

City of Dunkirk

Economic Development Committee Meeting

Meeting Minutes

Thursday, February 13, 2014
11:00 Development Office -- Sterns Building

Attendees: Stephanie Kiyak, Council Member-At-Large, Chair
Bill Rivera, Councilman, Board Member
Stacy Szukala, Councilwoman, Board Member
Steve Neratko, Director of Planning and Development
Lacy Lawrence, Deputy Director of Planning and Development
Nicole Waite, CDBG Administrator
Richard Halas, Fiscal Affairs Officer
Ron Szot, City Attorney
Gib Synder, Observer
Susan Chipone, Buffalo News

Guests: Sam Tavernese, ProQuip
Stephanie Pulvino, ProQuip

Call to Order: 11:01 PM

Approval of Meeting Minutes

A motion was made by Bill Rivera and a second from Stacy Szukala to approve minutes of January 2014 meeting.

Issues Discussed

Ongoing Business:

CDBG activity reports: Steve gave an overall presentation of the CDBG program. First step in the process is the approval from HUD that the city will receive funding. The City must then submit a 5-year consolidated plan that must be approved by HUD prior to spending any funding. The process also includes public hearings, meetings with staff and stakeholders, potential programs are outlined, public comment is solicited, and then the plan is approved by Council and then HUD. Broad programs suggested typically include infrastructure, housing, and social services. The City then seeks applications from potential subrecipients such as the DLDC, Meals on Wheels, and a variety of other applicants for projects. After the initial applications are received, another round of meetings with staff, stakeholders and public hearings takes place to discuss the potential projects. Another round of public comments takes place. Ultimately there's an annual action plan that outlines in detail the projects that will be implemented over the next year. This annual action plan must also be approved by Council and HUD. This outlines projects in detail that the City will implement over the next year. We then put subrecipient agreements in place between the City and the subrecipient (applicant) which outlines exactly what will be accomplished over the next year. It Plan doesn't necessarily outline separate activities (for example, a façade on a particular building is considered an "activity" – not a "project", which

are outlined). At this point, the subrecipient would solicit applications for the approved projects (example – the DLDC being the subrecipient of funding solicits applicants for the façade program, and P&G, as an applicant, applies for funding for repairs/replacement of their facade). At this point a contract would be drawn between the subrecipient and the applicant for the approved “activity”; the “activity” would then be completed, and (using the DLDC/P&G example) the DLDC would then inspect, approve and monitor the completion of this “activity”. In this example, this would be an individual “façade activity”. The City would then inspect, approve and monitor the subrecipient (in this example the DLDC) and input that data into IDIS (the system the federal government uses to track this program), CAPER reports would then be compiled by the City (these reports outline all of the activities completed within the last year) and this report is ultimately approved by HUD – activities are approved at this point by HUD, and not before. At this point, Nicole Waite talked specifically about the façade program and provided a handout (attached to these minutes). In summary, for the commercial façade program, the DLDC was awarded CDBG funding from the City to administer a Commercial Façade program. This makes the DLDC a subrecipient of the City, and a subrecipient agreement should have been executed between the City and the DLDC for this project outlining what was to be accomplished. The purpose of the program was to provide grants to local businesses for façade improvements and it would reimburse up to 50% of the cost of the project up to \$15,000. Interested businesses had to fill out an application and submit to the DLDC. The DLDC would then be responsible for reviewing the applications and approving the projects. The applications should have included details on job creation requirements; however, it did not. Once successful applicants are chosen by the DLDC, the DLDC should have executed contracts with those private businesses, which it did not. So, speaking specifically about P&G Foods façade project, in 2012, HUD undertook monitoring activities of the City and while doing so they looked at a certain number of open CDBG files (P&G façade being one of them). P&G applied for a façade program grant in April 2011, stating they wanted to remove and replace the picture windows in front of their building, and in their application they included cost estimates for the project as well as a current list of their employees, and the application was then approved by the DLDC Chairman at the time (Kory Ahlstrom) in May 2011. One month later, the total project cost was a little over \$14,000, and the façade grant reimbursed 50% of those costs, which amounted to \$7,148.50. Nicole wanted to stress that commercial facades IS an eligible use of CDBG funds, and she reiterated the HUD guidelines “if the property is privately owned, CDBG funded rehab is limited to exterior improvements generally referred to as façade improvements and correction of code violations.” The National Objective the DLDC put the façade program under was “low/mod job creation and retention”, which means this project was mandated to meet this objective. In order to meet this objective, the activities needed to create or retain permanent jobs needs to be at least 51% of which would be made available to or held by low/mod income persons. So, speaking specifically about the P&G façade grant, this grant did not result in the creation of any job, and in order to meet the requirement of retaining jobs (as part of the National Objective) P&G would have had to prove that by not installing the new windows] they would have had to lay off employees or close down the business (which HUD considers a stretch to suggest that replacing or not replacing the windows would have caused). The issue with the P&G façade grant is not a question of eligibility but rather it did not meet the “National Objective”. This does not pertain to P&G alone; rather, all of the façade grants given by the DLDC did not meet the “National Objective” as well. Ultimately, the DLDC was responsible to include those job creation requirements on the program application form for the façade program, which they did not. Nor did the application completed by the applicants include this clause. Steve pointed out that the programs which have been deemed ineligible are only a small part of the overall portfolio and that CAPER reports from 2010, 2011 and 2012 are yet to be approved by HUD, which means there may be more grant recipients that are ultimately ineligible.

