

THE CDBG-R SUBSTANTIAL AMENDMENT

Jurisdiction(s): State of Missouri	CDBG-R Contact Person: Andy Papen Address: P.O. Box 118, Jefferson City, MO 65102
Jurisdiction Web Address: • www.missouridevelopment.org	Telephone: 573-751-3600 Fax: 573-526-4157 Email: andy.papen@ded.mo.gov

Revision 12/18/09 – The Department of Economic Development is proposing to reallocate a portion of the CDBG-R (Recovery) funds awarded to Sikeston and Slater. Originally, Sikeston was awarded \$1,721,600 of CDBG-R funding for acquisition of a rail line to ensure continued rail access to four industries, assisting in the retention of 191 jobs. Sikeston has proposed an amendment to this award that will allow the use of \$1,500,000 as a working capital loan to an industry that will build a new facility in Sikeston and create 250 jobs. The balance of the original Sikeston CDBG-R award (\$221,600) will be used to increase the CDBG-R award to Slater to a total of \$303,600. This will fully fund the Slater project, as additional funds requested by Slater from the Economic Development Administration were not available.

State of Missouri – Community Development Block Grant (CDBG) Program

Substantial Amendment to FY2008 Action Plan

The American Recovery and Reinvestment Act of 2009 (ARRA) includes \$1 billion of Community Development Block Grant funds to be distributed by the U.S. Department of Housing and Urban Development (HUD) to states and entitlement cities/counties by the established CDBG formula. The State of Missouri will receive \$6,433,629 in additional CDBG funding through this Act. To distinguish from the regular CDBG Program, CDBG funds received through ARRA will be referred to as CDBG-R (recovery). These funds will be administered through the Missouri Department of Economic Development (DED).

ARRA specifies that these funds be used for activities that create jobs (either directly or indirectly) and/or provide an economic benefit to the area or jurisdiction.

National Objective

All projects funded with CDBG-R must meet one of the three CDBG national objectives:

1. Low-to-moderate income (LMI) benefit: at least 51% of the persons benefitting from the project must be of LMI status, which is defined as incomes at or below 80% of the county median household income. At least 70% of the CDBG-R funds must be expended for activities that benefit LMI persons.
2. Slum and blight removal
3. Urgent need (based on economic conditions)

LMI benefit can be defined as being either direct or indirect.

- Direct LMI benefit, for purposes of CDBG-R, is defined as job creation. A LMI job creation activity is one which creates or retains permanent jobs, at least 51% of which are held by LMI persons.
- Indirect LMI benefit can be defined as:
 - Area benefit. Activities that benefit all of the residents of an area or jurisdiction; to be eligible, at least 51% of those residents must be of LMI status.
 - Limited Clientele benefit. Activities that exclusively benefit a clientele that is presumed to be principally of LMI status. The following groups are presumed (by HUD definition) to be primarily of LMI status: abused children, elderly persons, battered spouses, homeless persons, severely disabled adults, illiterate adults, persons living with AIDS and migrant farm workers.

Eligible Applicants

Eligible applicants are the non-entitlement cities and counties in Missouri (cities under 50,000 in population and counties under 200,000 in population). Entitlement cities and counties, St. Louis County (and the cities within the County participating in the County's entitlement program), Jefferson County (including the cities within the County participating in the County's entitlement program), Blue Springs, Columbia, Florissant, Independence, Jefferson City, Joplin, Kansas City, O'Fallon, Springfield, St. Charles, St. Joseph, St. Peters, Lee's Summit and St. Louis (city) will receive a direct allocation of CDBG-R funds from HUD and are not eligible for the state program.

Eligible Activities

All activities eligible in the regular CDBG program are eligible for CDBG-R funding. For a list of eligible activities, please refer to the FY08 State of Missouri Action Plan. Certain types of activities will be prohibited from receiving CDBG-R funding: casinos or other gambling facilities, aquariums, zoos, golf courses, or swimming pools. Public Services are capped at 15% of the allocation; Missouri does not anticipate funding public service activities.

Priorities for Funding

It is the intent of the DED to maximize opportunities for immediate economic impact by soliciting projects that facilitate job creation by their design. The DED priorities for the use of the funds included:

- Projects which can be under contract within 120 days of grant award;
- Projects that facilitate full time job creation and economic benefit;

- Projects that impact the development of an industry in Missouri;
- Projects in areas that have experienced sudden and severe economic dislocation and job loss due to corporate restructuring;
- Projects that leverage adequate local funding and local effort;
- Projects that indicate readiness to proceed and expeditious completion;
- Projects that are supported by the community and identified in a local or regional plan as a priority.

