



## Staff Report

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**File #:** 16-192

**Version:** 2

**Date:** 8/22/2016

**Item #:** 4.2a.

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**TO:** Urban Renewal Agency Board

**THROUGH:** Steve Powers, Executive Director

**FROM:** Kristin Retherford, Urban Development Director

**SUBJECT:**

Riverfront-Downtown Urban Renewal Area Capital Improvement Grant Program Policy Amendments

Ward(s): Ward 1

Board Member(s): Bennett

Neighborhood(s): CANDO, Grant

**ISSUE:**

Shall the Agency Board adopt Resolution No. 16-6 URA approving revisions to the Riverfront-Downtown Urban Renewal Area Capital Improvement Grant Program Policies to amend the disbursement policy?

**RECOMMENDATION:**

Adopt Resolution No. 16-6 URA (Attachment 1) approving the revision to the Riverfront-Downtown Urban Renewal Capital Improvement Grant Program Policies disbursement policy.

**SUMMARY AND BACKGROUND:**

On May 12, 2014, the Agency Board approved the Riverfront-Downtown Urban Renewal Area (RDURA) Capital Improvement Grant Program. The grant program was created to leverage RDURA funds with private sector capital to encourage new development, rehabilitation, increased land values, and business retention and growth within the RDURA. In order to incent higher levels of private investment, the Capital Improvement Grant Program has "small project" and "large project" grant categories. Small projects are those that cost between \$10,000 and \$100,000, with the Agency grant providing up to 50% of the eligible project costs. Large project grants are those that cost over \$100,001, with the Agency grant providing 15% to 25% of eligible project costs.

Currently there are two disbursement policies that are based on the total project costs (Small Grant and Large Grant). Small Grant recipients can submit draw requests during the renovation of their buildings upon submittal of required documentation and staff inspection. Projects that fall within the Large Grant category must complete the project entirely before they are eligible to submit a request

for grant funds or purchase a payment and performance bond as part of the project costs in order to receive grant disbursements during the renovation or construction period.

On more than one occasion, staff has received comments from grantees about the financial hardship the Large Grant disbursement program policy has created because grant disbursements are not allowed until the project is completed. The current disbursement method requires the property owner to secure not only financial resources necessary to cover the project costs not covered by the grant amount, but to also find bridge financing to cover the grant until the project is complete. Payment and performance bonds can be expensive and are not always a viable option to the grantee.

The recommendation is to maintain a single disbursement policy for the Capital Improvement Grant Program that would allow recipients to submit draw requests during the project as is currently the methodology used with the Small Grant policy.

## **FACTS AND FINDINGS:**

On June 23, 2016, the Downtown Advisory Board approved a recommendation to the Agency Board to amend the Riverfront-Downtown Urban Renewal Capital Improvement Grant Program disbursement policy to improve the efficiency of grant administration and respond to the needs of downtown property owners. Deleted text is marked with a strikethrough, followed by recommended language.

Recommendation:

### **(3).Grant Conditions.**

#### **H. Grant Funding:**

i. ~~Where the grant award is \$100,000 or less, the grant funds will be disbursed to the Applicant upon: (1) the submission of a detailed contractor invoice with demonstrated evidence that the Grantee has paid at least fifty percent of the invoice; and (2) the completion of a satisfactory onsite inspection by Agency staff of the construction progress noted in the invoices. Grant funds will be disbursed at a rate of fifty percent of the paid invoice amount, up to ninety percent of the total grant amount. The remaining ten percent of the grant award will be disbursed upon: (1) completion of the Eligible Project; and (2) where applicable, after a certificate of occupancy has been issued by the City of Salem.~~

ii. ~~Where the grant aware is over \$100,000, the Grant Commitment will specify one of the following methods to mitigate risk to the Agency:~~

1. ~~Grant funds will not be disbursed until the following: (1) completion of the Eligible Project; and (2) where applicable, after a certificate of occupancy has been issued by the City of Salem;~~
2. ~~In instances where the Grantee has expressed the need for grant funds to be~~

~~disbursed during the construction of the Eligible Project, a performance and payment bond for an amount adequate to cover the entire grant award will be required to ensure the completion of the Eligible Project.~~

- i. The grant funds will be disbursed to the Applicant upon: (1) the submission of a detailed contractor invoice with demonstrated evidence that the Grantee's resources has paid at least fifty percent of the invoice; and (2) the completion of a satisfactory onsite inspection by Agency staff of the construction progress noted in the invoices. Grant funds will be disbursed at a rate of up to fifty percent of the paid invoice amount, up to ninety percent of the total grant amount. The remaining ten percent of the grant award will be disbursed upon (1) completion of the Project; and (2) where applicable, after certificate of occupancy has been issued by the City of Salem.

Sheri Wahrgren  
Downtown Revitalization Manager

Attachments:

1. Resolution No. 2016-6 URA

08/02/2016