program by providing greater flexibility to support a range of activities that enhance the local economic climate. (Strategic Planning) Countywide (DW)

**Background and Policy Issues:** On May 19, 1998, the BCC approved policies for the Economic Development Set-Aside Program for Special Economic Development Activities. These policies were amended on June 19, 2001, and on September 23, 2008. The proposed Policies for the CDBG Economic Development Program will cover the following CDBG economic development activities: 1) Special Economic Development Activities, eligible under 24 CFR 570.203(a),(b) and (c), which include, but are not limited to, land acquisition, improvements, purchase of equipment, grants, loans, technical assistance and job training for business development, and the provision of Economic Development Services such as outreach efforts to market available forms of assistance, reviewing underwriting applications for assistance and screening of applicants; and 2) Microenterprise Assistance Program, eligible under 24 CFR 570.201(o)(1), which is designed to foster the development, support and expansion of microenterprise businesses.

**Attachments:**

- ## 1. Policies for the Palm Beach County CDBG Economic Development Program

Recommended By: *Don Howard* *10-3-2012*  
Department Director Date

Approved By: [Signature] 10/11/12  
Assistant County Administrator Date

## II. FISCAL IMPACT ANALYSIS

### A. Five Year Summary of Fiscal Impact:

Fiscal Years	2013	2014	2015	2016	2017
Capital Expenditures					
Operating Costs					
External Revenues					
Program Income					
In-Kind Match (County)					
NET FISCAL IMPACT					

# ADDITIONAL FTE POSITIONS (Cumulative)					
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Is Item Included In Current Budget? Yes \_\_\_\_\_ No \_\_\_\_\_


Budget Account No.:

Fund \_\_\_\_\_ Dept \_\_\_\_\_ Unit \_\_\_\_\_ Object \_\_\_\_\_ Program Code/Period \_\_\_\_\_

### B. Recommended Sources of Funds/Summary of Fiscal Impact:

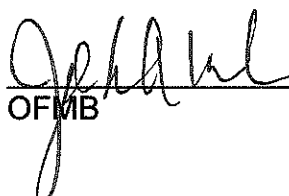
No fiscal impact.


