



Grand Forks Growth Fund, A Jobs Development Authority Staff Report

Growth Fund Committee – June 17, 2019
JDA – July 1, 2019

APPROVED

Agenda Item: EDARLF Plan Interim Amendments

Submitted by: Meredith Richards, Community Development Director

Staff Recommended Action: Approve the plan amendments described below.

Committee Recommended Action: CONCUR

JDA Action: Motion by Vein, second by Weigel, to approve. Motion carried unanimously

The Growth Fund's Economic Development Administration Revolving Loan Fund (EDARLF) Plan (<http://www.grandforksgov.com/home/showdocument?id=29805>) was adopted in October 2015 and is scheduled for a full update next fall. Staff recommends two interim amendments to the Plan at this time: one related to a cost-per-job target that was recommended by EDA, the other related to the process for submitting semi-annual reports:

- As was noted at the May 20 Growth Fund Committee meeting, following submission of the last EDARLF semi-annual report, staff was directed by EDA to amend the report to include a cost-per-job target. Our grant award and plan have never stated such a target, and leaving it blank in the report generates a poor score for that risk metric. A review of active EDA loans showed a cost per job of \$15,664.95, with that cost at \$9,786.99 over the full RLF history. With this past performance as the basis, the last EDARLF semi-annual report was amended to show a target of \$20,000/job. Staff recommends amending the plan to adopt this \$20,000 target on an interim basis. This metric will be revisited and formally incorporated into the Plan when it is updated next fall.
- EDA requires its semi-annual reports covering the first half of the year to be submitted no later than July 31, and January 31 for the last half. Our Plan states that these reports will be approved by the Growth Fund Committee and JDA prior to submission to EDA. This can be especially problematic in months with five Mondays, effectively reducing Finance staff's preparation time from 30 days to less than 10. Staff recommends that the Plan be amended to authorize staff to submit the report to EDA administratively, and then present it to the Growth Fund Committee for review at its next meeting.

FINDINGS & ANALYSIS:

- The Growth Fund had never established a cost/job target for its EDARLF. Under the new risk-based rating system adopted by EDA in 2018, this causes an artificially low score for the related metric. The proposed plan amendment adopts an interim target of \$20,000, which is based on past RLF performance. This approach was recommended by EDA to address this issue until the plan is formally updated.

- The EDARLF Plan states that the Growth Fund Committee and JDA will approve the EDARLF semi-annual report prior to its submission. This is based on past practice, not an EDA requirement, since the report contains historical data only – nothing in the report is subject to change by JDA action.
- Given EDA’s deadlines for receipt of the semi-annual report and Growth Fund Committee and JDA meeting schedules, requiring JDA authorization to submit the report significantly reduces the time available to prepare the report and often requires special meetings.
- The EDARLF Plan must be updated every five years, with the next update due in Fall 2020. The requested interim amendments would both be revisited at that time.