

**CITY OF LA VISTA
MAYOR AND CITY COUNCIL REPORT
MAY 21, 2013 AGENDA**

Subject:	Type:	Submitted By:
STATUS OF ACTIVITIES & TIME EXTENSION, CDBG LOAN – GRAEPEL NORTH AMERICA	◆ RESOLUTION ORDINANCE RECEIVE/FILE	ANN BIRCH COMMUNITY DEVELOPMENT DIRECTOR

SYNOPSIS

A public hearing has been scheduled as part of the CDBG program requirements in order to complete the Graepel North America project. A resolution has also been prepared approving an extension of the CDBG loan time of performance for Graepel North America to October 13, 2013.

FISCAL IMPACT

None.

RECOMMENDATION

Approval.

BACKGROUND

On August 17, 2010, the City Council authorized the application for a Community Development Block Grant for the Graepel North America project and authorized the Mayor to execute the relevant documents associated with the project.

A public hearing is required as part of the CDBG program in order to complete the project. The items to be discussed include a general description of the completed activities, a summary of expenditures, description of the remaining work, and a summary of any changes to the project scope and timeline since the original public hearing which was conducted at the time of the application. On this project, a request to extend the time of performance to October 13, 2013 has been requested. The extension is needed for Graepel to finish purchasing equipment and complete the hiring process. The Department of Economic Development is aware of the request for a time extension and is in support of it.

Attached is a report from Jake Hansen; see items (E) through (H) for information pertaining to the public hearing on the Graepel project. Also attached is a copy of the monitoring report from DED.

RESOLUTION NO. _____

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF LA VISTA, NEBRASKA, APPROVING AN EXTENSION OF THE CDBG LOAN TIME OF PERFORMANCE FOR GRAEPEL NORTH AMERICA.

WHEREAS, on August 17, 2010, the City Council approved Resolution No. 10-087 approving the application for a Community Development Block Grant for the Graepel North America, project and authorizing the Mayor to execute any relevant documents referencing the project; and

WHEREAS, Graepel North America, has requested an extension of the time of performance within the loan documents to October 13, 2013, in order to finish purchasing equipment and satisfy the job creation requirements.

NOW, THEREFORE, BE IT RESOLVED, that the Mayor and City Council of La Vista, Nebraska, do hereby approve an extension of the CDBG loan time of performance for Graepel North America to October 13, 2013, and authorize the Mayor to execute related documents, subject to such changes or additional documents or instruments as the City Administrator determines necessary or advisable in consultation with the City Attorney.

PASSED AND APPROVED THIS 21ST¹ DAY OF MAY, 2013.

CITY OF LA VISTA

Mike Crawford, Acting Mayor

ATTEST:

Pamela A. Buethe, CMC
City Clerk

LaVista City Council Meeting
Public Hearing Information for CDBG Funds
Tuesday, May 21, 2013; 7:00 PM
LaVista City Hall

Project Number 09-ED-007- Easyway International

(A) A GENERAL DESCRIPTION OF ACCOMPLISHMENTS TO DATE

Easyway International has utilized company and CDBG funds for working capital assistance aiding in the creation of permanent, full-time jobs at its LaVista administrative facility. As of December 31, 2012, the company had created fourteen new jobs, with eleven of those jobs being held by persons from low-to-moderate income households.

(B) A SUMMARY OF ALL EXPENDITURES TO DATE

To date, the City and the company have expended \$498,474 in local funds and \$502,793 in CDBG funds. Of the funds expended, \$996,947 was spent for working capital by the company and \$4,500 was spent for general grant administration.

(C) A GENERAL DESCRIPTION OF THE REMAINING WORK

Work on the project has been completed and project monitoring has been conducted. Project closeout is the only remaining activity.

