

To: All Jurisdictions/Eligible Agencies and Nonprofits
From: Bob Drewel, Executive Director
Date: September 15, 2009
Subject: **Puget Sound Regional Council's Economic Development District Public Works Program**

The Puget Sound Regional Council's Economic Development District (EDD) is looking for economic development projects to include in the 2010 federal fiscal year (FY10) regional investment priority list for possible grant funding from the federal Economic Development Administration (EDA). Over the past ten years, the region has secured approximately \$15 million for eight projects by participating in the federal program. After staff and board review, projects will be numerically ranked and recommended to EDA. **Sponsors of these projects should then directly contact EDA to pursue funding.** Sponsors of top tier projects will also be encouraged to use the rankings as leverage when pursuing other sources of funding.

The EDD is beginning the process to select projects for submittal to EDA with this letter soliciting applications.

Completed application forms (*available on our website at psrc.org*) must be submitted to the Regional Council by close of business on November 6, 2009.

The following guidelines must be met to be eligible to apply for an economic development grant (more details on the guidelines are provided on pages 2 through 4 of this letter):

- ❖ Applicant must be a public or non-profit entity (County, City, Port District, etc.).
- ❖ Proposal must be for the construction of a public works facility or related infrastructure.
- ❖ Project must impact the local economy by leading to the direct creation, expansion, or retention of permanent jobs in private business.
- ❖ Grant request should be around \$1 million to \$3 million and represent no more than 50% of the total project cost.

The application process includes criteria and scoring to provide more clarity as to how the projects are chosen. Once the top tier of projects have been selected, EDD staff will work with project sponsors to shepherd the projects at the federal level.

Enclosed is the application form as well as a description of the federal grants program. Additional copies of the form and more information can be found on the Regional Council's website at <http://www.psrc.org/boards/cpsedd/pwp/pwp.htm>. If you have questions about the process or about your project, please contact Chris Strow at (206) 971-3051; email cstrow@psrc.org.

Attachment/Enclosures:

1. Program Description Memorandum
2. FY 2010 Application Instructions
3. FY 2010 Application Form

PROGRAM DESCRIPTION MEMORANDUM

About the Program

The goal of the Public Works Program is to support long-term economic development, in areas experiencing substantial economic distress, through the creation, expansion, or retention of permanent, private-sector jobs that help raise income levels. This is done through investments that support the construction or rehabilitation of essential public infrastructure and development facilities necessary to generate higher-skill, higher-wage jobs and private investment.

Eligible activities include the acquisition, rehabilitation, design and engineering, or improvement of public land or publicly-owned and operated development facilities, including machinery and equipment.

Federal spending levels for FY10 are still being resolved, but competition for these funds will be high. Therefore, to be successful, sponsors must demonstrate the cooperation and commitment of private sector beneficiaries of the proposed projects; this will help build the strongest possible case for economic development funding.

Definition of a Project

An economic development project is any public capital investment that constructs a public facility (such as a road in industrial areas, bridge, water or sewer line, dock facility, etc.) that results in the direct creation of new private sector jobs and investment, or prevents the loss of existing jobs. The key component is the project's ability to deliver long-term economic benefits to the community, resulting from the public investment. Construction payrolls during the building of the project are not considered long-term impacts. Increases in any public sector employment associated with the project cannot be considered at all.

Examples of projects are as follows: (1) infrastructure for industrial park development, (2) port development and expansion, (3) infrastructure necessary for economic development (e.g. water/sewer facilities), (4) technological development, (5) renovation and recycling of old industrial buildings, (6) construction of vocational-technical facilities and skill centers, (7) construction of incubator facilities, (8) redevelopment of brownfields, and (9) eco-industrial development.

Both the Economic Development Administration and the EDD place an emphasis on primary jobs. Primary jobs are in sectors that export a good or service outside the country, state or region, importing money into the local economy. These jobs form the first link in the chain of economic activity known as the multiplier effect. The majority of primary jobs pay well and are traditionally in manufacturing, producer services and information technologies, although other sectors in our region may hold primary jobs. Most commercial and retail jobs are secondary, performing services that are sold within the region, and are therefore dependent on primary jobs. These become of great importance only when the lack of services is inhibiting the creation of primary level economic activity.