Nicole informed the board that there was some CDBG activity for the month of January 2014. Subrecipient agreements have been made for Chautauqua Opportunities, Boys and Girls Club, Meals on Wheels and Chautauqua Works. The only one remaining is the DLDC, which has been created but needs DLDC Board approval. It was confirmed by Steve that this would be an item on the February 2014 agenda for the DLDC to consider and approve. It was questioned whether the monthly report being compiled for monthly review is adequate recordkeeping should we be audited in the future. Nicole stated that she would bring it to their attention to ensure all information that should be reviewed monthly is being reported.

Nicole provided a list of CDBG drawdowns for the month of January.

Boardwalk Update: Applications for the 2 available spaces were due by the end of December, and 5 applications were received. Applications included one artisan shop, one pet boutique, a nutrition club, and two returning tenants (Blind Tiger, a beverage shop and Water's Edge, a gift shop). It is the recommendation of Lacy, Steve and the Mayor that Blind Tiger and Water's Edge be renewed, due to their good performance as tenants. They are seeking a two-year renewal, with a 2-year renewal clause. The current rate being considered would be \$350/mo. Steve informed the Board that Yummy's has decided not to renew their lease so there will be an additional space available, and this will be advertised in the Observer, and applications will be due by the end of February 2014. All tenants are up-to-date on their rent payments except for Yummy's – the City Attorney has been in contact with them concerning their past-due status.

Festivals: The new Festivals committee board met recently. The plan is to meet once a month through April, then meet twice a month as the season progresses. Minutes of the meeting will be posted on the City website. It was questioned if the County's website and publication will be utilized to advertise upcoming festivals – it was pointed out that the yearly publication can be a problem submitting information that perhaps can change once the season begins, but the website would be utilized regularly to advertise, as well as the City website. Vendor questionnaires were given to the festival board members to review, then they will be given to DLDC board members for review before mailing.

Landbank update: Steve attended a meeting yesterday. They will be hiring an Administrative Director within the next month or so. They accepted the \$1.5 million grant, which \$250,000 of that amount will be slated for the City for demolitions. There are also other funds set aside for home improvements. Steve said another meeting is scheduled for the following week to review the program with Mark Guise. There is a match required by the City that will most likely come from CDBG funds (since it is an eligible expense). It's estimated that we will be able to demolish 8-10 homes over the next 2 years through this program.

Grant(s) update: Forest Tree Grant – Steve will be setting up a meeting with the County regarding this grant program and the options on Central Avenue. Funds must be expended by November 2014. Steve said he'd like to incorporate this grant into the streetscape portion of the Main Street Grant. Steve said that bike racks should be arriving for installation soon. It was questioned if there was a timeframe regarding the Complete Streets Ordinance – Steve assured the group that passage of this ordinance (or not) would not impinge on current work being undertaken by the County. Steve told the committee that passage of this ordinance would still help us for future grant funding, since some transportation grants now require this ordinance being in place to qualify. He also told the group that this ordinance has been passed in Jamestown and Silver Creek, and he believed the County also passed an ordinance at its meeting in January. Steve reminded the group that the main point of this ordinance is to take into consideration pedestrian traffic when designing or repairing roadways. The parameters would be loose so that decisions would still be made on a case-by-case basis. It was discussed that perhaps it was time to put together a resolution to present to council for passage for a Complete Streets Ordinance – Steve said he would work on it, and Bill Rivera said he would sponsor. Regarding the Main Street Grant, Steve said that he's had a few meetings with applicants over the past month. Although there was an application deadline, applications are still being accepted. A couple of applicants may not be eligible because they are private clubs, and that category does not meet the criteria for the grant (as well as religious institutions). Moving on to the seawall grant, Steve said that we should be receiving contracts and more information within the next month or so.

Marina project update: No update to report at this time. Stacy pointed out that Jeff Gambino is still having issues with the architect – Steve said he would try to reach out to Jeff and find out the status.