(D) A GENERAL DESCRIPTION OF CHANGES MADE TO THE CDBG PROJECT BUDGETS, PERFORMANCE TARGETS, ACTIVITY SCHEDULES, PROJECT SCOPE, LOCATION, OBJECTIVES, OR BENEFICIARIES

The City and DED have approved two time extensions for this project, making the project end date December 31, 2012. Additionally, DED has accepted the company's creation of fourteen jobs on the project by the end date, revised from fifteen jobs as agreed in the project contract.

Project Number 10-ED-002- Graepel North America

(E) A GENERAL DESCRIPTION OF ACCOMPLISHMENTS TO DATE

Graepel North America has utilized company and CDBG funds for equipment purchases aiding in the creation of permanent, full-time jobs at its LaVista administrative facility. As of March 1, 2013, the company had created twelve new jobs, with seven of those jobs being held by persons from low-to-moderate income households.

(F) A SUMMARY OF ALL EXPENDITURES TO DATE

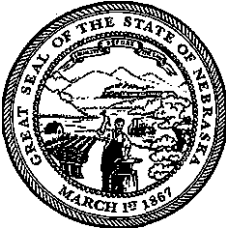
To date, the City and the company have expended \$1,632,395 in local funds and \$452,411 in CDBG funds. Of the funds expended, \$2,080,308 was spent for equipment purchases by the company and \$4,498 was spent for general grant administration.

(G) A GENERAL DESCRIPTION OF THE REMAINING WORK

The company has some additional equipment to procure and will hire two more employees in the coming months. Once those activities have been completed the project will be closed out.

(H) A GENERAL DESCRIPTION OF CHANGES MADE TO THE CDBG PROJECT BUDGETS, PERFORMANCE TARGETS, ACTIVITY SCHEDULES, PROJECT SCOPE, LOCATION, OBJECTIVES, OR BENEFICIARIES

Graepel is requesting a no-cost time extension for completion of this project, taking the performance end date from October 13, 2012 to October 13, 2013. There have been no other changes to the project.



Dave Heineman
Governor

STATE OF NEBRASKA

DEPARTMENT OF ECONOMIC DEVELOPMENT

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March 19, 2013

Douglas Kindig, Mayor
City of La Vista
8116 Park View Blvd.
La Vista, NE 68128

RE: CDBG #10-ED-002 – Graepel, Performance Monitoring Report

Dear Mr. Kindig:

This is a summary of the monitoring review conducted March 6th, 2013 for the above grant. I met with Ann Birch and Jake Hansen of the MAPA office, who made the files available and answered questions during the review. I also went to the business and met with Mark Zumdohme on March 8th to discuss the project and toured the facility.

National Objective Compliance

The proposed National Objective for this project was LMJ (low-moderate-income jobs) and the proposed job requirements were the creation of 14 new jobs, of which at least 51% will be held by or made available to low-to-moderate income (LMI) persons.

The business has employees complete an Employee Certification Form that includes information on income. The data on the latest Project Status Report and Job Creation report identified 12 persons have been hired for the project and 7 are LMI. This meets the requirements of primarily benefitting LMI persons.

Project Progress *Response needed.

This project to provide financial assistance to Graepel is on-going and slightly behind schedule. The two-year CDBG contract period was from October 13, 2010 to October 13, 2012. There are CDBG funds remaining to be drawn down and the business is in the process of assessing their future work orders to determine employment levels. **The city will need to request an extension to allow for additional time to complete the project and close out this grant.** The business was to create 14 new jobs in La Vista. I made a visit to the business to verify the employment levels and met with Mark Zumdohme and Joe Cole, who provided information on job creation efforts and gave me a tour of the facility. The employee information they showed me was consistent with Project Status Reports submitted by the city. The business has created 12 of 14 new jobs required.

The total CDBG award is \$477,000; of which \$472,000 is to be loaned to the business \$5,000 is budgeted for grant administration. As of March 6th, the city had draw down \$437,583 leaving a balance of \$39,417 of which \$38,890 is for the business and \$527 is for the city's administrative expenses.

General Files and Grantee Documents *Response needed.