Method of Distribution

On April 15, 2009, DED announced the CDBG-R funding opportunity, and made available a proposal form with a due date of May 15, 2009. The due date was extended to June 15, 2009. Projects were reviewed and selected on the basis of the priorities listed in the previous section. Proposals selected for CDBG-R funding are listed separately in this amendment as required. Proposed projects selected for funding will be required to submit the full CDBG application upon approval of the State's CDBG-R substantial amendment. The State reserves the right to fund other projects in the event that the selected projects do not complete eligible applications, or do not get underway in the required timely manner.

A total of 115 proposals were received, totaling \$72,146,149. A total of 27 did not meet a CDBG national objective, and were therefore ineligible. The 88 eligible proposals were prioritized in the following categories (which are consistent with the priorities of ARRA):

1. (Priority 1) – proposals that resulted in direct increased job creation or retention.
 - a. Projects that represented a company in hand
 - b. Projects that had funding sources in place or had a competitive application submitted (EDA)
 - c. Projects that support significant job retention and/or creation in LMI communities and other economically disadvantaged areas of the state.
 - d. Projects where other funding sources were not available (last resort)
2. (Priority 2) – proposals that invested in long-term transportation or industrial infrastructure needs.
3. (Priority 3) – proposals that invested in basic community infrastructure (including community facilities).

The CDBG-R allocation was sufficient to recommend 8 of the projects proposed. These projects are summarized in the attached spreadsheet in Section A below and described individually in Section B. Projects awarded total \$5,920,700. The balance of the allocation (\$512,929) will be used for state administration.

Recovery Act Requirements for CDBG-R Expenditures

Title XII of Division A of the Recovery Act requires that in selecting CDBG-R projects to be funded, recipients shall give priority to projects that can award contracts based on bids within 120 calendar days from the date the funds are made available to the recipients.

Section 1602 of the Recovery Act requires that grantees shall use grant funds in a manner that maximizes job creation and economic benefit. Section 1602 also states that, when CDBG-R funds are being used for infrastructure investments, grantees must give preference to activities that can be started and completed expeditiously, including a goal to obligate at least 50 percent of the funds for activities that can be initiated within 120 days of enactment of the Recovery Act.

HUD has defined the term “use” for purposes of these requirements to mean obligation of funds. HUD is adopting the definition of “obligation” as it appears in 24 CFR 85.3 for all grantees, including states, to mean the amount of orders placed, contracts and sub-grants awarded, goods and services received, and similar transactions during a given period that will require payment by the grantee during the same or a future period.

Section 1605 of the Recovery Act requires that all iron, steel and manufactured goods used in construction, alteration, repair, or maintenance of a public building or public work project assisted with funds under the Recovery Act must be produced in the United States, unless HUD finds that: the requirement is inconsistent with public interest; those goods are not reasonably available or produced in sufficient quantity in the U.S.; or the use of the goods will increase the project cost by more than 25 percent. Grantees must request a waiver of this provision if, in the process of carrying out an eligible activity, one of these conditions arises. If HUD determines that it is necessary to waive this requirement, it must publish in the Federal Register a detailed written justification why this requirement was waived; therefore, all grantees are expected to adhere to these provisions. These requirements must be applied consistent with U.S. obligations under international agreements. To streamline compliance with the provision of Section 1605 in determining the project cost using American-made materials, grantees may want to consider acquiring two cost estimates with bids: one with only American-made materials and the other with any materials.

Section 1604 of the Recovery Act prohibits CDBG-R funds from being used for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool. In applying this prohibition, HUD will interpret the definitions of these terms broadly.

Section 1512 of the Recovery Act requires that for each activity carried out with CDBG-R funds, grantees must report on the number of jobs estimated to be created or retained. This reporting requirement applies to all activities, and is unrelated to the reporting of jobs for purposes of meeting the low- and moderate-income benefit national objective requirements.

Program Income Requirements

Any program income generated from the use of CDBG-R funds will be treated as program income to the regular CDBG program, not as program income to the CDBG-R program. Any such program income will be subject to the State of Missouri CDBG program income requirements.

Administration

Administration (covering both state and local administration) is capped at 10% of the total state allocation. State administration will total \$512,929.