Start-Up NY program (SUNY): Steve met with SUNY representatives a couple of weeks ago. They will be submitting their plan to the state soon (perhaps they already have). The plan is focusing on manufacturing, food/agriculture, and any businesses that may specialize in areas that align with programs taught at the college. Steve said he's referred 5 or 6 businesses to Kevin Kearns recently. Steve said that he's also working with some interns with

regards to GIS mapping of potential buildings and land available to businesses that would relocate to Dunkirk through this program. It was questioned whether the Robert's Road area is within the boundary, and although it falls outside the perimeter, it's been submitted as an area that be considered as an exception.

New Business

Steve brought up the subject of dredging our recreational portion of the harbor area (the boat launch area, roughly a 200'x300' area). Steve said this area alone will cost around \$150,000 to dredge (with discounts). This would be available to do at this price because the contractor will already be in the area with the needed equipment working on Cattaraugus Creek. We already have the necessary permit that expires in August 2014 (and Steve is hoping to renew this permit for another 10 years). Steve has met with various officials at the County, including Legislators Borrelo, Ahlstrom and Heenan, with the hope of securing additional funds to help the city offset the cost of dredging this area. There may be \$50,000-\$90,000 available to us. There's also the possibility of bed tax funding being available. Steve and the mayor will be attending a meeting at the County within the next few weeks to make a case on our behalf for this funding.

Adjournment:

Motion made to adjourn at 12:05 pm by Stacy Szukala, seconded by Bill Rivera.

CDBG Overview

Since the early 1990s, the City of Dunkirk is a US Department of Housing & Urban Development (HUD) entitlement grantee of Community Development Block Grant (CDBG) funds.

The purpose of the CDBG program is to carry out a wide range of community development activities directed toward *revitalizing neighborhoods, expanding affordable housing, spurring economic development and providing improved community facilities and services.*

Programs carried out using CDBG funds must meet one of HUD's three National Objectives:

- Provide benefit to Low & Moderate Income Persons
- Prevention/Elimination of Slums & Blight; and,
- Urgent Community Need.

The City creates a 5 Year Consolidated Plan (Consolidated Plan) which must be approved by the Common Council. The Consolidated Plan is then submitted to HUD for its preliminary approval.

In the Consolidated Plan, the City lists its program priorities for that 5 year time period. Each year, the City requests applications from local organizations that seek to use CDBG funds to administer programs that the Consolidated Plan detailed.

The Mayor, Development Director and CDBG Administrator review the applications, determine those applications that fit the applicable programs and that meet the City's priorities. These projects are then recommended to the Council in an Annual Action Plan. Upon successful Council action, the Annual Action Plan, with the presumptive programs, is forwarded to HUD for their review.

An applicant that is selected to receive CDBG funding becomes a Sub-Recipient and is required to sign a contract – a Sub-Recipient Agreement – with the City for the delivery of the project. The Sub-Recipient Agreement details the project and includes the particular requirements that must be followed in order for the project to fit within the particular and often detailed parameters imposed by HUD, both to the Sub-Recipient, and to any additional recipients of such funding.

For certain projects, a successful Sub-Recipient, by the nature of its program, would distribute funds to other recipients. An example of this is the Commercial Façade Program.

Commercial Façade Program

The Dunkirk Local Development Corporation (DLDC) was awarded CDBG funding from the City to administer a Commercial Façade Program as a Sub-Recipient. A Sub-Recipient Agreement should have been executed for this program.

The purpose of this program was to provide grants to local businesses for the rehabilitation of their building facades. The program was to reimburse 50% of the total eligible rehab costs, up to \$15,000. Interested businesses were required to complete an application (including costs estimates) for the work to be performed. The application should have included details on the requirements, such as job creation. The DLDC was responsible for the review and approval of submitted applications. Successful applicants should have been required to execute an agreement that detailed the requirements that were to have been met.

In 2012, HUD undertook monitoring of certain open CDBG project files, including a façade grant to P&G Foods.

P&G Foods applied for a façade grant in April of 2011 to remove and replace the picture windows in the front of the store building. The application included multiple cost estimates and a current list of their employees. The DLDC Chair approved P&G's application in May of 2011. The total cost of the project was \$14,297.00. The façade grant reimbursed 50% of the costs, \$7,148.50.

Commercial façade rehabilitation is an eligible use of CDBG funds. According to HUD guidelines, "If the property is privately owned, CDBG-funded rehab is limited to: Exterior improvements (generally referred to as "façade improvements"); and Correction of code violations.:

The National Objective that the City put the Commercial Façade Program under is "Low/Mod Job Creation and Retention."