The grant files were complete and contain the necessary documents. The city held a public hearing on the application, and then the Department issued a Notice of Approval on October 13, 2010 and a Release of Funds on November 19, 2010.

***The city needs to conduct a second public hearing on the project, and Mr. Hansen indicated he would arrange this for the spring of 2013. Please provide evidence and minutes of the public hearing when completed.**

Environmental Review

The environmental review record identified the project as starting with a Categorically Excluded, Subject to determination. After completing the Statutory Checklist, it was determined there were no circumstances which required compliance with any other Federal laws and authorities, so the city completed a Finding of Exempt Activity for the project.

Financial Management

Internal Control and Cash Management. The city has submitted Requests for Funds that total \$437,583. The CDBG funds were sent electronically from the state to the city for all requests. The payments made were authorized by the city council. I tested a sample of the transactions and found the city paid out the CDBG funds in a timely manner.

2. Accounting Records. The city maintained documentation of project costs and administrative costs in their files, and provided documentation with each draw down. Matching funds were injected into the project at the correct ratio. **The balance of CDBG funds that remain available to draw down is \$39,417 of which \$38,890 is for the business, and \$527 is for grant administration expenses.**

Procurement

The city is a member of the Metropolitan Area Planning Agency (MAPA) so no procurement for grant administration services was required.

Professional Services Contracts

The city executed a grant administration contract with MAPA after the Notice of Approval. Applicable CDBG terms and conditions were included in the \$5,000 contract.

Civil Rights

Program Beneficiaries: The business has employees complete an income survey that includes questions on race and gender. This data is being reported on the Project Status and Job Creation Reports.

Employment Policy: The city has equal opportunity guidelines and written personnel policies that were adopted by the city.

Fair Housing: The city adopted a Fair Housing resolution December 16, 2009 and has designated the city clerk as the Fair Housing Coordinator. In addition to these actions, the city published in the local newspaper that the city is a supporter of Fair Housing laws.

Legal Files/Loan Documents

The city, business, MAPA and DED executed a Memorandum of Understanding that identified the terms and conditions of the CDBG financing for the project and the performance requirements for the business. MAPA and the business executed a Loan Agreement and Promissory Note for \$472,000. The CDBG loan was structured as a \$236,000 Forgivable Loan subject to performance to be determined by the city and MAPA and \$236,000 Repayable Loan to MAPA. The CDBG loan is secured by a Security Agreement and UCC Financing Statement that were filed. Graepel also provided a Corporate Guaranty for the loan.

Job Creation

The proposed job-creation requirements are 14 new jobs. The most current Project Status Report indicates 12 new jobs have been created. MAPA has previously made site visits to verify employment levels and I made a visit to the business and met with Mark Zumdohme and Joe Cole who gave an update on the project and employment levels. They provided a report that indicates they had 15 employees on the payroll, of which 12 were new. The positions are to be maintained for 36 months. The company will assess their need for new hires and timeframe to do so. It is expected that an extension will be needed to reach 14 new jobs.

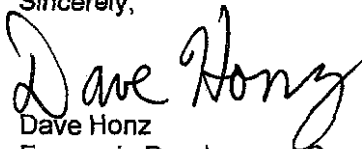
Summary

This report identified two responses needed related to the city holding another public hearing, and the need to request an extension to the CDBG contract which expired October 13, 2012. Please provide a

written response to these items by April 20, 2013. All other sections of this review were satisfactory. There are \$39,417 of CDBG funds remaining in this grant that are eligible to be drawn down as described in sections above.

I would like to thank Ann Birch and Jake Hansen for making the files available and providing information. I would also like to thank Mark Zumdohme for meeting with me and providing a tour of the facility. If you have questions, please contact me at (402) 471-3763 or dave.honz@nebraska.gov.

Sincerely,



Dave Honz
Economic Development Consultant
Community and Rural Development Division

cc: Ann Birch, City ✓
Mark Zumdohme, Graepel
Jake Hansen, MAPA
CDBG Project File 10-ED-002