Timeliness

All CDBG-R grantees must expend their entire allocation of CDBG-R funds by September 30, 2012. Any funds not expended by September 30, 2012 will be recaptured by HUD and returned to the U.S. Treasury.

Citizen Participation

This Substantial Amendment to the FY08 Action Plan was posted on the DED Business & Community Services website on June 19, 2009. Public notice (press release) was given that same date. In addition, the Substantial Amendment was emailed to all Missouri Regional Planning Commissions on that date as well. If accommodation is requested for non-English speaking persons or persons with disabilities, such accommodation will be made. The comment period (seven days) ended at 5 pm on Friday, June 26. A summary of citizen comments is found at the end of this amendment.

Reporting Requirements

The Recovery Act imposes greater (and more frequent) reporting requirements than those that apply to grantees' regular CDBG funding. Section 1512 of the Recovery Act requires that not later than 10 days after the end of each calendar quarter, each recipient that received recovery funds from a federal agency shall submit a report to that agency that contains: (1) the total amount of recovery funds received from that agency; (2) the amount of recovery funds received that were expended or obligated to projects or activities; and (3) a detailed list of all projects or activities for which recovery funds were expended or obligated, including the name of the project or activity; a description of the project or activity; an evaluation of the completion status of the project or activity; an estimate of the number of jobs created and the number of jobs retained by the project or activity; and for infrastructure investments made by State and local governments, the purpose, total cost, and rationale of the agency for funding the infrastructure investment with funds made available under the Recovery Act and name of the person to contact at the agency if there are concerns with the infrastructure investment. Not later than 30 calendar days after the end of each calendar quarter, each agency that made Recovery Act funds available to any recipient shall make the information in reports submitted publicly available

by posting the information on a website.

Grantees' agreements with subrecipients or units of general local government must contain a special contract condition requiring them to comply with the reporting requirements established for CDBG-R funding. All grantees, subrecipients and contractors desiring to participate in the CDBG-R program must obtain a Data Universal Numbering System (DUNS) number. A DUNS number may be requested via the web at: http://www.grants.gov/applicants/request_duns_number.jsp. **Therefore, all local governments awarded CDBG-R funds from the Missouri DED must obtain a DUNS number. It is not yet determined if contractors doing work under contract with a CDBG-R grant recipient that is paid in whole or in part with CDBG-R funds must obtain a DUNS number.**

Title XV, Section 1512 of the Recovery Act states that funding recipients that are required to report information per subsection (c)(4) of the Recovery Act (detailed information on any subcontracts or subgrants awarded by the recipient to include the data elements required to comply with the Federal Funding Accountability and Transparency Act of 2006 allowing aggregate reporting on awards below \$25,000 or to individuals) must register with the Central Contractor Registration (CCR) database. CCR is the primary registrant database for the U.S. Federal government. CCR collects, validates, stores, and disseminates data in support of agency acquisition missions. Registration information on the CCR website can be found at <http://www.ccr.gov/startregistration.aspx>. A CCR User Account Guide can be found at <http://www.ccr.gov/doc/UserAccount.pdf>. CCR frequently asked questions can be found at <http://www.ccr.gov/FAQ.aspx#accounts>. **Therefore, all local governments awarded CDBG-R funds from the Missouri DED must be registered with the Central Contractor Registration. It is not yet determined if contractors doing work under contract with a CDBG-R grant recipient that is paid in whole or in part with CDBG-R funds must be registered with the Central Contractor Registration.**