In order for the project to meet the National Objective it needed to "create or retain permanent jobs, at least 51% of which will be made available to or held by low/mod persons." However, the P&G façade project did not result in the creation of any jobs. In order for the project to meet the objective of retaining permanent jobs, the business would need to prove that without the proposed façade renovations, they would have to lay off employees or close down their business.

Therefore, the issue with the P&G façade grant was not "eligibility," as façade renovations are an eligible use. Rather, this particular project did not meet the National Objective. This same scenario is true for the other façade grants provided by the DLDC that were noted in HUD's 2012 Monitoring Report as "did not meet a National Objective."

As program administrators, the DLDC was responsible to include the job creation requirements on its program forms and to ensure the National Objective would be met by each project it awarded funding to. However, the application and paperwork that P&G Foods filled out for the program failed to include the necessary information which would have indicated that the rehab project needed to create jobs in order to meet one of HUD's National Objectives.

CDBG Program Activity Report
February 13, 2014

Drawdowns as of 2/13/14

Date	Organization	Activity	Amount Drawn	Balance Remaining
1/9/2014	Boys & Girls Club of NCC	Club Tech	\$7,314.59	\$1,435.31
Accomplishment:				
<p>A total of 153 youth ages 6-18 participated in technology-training curriculum over 24 30-minute lessons offered over 4-6 week sessions. The topics of the curriculum were: Navigating Webpages; Google Maps; Online Research; Microsoft Word; Game Programming; Camera Use and Photo Editing; Online Safety; Spelling Exercises. Of those 156 there were: 82 Extremely Low Income; 32 Low Income; 17 Moderate Income; and 22 Non-Low/Mod Income. 40 of the youth were Hispanic and 6 were Black/African American.</p>				
Date	Organization	Activity	Amount Drawn	Balance Remaining
1/9/2014	Dunkirk-Fredonia Meals on Wheels	Meals on Wheels	\$5965.14	\$1,534.86
Accomplishment:				
<p>During the four quarters of 2012, a total of 17 low/moderate-income elderly persons received a total of 1138 meals. 668 hot noon meals, 324 cold evening meals, and 146 frozen weekend meals were delivered. Of the persons received meals 3 were Male, 14 were Female, 6 were Hispanic, and 13 were Female Head of Household.</p>				

CDBG Activity Checklist

Project: Youth Services
Project Number: 2012-0008
Activity: Club Tech
Activity Number: 693
City Number: 071-8002-4000-0571
Payee: Boys & Girls Club of NCC
Date of Activity: April 1, 2012 – December 31, 2013
Amount: \$7,314.59
Balance: \$1,435.41
Reason for Requests: Cost of lesson supplies, rent, utilities, and salary
Pictures: N/A
Invoice: Attached
Accomplishments/Data: 170 Youth attended educational sessions
Activity Category: Public Services
National Objective: Low/Mod Limited Clientele - LMC
Accomplishment Type: 01 - People
Performance Objective: Create Suitable Living Environments
Performance Outcome: Availability/Accessibility
Jobs Created/Retained: N/A
Persons Assisted: Low/Mod Income Youth
Organization Carrying Out Activity: Boys & Girls Club of NCC
Address of Activity: 296 Lake Shore Dr E Dunkirk, NY 14048
Census Tract: Entire City

Nicole Waite

Nicole Waite
CDBG Administrator

SN

Steve Neratko (initials)
Director of Development

1-9-14

Date

2014-0077

Purchase Order Number

ADJ

Anthony J Dolce (initials)
Mayor

CDBG Activity Checklist

Project:

Senior Services

Project Number:

2012-0007

Activity:

Meals on Wheels

Activity Number:

691

City Number:

071-8002-4000-0568

Payee:

Dunkirk-Fredonia Meals on Wheels

Date of Activity:

October 1, 2012 – September 30, 2013

Amount:

\$5,965.14

Balance:

\$1,534.86

Reason for Requests:

Cost of 1138 meals; Cost of delivering 668 meals

Pictures:

N/A

Invoice:

Attached

Accomplishments/Data:

17 Senior Citizens received 1138 meals

Activity Category:

Public Services

National Objective:

Low/Mod Limited Clientele - LMC

Accomplishment Type:

01 - People

Performance Objective:

Create Suitable Living Environments

Performance Outcome:

Affordability

Jobs Created/Retained

N/A

Persons Assisted:

Senior Citizens

Organization Carrying Out Activity:

Dunkirk-Fredonia Meals on Wheels

Address of Activity:

200 Lake Shore Dr W Dunkirk, NY 14048

Census Tract:

Entire City

Nicole Waite

Nicole Waite
CDBG Administrator

SN

Steve Neratko (initials)
Director of Development

1-9-14

Date

2014-0076

Purchase Order Number

AD

Anthony J Dolce (initials)
Mayor