### C. Departmental Fiscal Review:

  
Shairette Major, Fiscal Manager I

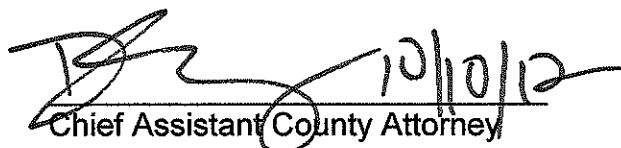
## III. REVIEW COMMENTS

### A. OFMB Fiscal and/or Contract Development and Control Comments:

  
OFMB  
10/3/12  
10/2/12

  
Contract Development and Control  
10-10-12

### B. Legal Sufficiency:

  
Chief Assistant County Attorney  
10/10/12

### C. Other Department Review:

\_\_\_\_\_  
Department Director

**CDBG ECONOMIC DEVELOPMENT PROGRAM  
PROGRAM CRITERIA**

**PALM BEACH COUNTY  
CDBG ECONOMIC DEVELOPMENT PROGRAM POLICIES**

1. **Eligible Applicants-Entities:** ~~An applicant must either be a~~ Entities eligible to receive funding include: sole proprietorships; partnerships; incorporated businesses; municipalities; or a Community Redevelopment Agency; public agencies; ~~or-and~~ any legally organized form of business registered with the Florida Department of State to conduct business in the State of Florida. ~~A County Department may act as an applicant of last resort for a project located in an unincorporated area that would have otherwise been eligible if located within a municipality.~~
2. **Eligible Activities:** Funds requested under this program must be utilized for Special Economic Development Activities—24 CFR 570.203(a)(b)&(c) and/or Microenterprise Assistance—24 CFR 570.201(o)(1)(i)(ii)(iii). ~~and/or job creation/retention as defined in the CDBG Regulations at 24 CFR 570. Specific activities which will be funded are: acquisition of real property and equipment (see the ineligible activities and expenses below); improvements to structures; infrastructure improvements; and new construction; working capital; and direct operating costs related to provision of business services. Portable equipment, such as personal/office computers, adding machines, calculators and vehicles. Other ineligible items include office and restaurant furniture such as desks, tables, chairs, cookware and other removable items. Vehicles are not eligible for funding. The Department of Economic Sustainability (DES) has the sole authority to make final determinations in all matters of eligibility.~~
3. **Economic Development Services:** CDBG funding will support services provided directly by DES, using its own staff or through the use of consultants. These services are required to implement various County economic development programs, or otherwise to advance the County's economic development objectives. Services include the following:
  - Outreach effort to market the programs
  - Screening of applicants
  - Providing continuing technical assistance to businesses participating in the County's Economic Development Programs
  - Reviewing and underwriting applications for assistance
  - Preparation of Agreements
  - Management of the assisted activities to ensure compliance with Federal and County requirements.
4. **Micro-Enterprise and Small Business Assistance:** The County will provide CDBG funding to business incubators and other private, non-profit organizations to facilitate the provision of assistance to microenterprises and small businesses located within the Palm Beach County jurisdiction. Activities funded through the program will be eligible per 24 CFR 570.201(o)(1)(i)(ii)(iii)—Microenterprise Assistance and 570.203(b)—Special Economic Development Activities. Such assistance shall include, but not be limited to the following:
  - Technical assistance
  - Advice
  - Training
  - Business support services
  - Peer support programs to include peer counseling

The County reserves the right to designate the subrecipient incubators/non profits that will be funded. Prior to receiving funding, the incubators/non-profits will be required to present to DES a proposal outlining their activities and services to be offered, and indicating how the incubator/non-profit will to meet the requirements relating to job creation and business geographic location. At least 51% of the businesses receiving

assistance must be located within the Palm Beach County CDBG Program Jurisdiction (outside the six entitlement municipalities of West Palm Beach, Boynton Beach, Delray Beach, Boca Raton, Jupiter and Wellington, but inside Palm Beach County).

For purposes of this program, small businesses have more than 5 employees. The U.S. Department of Housing and Urban Development (HUD) defines a microenterprise as a commercial enterprise that has five or fewer employees, one or more of whom owns the enterprise. "Persons developing microenterprises" means such persons who have expressed interest and who are, or after an initial screening process, are expected to be actively working toward developing businesses, each of which is expected to be a microenterprise at the time it is formed.

5. **National Objective:** All activities funded through this program must meet the National Objective of benefitting low- and moderate-income persons per 570.208(a)(4)—Job creation or retention activities. Job creation means the creation of new, permanent positions. Construction jobs to complete an activity do not count. Job retention means that permanent jobs would actually be lost if CDBG funds were not awarded.

At least one (1) full-time equivalent (FTE) job must be created or retained for every \$15,000 \$35,000 of CDBG funding applied for (one full-time or equivalent job equals one job totaling 2,080 hours annually or two or more positions that together total at least 2,080 hours per year), except in the case of business incubators which are required to create at least one (1) FTE job for every \$15,000 of CDBG funding. A FTE job is calculated based on a 40-hour work week (2,080 hours per year).

The applicant CDBG-funded entity must be is directly responsible for generating the jobs to be produced. Newly-created jobs must be maintained for a period of no less than one (1) year from the date on which the new position is initially filled. At least fifty-one percent (51%) of all jobs created must be filled by, or made available to, persons of low and moderate income as from time to time defined by the U.S. Department of HUD. In reviewing applications, this item will be scored to give preference to those with a higher percentage of jobs available to low/moderate-income persons. If funds from other County sources also require that jobs be created, these jobs must be counted separately. All jobs must be advertised with the Workforce Alliance, Inc.