CDBG-R
Activity Data Spreadsheet

Jurisdiction/Grantee Name: State of Missouri		CDBG-R Fomula Grant Amount: \$6,433,629				Date: 6/17/09	
Activity Name	Activity Description	Eligibility (Regulatory or HCDA Citation)	National Objective Citation	CDBG-R Project Budget (\$)	Additional Recovery Funds (\$)	Other Leveraged Funding (\$)	Total Activity Budget
Gerald	Road improvements in city's industrial park	HCDA 105(a)(2)	24 CFR 570.483(b)(1)	229,900		51,900	281,800
Malden	Expansion and improvement of railspur serving the city's industrial park	HCDA 105(a)(2)	24 CFR 570.483(b)(1)	\$671,200		\$782,400	1,453,600
New Madrid County	Working capital loan to Noranda Aluminum, Inc. to assist in job retention	HCDA 105(a)(17)	24 CFR 570.483(b)(4)	\$1,000,000			1,000,000
Perryville	Wastewater system improvements to facilitate business (Sabreliner) expansion	HCDA 105(a)(2)	24 CFR 570.483(b)(4)	\$230,000		\$388,400	618,400
Sikeston	Working capital loan to new industry in Sikeston to assist in creation of 250 jobs.	HCDA 105(a)(1)	24 CFR 570.483(b)(4)	\$1,500,000			1,500,000
Slater	Infrastructure improvements to facilitate Slater Bio-Energy LLC facility construction	HCDA 105(a)(2)	24 CFR 570.483(b)(4)	\$303,600		\$92,673	396,273
Warren County	Water system improvement to facilitate business (DACA Machine & Tool) expansion.	HCDA 105(a)(2)	24 CFR 570.483(b)(4)	\$686,000			686,000
Washington	Rail and bridge improvement to facilitate job retention and expansion by two industries (Canam Steel and Pauwels Transformers)	HCDA 105(a)(2)	24 CFR 570.483(b)(4)	\$1,300,000	\$1,300,000	\$1,778,000	4,378,000
							0
State of Missouri	State administration	HCDA 105(a)(13)	N/A	\$512,929			512,929
							0
							0

B. CDBG-R INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)

(1) Activity Name: Gerald

(2) Activity Narrative: Project consists of road improvements in the city's industrial park. The industrial park currently holds 6 individual industries, employing over 300 people. Gerald is a low-income community (61.7% LMI by census), and the industries in the industrial park are among the larger employers for the area. Currently, the roads in the park are severely deteriorated and require increased maintenance which is a financial hardship for the community. In addition, there are approximately 77 acres of undeveloped land in the park; improved access roads will allow for further development of the park with more industries and increased jobs for the area. Finally, the improved road access will assist in keeping the industries currently in the park, and retain the existing jobs.

This activity meets the requirements of Title XII of Division A and Section 1602 of ARRA by assisting in the retention of jobs and promoting economic recovery in a low income community, allows for the further development of the industrial park and ultimate creation of new jobs, and is an investment in transportation and other infrastructure that will provide a long term benefit.

(3) Jobs Created: There are currently over 300 jobs in the industrial park. Further development of the park will create new jobs, but that number is not known at this time.

(4) Additional Activity Information:

(5) Responsible Organization: The responsible organization for this project will be:

City of Gerald
P.O. Box 59
Gerald, MO 63037

Primary Contact for this project:
James Quilacio
BFA Inc.
103 Elm Street
Washington, MO 63090

. ***CDBG-R INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)***

(6) Activity Name: Malden

(7) Activity Narrative: Project will expand and improve the rail spur located in the Malden Industrial Park. The park contains 7 industries with an estimated 150 jobs currently. The rail spur improvements will increase the viability of the industrial park by providing upgraded, safer, rail access, and will assist the park in attracting new industries and new job creation. Malden is a low income community (55.7% LMI) and the businesses in the industrial park are major employers for the area.

This activity meets the requirements of Title XII of Division A and Section 1602 of ARRA by investing in transportation and other infrastructure that will provide long term economic benefit.

(8) Jobs Created: The businesses in the park employ an estimated 150 persons. Enhanced rail service is expected to facilitate future new job creation, but this number is not known at present.

(9) Additional Activity Information:

Responsible Organization: Responsible organization is:

City of Malden
201 South Madison
Malden, MO 63863

Project contact is:

Barbara Crayne
P.O. Box 411
Malden, MO 63863

. CDBG-R INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)

(1) Activity Name: New Madrid County

(2) Activity Narrative: Project consists of a working capital loan to Noranda Aluminum, Inc. Noranda's operations have been significantly affected by the economic downturn. In addition, Noranda lost significant production and sustained severe damage due to lengthy power outages caused by an ice storm in January, 2009. This loan will assist them in sustaining their operations which will retain 891 jobs at their New Madrid County facility. Noranda is not only a major employer in this economically depressed area, but also supports approximately 2,000 area jobs from suppliers and other vendors from whom Noranda is a major purchaser.

This activity meets the requirements of Title XII of Division A and Section 1602 of ARRA by preserving jobs and promoting economic recovery.

(3) Jobs Created: Project will assist Noranda in retaining entire workforce of 891 jobs.

