



# Community Development Committee

Business Item

Item: 2009-202

Meeting date: June 15, 2009

ADVISORY INFORMATION	
<b>Date:</b>	June 10, 2009
<b>Subject:</b>	Revisions to LCA Grant Amendment Procedures - Extensions
<b>District(s), Member(s):</b>	All
<b>Policy/Legal Reference:</b>	Minnesota Statutes Section 473.25
<b>Staff Prepared/Presented:</b>	Guy Peterson, Community Development Director 651-602-1418 Paul Burns, Livable Communities Program Manager 651-602-1106
<b>Division/Department:</b>	Community Development/Livable Communities

## Proposed Action

That the Metropolitan Council:

1. revise the *Livable Communities Act (LCA) Grant Amendment Procedures* to add new criteria to determine the eligibility for a first or second extension to an existing LCA grant agreement; and
2. approve a change to the standard LCA grant agreement term to 30 months without the possibility of extension.

## Background

The Metropolitan Council established procedures for amendments to Livable Communities grant agreements in 2004. Modifications to those procedures were adopted by the Council in 2005, 2007 and 2008. The June 2008 modifications addressed requests for second extensions, beyond the one-year administrative extension previously authorized by the Council. The changes required communities to demonstrate that the additional delays to the project timeline were unavoidable and to provide reasonable assurances that the project will be completed in a timely manner in order to be considered for the second extension.

The Council has received additional requests for extensions and amendments to projects since the 2008 modifications to the criteria. Each request indicated the downturn in the economy had delayed implementation of the project. Several projects with grant agreements expiring at the end of 2009 have drawn down little or none of the grant funds awarded to them. In accordance with existing LCA grant amendment procedures, several Review Panels have been convened to determine whether these grantees could receive extensions to their grants. Over 50 LCA grants will expire in 2009, many for which no expenses have been incurred by the grantee to date. More requests for grant extensions are expected throughout the year.

The Review Panel discussing the most recent request for a grant extension discussed the issue of how to prepare for the expected requests for extensions. The Panel directed staff to prepare a recommendation for addressing requests for extensions from grantees with current grant agreements and to recommend any new grant agreements have a 30-month term, with no possibility of extension instead of the current 24-month term with a possible one-year administrative extension.

## Rationale

An unambiguous set of criteria is necessary to address extension requests in a consistent and reasonable manner.

## Funding

This change would not have any impact on LCA funding.

**Known Support / Opposition**

Staff is not aware of any formal support or opposition.

**Proposed requirements to seek approval for a one-year administrative LCA grant extension:**  
The Grantee must:

1. Provide reason(s) why the Grantee has not incurred the costs associated with grant-funded activity during the two year grant agreement term, and identify what conditions have changed that will allow it to complete the grant-funded activity during the requested extension period.
2. Provide the status of financing, assurance of site control and a development agreement to complete the Project described in the grant agreement including the grant-funded activity.
3. Provide information about significant progress, public or private investment, expenditures, or obligations that have been made or committed but are not conditioned on receiving the requested one-year administrative extension to accomplish the completion of the grant funded activity and Project identified in the grant agreement. Examples may include:
  - establishment of a TIF district
  - issuance of local bonds
  - granting of a tax abatement
  - expenditure of other public monies
  - land acquisition
  - construction
4. Provide a schedule for the expenditures for the grant funded activity that will occur within the one year timeframe of the administrative extension.
5. Provide a schedule for the implementation of the balance of the Project described in the grant agreement that documents commencement of the Project elements or buildings beyond the grant-funded activities within the one-year extension.

LCA staff will review the above information and may, at the discretion of the Community Development Director or the Director of Housing and Livable Communities, agree to grant the requested one-year administrative extension.

Grantees requesting an administrative extension that cannot provide a schedule for commencement of the Project as described in number five above must present their case for an extension to a Review Panel composed of members of the Metropolitan Council's Community Development Committee. The Review Panel will make a recommendation to the Community Development Committee, who will decide if the extension will be granted.

Grantees whose request for an extension is denied may re-apply and compete for funding in future grant cycles after their grant term has expired or the remaining balance of the grant has been relinquished.

**Proposed requirements** to seek Council approval for a **one-time, one-year** extension of an LCA grant **beyond the one-year administrative extension**.

The Grantee must present its case for an extension to a Review Panel composed of Metropolitan Council Community Development Committee members. Before this Review Panel will be scheduled, the Grantee must submit in writing the following items no less than 90 days before expiration of the Grant Agreement:

1. Supporting documentation demonstrating that the delay in completing the grant-funded activities is the result of decisions, actions and/or activities, outside the control of the Grantee, by a public body or public entity that is not the Grantee.
2. A city council resolution requesting the extension that provides:
  - assurance of site control, secured financing and a development agreement to complete the Project described in the grant agreement including the grant-funded activities.
  - assurance that significant progress and/or public and/or private investment, expenditures, or obligations have been made or committed to accomplish the completion of the grant-funded activities and Project identified in the grant agreement, including the grant-funded activities. Examples may include:
    - establishment of a TIF district
    - issuance of local bonds
    - granting of a tax abatement
    - expenditure of other public monies
    - land acquisition
    - construction
  - inclusion of a schedule for the completion of the grant-funded activities and commencement or continuation of implementation of the balance of the Project described in the grant agreement within the 12-month extension.

The Review Panel will make a recommendation to the Metropolitan Council's Community Development Committee (CDC) as to whether the requested additional extension should be granted; the CDC will in turn recommend an action to the full Metropolitan Council, whose decision will be final.

Grantees whose request for an extension is denied may re-apply and compete for funding in future grant cycles after their grant term has expired or the remaining balance of the grant has been relinquished.