3. ~~**Ineligible Activities and Expenses:** Portable equipment, such as personal/office computers, adding machines, calculators and vehicles. Other ineligible items include office and restaurant furniture such as desks, tables, chairs, cookware and other removable items. While this list may not be all inclusive, each applicant is encouraged to contact the Economic Development Office to confirm whether or not your project costs are eligible for funding.~~

6. **Program Geographic Requirements:** For activities which are located in the six (6) Entitlement Communities (Boca Raton, Boynton Beach, Delray Beach, Jupiter, Wellington, and West Palm Beach) other than Palm Beach County or in a municipality not participating in the Urban County Program, at least more than 51% percent of the jobs created/retained must be occupied by residents of the unincorporated County or one of the participating municipalities in the Urban County Program.

Additionally, when a proposed activity is located in a municipality that is a CDBG Entitlement Community, the municipality must provide a dollar-for-dollar match for the amount of County CDBG dollars requested in the Set-aside application.

5. ~~At least one (1) full time equivalent (FTE) job must be created or retained for every \$15,000 of CDBG funding applied for (one full-time or equivalent job equals one job totaling 2,080 hours annually or two or more positions that together total at least 2,080 hours per year). The applicant must be directly responsible for generating the jobs to be produced. If funds from other County sources also require that jobs be created, these jobs must be counted separately. All jobs must be advertised with the Workforce Alliance, Inc.~~

6. ~~All projects must be located in or adjacent to the identified Development Regions. Preference will be given to projects which are located in the "core and acute areas" of these Development Regions.~~
7. ~~At least fifty one percent (51%) of all jobs created must be filled by persons of low and moderate income as from time to time defined by the U.S. Department of HUD. In reviewing applications, this item will be scored to give preference to those with a higher percentage of jobs available to low/moderate income persons.~~
7. **Matching Resources:** Entities undertaking CDBG-assisted business ventures must supplement the CDBG funds with cash, equity, debt financing, or real property, subject to review and acceptance by DES. ~~In reviewing applications, this item will be scored to give preference to those with a higher percentage of supplementary funding. In order for a project to be considered for funding, Verification of sufficient funds to complete the project must be submitted to DES prior to County approval of project funding. at the time the application is submitted to the Economic Development Office. Confirmation of funding must be in the form of a bank statement, loan commitment statement, etc.~~
8. **Collateral:** When CDBG loans are provided, the borrower must pledge collateral in the form of the cash, real property, securities, or other assets in an amount not less than 100% of the principal amount of the loan. DES reserves the sole authority to determine the acceptability of collateral. DES will secure the collateral with a lien, UCC, and/or personal/corporate guarantee.
9. **Improvements to Real Property:** When CDBG funds are used to make improvements to real property, an Declaration of Restrictions on use of the property will be recorded against title to the property for a period of no less than five (5) years. Regarding improvements to structures, if the structure to be improved is leased, a lease commitment of no less than ten five (5) years is required.  
  
~~When funding infrastructure, land acquisition or physical plant construction, these activities must begin within 12 months of BCC approval of the activity and be completed within the succeeding 24 months after project commencement. The CDBG Regulations require that jobs must be created within twelve (12) months from date of completion of the facility or improvement. Also, when counting jobs, the County will include all jobs created/retained from the time the contract is approved by the BCC. The total number of jobs required by the County must be created within one (1) year of the completion of the activity. The jobs should be maintained for a period of at least three years. Acquisition, construction and rehabilitation activities which utilize CDBG funds are subject to monitoring for ten (10) years under EDO policy and will be subject to a "Declaration of Restriction on Use" for the entire monitoring period.~~
10. ~~Applicants must submit a financial pro forma, which allows for an assessment of critical elements outlined by HUD under 24 CFR 570.209(a). These elements will be outlined in the application package.~~
11. ~~The minimum funding award shall be \$50,000, but preference will be given to requests of at least \$100,000.~~
10. **Board of County Commissioners Approval:** the BCC will have final authority to approve or deny all CDBG funding awards.
12. ~~Funding preference will be given to first-time applicants. Applicants Businesses that have been awarded funds from this program in the past are not eligible to apply for a period of three (3) years from the point that all funding has been expended.~~
13. ~~Successful applications must meet all other applicable requirements of the CDBG program to include, but not be limited to, meeting a National Objective, Environmental Reviews, Davis Bacon Wage Determination, Section 3, Procurement and Insurance Requirements.~~