(4) Additional Activity Information:

Responsible Organization: Responsible organization is:

New Madrid County
P.O. Box 68
New Madrid, MO 63869

Project contact is:

Steve Duke
Bootheel Regional Planning Commission
105 E. North Main
Dexter, MO 63841

. CDBG-R INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)

(5) Activity Name: Perryville

(6) Activity Narrative: Project consists of wastewater system improvements to facilitate the expansion of Sabreliner Corporation. Sabreliner's expansion will result in the creation of 23 jobs.

This activity meets the requirements of Title XII of Division A and Section 1602 of ARRA by creating jobs and promoting economic recovery.

(7) Jobs Created: Project will create 23 jobs.

(8) Additional Activity Information:

(9) Responsible Organization: Responsible party is:

City of Perryville
215 Northwest Street
Perryville, MO 63775

Project contact is:

Margaret Yates
Southeast Missouri Regional Planning Commission
P.O. Box 366
Perryville, MO 63775

. CDBG-R INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)

(10)Activity Name: Sikeston **(REVISED)**

(11)Activity Narrative: Project consists of a working capital loan to an industry that will build a new facility in Sikeston.

This activity meets the requirements of Title XII of Division A and Section 1602 of ARRA by retaining jobs and promoting economic recovery, and also by investing in transportation and other infrastructure that will provide a long term economic benefit.

(12)Jobs Created: Project will assist in the creation of 250 jobs.

(13)Additional Activity Information:

(14)Responsible Organization: Responsible entity will be:

City of Sikeston
105 E. Center Street
Sikeston, MO 63801

Project contact is:

Steve Duke
Bootheel Regional Planning Commission
105 E. North Main
Dexter, MO 63841

. ***CDBG-R INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)***

(15)Activity Name: Slater

(16)Activity Narrative: Project will provide needed infrastructure improvements (water, sewer, electric and road) to facilitate a bio-mass conversion facility to be located in the city's industrial park. Project will create 10 jobs.

This activity meets the requirements of Title XII of Division A and Section 1602 of ARRA by creating jobs and promoting economic recovery, and also by investing in transportation and other infrastructure that will provide a long term economic benefit.

(17)Jobs Created: Project will create 10 jobs.

(18)Additional Activity Information:

(19)Responsible Organization: Responsible entity is:

City of Slater
232 North Main
Slater, MO 65349

Contact:

Russell E. Griffith
232 North Main
Slater, MO 65349

. CDBG-R INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)

(20)Activity Name: Warren County

(21)Activity Narrative: Project consists of needed water system improvements to facilitate expansion by DACA Machine & Tool. DACA currently employs 70 and will create 46 new jobs.

This activity meets the requirements of Title XII of Division A and Section 1602 of ARRA by creating jobs and promoting economic recovery, and also by investing in transportation and other infrastructure that will provide a long term economic benefit.

(22)Jobs Created: Project will facilitate creation of 46 new jobs.

(23)Additional Activity Information:

(24)Responsible Organization:

WARREN COUNTY
104 W. BOONSLICK ROAD, SUITE B
WARRENTON, MO 63383

CONTACT:
STEVE ETCHER
BOONSLICK REGIONAL PLANNING COMMISSION
P.O. BOX 429
WARRENTON, MO 63383

. ***CDBG-R INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)***

(25)Activity Name: Washington

(26)Activity Narrative: Project consists of rail and bridge improvements to facilitate expansion of Pauwels Transformers and job retention for Canam Steel.

This activity meets the requirements of Title XII of Division A and Section 1602 of ARRA by creating and retaining jobs and promoting economic recovery, and also by investing in transportation and other infrastructure that will provide a long term economic benefit.

(27)Jobs Created: New jobs created will be 146. Project will also retain 100 jobs.

(28)Additional Activity Information:

(29)Responsible Organization:

City of Washington
405 Jefferson Street
Washington, MO 63090
Richard Oldenburg, ED Director

C. PUBLIC COMMENT

The Substantial Amendment was posted on the Department of Economic Development – Division of Business & Community Services website (www.missouridevelopment.org) on June 19, 2009 and a press release was issued informing the public of the posting and directing interested parties to the website. The comment period ended at 5 pm on June 26, 2009.

One comment was received:

Q. Will selected projects have to complete a full CDBG application before funding is finalized?

A. Yes. The proposals submitted did not include all of the application forms that are required by the State CDBG program. Full applications will be required before a grant contract is issued to the community.