Eligibility

The applicant must be a public agency or non-profit and the proposed project must provide public infrastructure. Private funds can form part of the funding package; however, the facility built must

remain under public ownership. Any unit of government, county or city, port and other special purpose districts, and federally recognized Indian Tribes meets this standard. Under certain circumstances, a non-profit organization may also qualify depending on its organizational structure and purpose, and the type of project being proposed.

Grant Amount

Maximum grant amounts are not stated, although the legislation stipulates that the amount of federal grant funds cannot exceed 50% of the total project cost. Exceptions to this 50% rule are possible under certain conditions of unusually high community distress (contact the EDD for additional information). Over the past ten years, the central Puget Sound region has secured approximately \$1.5 million dollars per year, with funding granted wholly to one project. Experiences in other regions have varied. However, based on experience, the EDD recommends that the grant request not exceed \$1 million to \$3 million. Sponsors can contribute more local funds than the required minimum.

Project Readiness

Construction projects that can begin as soon as funds become available will be prioritized. Usually, this means a project should be sufficiently developed so that an application can be processed and a construction contract granted within the funding year (October 2009 through September 2010). However, EDA has a backlog of public works projects, so there is a strong possibility that even if EDA selects a project for funding, that project would not get funded until FY 2011. Sponsors still need to provide assurances that prerequisites such as project design, environmental assessments, permits, affirmative action plan, land acquisition and local matching funds will be completed or secured early enough to allow the application process to proceed. Problems in any of these areas may serve to eliminate a project from consideration.

Economic Impact

Public works projects that create new permanent jobs in the private sector in areas of high economic distress are technically eligible for federal economic development funding. However, there are several factors used to evaluate the economic impact of projects in the prioritizing process. *One of the most important factors is the number of private sector jobs to be created by the project, measured by the ratio of grant dollars per job.* Under \$1,000 per job is considered excellent; over \$10,000 per job is not likely to be funded.

Part of the evaluation of jobs created is how soon the jobs will be created. Ideally, the economic impact stated for a project will be immediate, with most of the permanent jobs committed by business during the two years after project completion. Projects for which jobs are speculative or scheduled to occur years after completion are less desirable.

With the passage of the Prosperity Partnership's regional economic strategy, higher priority will be given to projects that create jobs in one of the seven clusters of current focus: (1) Aerospace, (2) Clean Technology, (3) Information Technology, (4) Life Sciences, (5) Logistics & International Trade, (6) Military and (7) Tourism/Visitors.

Another important factor is the amount of private investment in the area if the project is successfully completed; i.e., the amount the private sector plans to spend on items such as building construction and

renovation, and equipment. Private investment is vital to the local economy, providing both jobs in construction and business for suppliers. Also, large investments generally indicate the firms intend to stay in the community, thereby adding stability to the local economy. Private investment of ten or more times the project cost is considered good; investment of less than three times the project cost is considered marginal.

This information on evaluating the economic impact of the project is provided to help you decide if a proposal you are considering is appropriate for submittal for economic development funding. Your project need not fully meet all evaluation factors. However, the stronger the project is in its economic justification, the better its chances will be for funding.

Sponsors should provide evidence that the projected economic impacts of their project are realistic. Sponsors should cite contracts or agreements that demonstrate commitment by businesses and the community, cite relevant studies that verify the project's benefits, and/or explain the methodology used to project job and investment totals.

Successful Projects

Finally, community support for a project should be as broad as possible, including not only local government, but also other service providers such as utilities, interested organizations and citizen groups, and businesses. **This should include outreach to and support from communities of color.** Types of non-financial support usually take the form of letters defining the project need and benefit and, where appropriate, commitment to some action that helps the proposed development.

Criteria

The enclosed application form describes the full set of criteria that will be used in the review of applications.

For More Information

If you have any questions concerning the application process or project criteria, or wish to speak with EDD staff regarding possible project proposals, please call Chris Strow (206) 971-3051; email cstrow@psrc.org.