**Additional information and clarification of the above criteria, are as follows:**

1. ~~All awards will be in either the form of grants, no interest loans, low interest loans, or a combination of each.~~
2. ~~If an activity is located in a CDBG Entitlement Community, the required dollar-for-dollar cash match may be provided by the Entitlement Community or its CRA. Documentation must be provided.~~
3. ~~An application from a partnership must be submitted and signed by the majority partner. In addition, where there are layers of partnerships, partnership documents for all partnerships must be submitted.~~
4. ~~Each applicant is required to thoroughly complete Section II.C (Project/Activity Cost, Summary of Funding) of the application. The total sources of funds should be equal to the total uses of funds. Sufficient documentation must be provided to show matching contribution.~~
5. ~~The financial contribution to an activity will generally be provided at the back-end of the activity's implementation, unless directed otherwise by the EDO Director.~~
6. ~~Regarding job creation and retention:~~
  - ~~Job creation means the creation of new, permanent positions. Construction jobs to complete an activity do not count. Job retention means that permanent jobs would actually be lost if CDBG funds were not awarded. The applicant must document compliance.~~
  - ~~A full time equivalent (FTE) job is calculated based on a 40-hour work week (2,080 hours per year).~~
  - ~~All jobs created or retained are required to be maintained for a period of at least three (3) years.~~
7. ~~For purchase of equipment, the equipment is subject to monitoring for the life of the equipment under County policy and disposition is subject to EDOs prior written approval.~~

**~~8. Other Federal and County Requirements:~~**

- ~~Environmental Review:~~ Performed by EDO to ensure that funded activities do not adversely impact the environmental, nor vice versa. Activities that severely impact or are impacted by environmental conditions may be disqualified or have to be altered. Such conditions may include the presence of hazardous materials, proximity to above-ground storage tanks or noise sources (e.g. railroads, major highways), and the presence of protected lands or species.
- ~~Davis-Bacon Act:~~ Requires payment of prevailing wages to workers under on construction contracts and subcontracts.
- ~~Section 3:~~ Encourages employment opportunities for low and very low income persons on construction activities.
- ~~Asbestos Survey:~~ Obtained by EDO staff for reconstruction, rehabilitation, extension or demolition of existing buildings.
- ~~Procurement:~~ All purchases of goods and services, including capital equipment, must be made by purchase order or by a written. Each business will be required to secure up to three (3) qualified quotes for goods and services (if goods and services include equipment, each piece of equipment will require 3 separate quotes). The business must inform EDO in writing (and include the purchase order or written agreement) of the vendor selected. The purchase order or written agreement must include the name / type of goods or services purchased and all costs associated with the purchase.
- ~~Uniform Relocation Act:~~ Required for all activities that cause displacement of businesses and/or residents. An activity will cause displacement if the property

~~is occupied by owners or tenants at the time this application is submitted.~~  
~~Since federal relocation requirements are complex and can be expensive to~~  
~~implement, please contact EDO for technical assistance.~~

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**BOARD OF COUNTY COMMISSIONERS  
PALM BEACH COUNTY  
FLORIDA**



**DEPARTMENT OF ECONOMIC SUSTAINABILITY**

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**POLICIES FOR PALM BEACH COUNTY  
CDBG ECONOMIC DEVELOPMENT PROGRAM**

**POLICIES EFFECTIVE AS OF  
OCTOBER 16, 2012**

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**PALM BEACH COUNTY  
CDBG ECONOMIC DEVELOPMENT PROGRAM POLICIES**

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