



Mississippi Development Authority

Katrina Supplemental CDBG Funds

For

Economic Development Program

Amendment 4 Modification 2

Partial Action Plan

July 22, 2008

Mississippi Development Authority
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Background and Scope

Public Law 109-148 provided funding for necessary expenses related to disaster relief, long-term recovery, and restoration of infrastructure in the most impacted and distressed areas related to the consequences of hurricanes in the Gulf of Mexico in 2005 in States for which the President declared a major disaster under title IV of the Robert T. Stafford Disaster Relief and Emergency Assistance Act. The conference report (HR Rep No. 109-359) expands on this direction, stating that the legislation provides funding for necessary expenses related to disaster relief, long-term recovery, restoration of infrastructure and mitigation in communities in any declared disaster area.

The Mississippi Development Authority (MDA) submits this Economic Development Program Amendment 4 Modification Number 2 of the Final Plan approved by HUD on December 19, 2006. HUD has advised that this modification represents a substantial amendment and must be submitted for public comment. The nature, purpose, scope, and beneficiaries are defined in this modification.

Program Purpose and National Objective

Mississippi's Economic Development Action Plan provides activities for Economic Development, Community Revitalization and Planning. This modification will allow the use of Economic Development funds for the construction of employment training facilities specific to the metal fabrication trades and industry.

The national objective of this program will be to provide benefit to persons of low to moderate income.

Available Funds

Funds for this program will come from the HUD approved Action Plan Amendment 4 and any approved modifications made to this plan. Total funds allocated to the Economic Development Employment Training Facilities program will be \$20 million. Any unused portion of the funds allocated under this amendment and modification will be allocated back to the Economic Development Program at MDA's discretion.

Overview

Ship building and metal-related industries have long been primary employment industries in the lower three coastal counties because of their location along the Gulf of Mexico. When Hurricane Katrina struck in August of 2005 many of these industries suffered severe damage to their facilities, mainly because of their proximity to the Gulf. As they continue to recover from the effects of the storm, the segment continued to be an important source of employment for the population along the coast.

Table 1 below indicates the dependency of the Mississippi Gulf Coast on metal related industries for employment. Over 35 percent of the total workforce in Jackson County is employed in this industry segment.

Table 1
2006 Employed in Metal Related Industries¹

<u>Counties</u>	<u>Total Number of Employed</u>	<u>Percent of Total Workforce</u>
George	171	5.04
Hancock	135	2.05
Harrison	1,365	3.00
Jackson	15,507	35.03
Pearl River	250	3.37
Stone	126	3.38

As these metal related industries continue to recover from the effects of the storm the need for trained workers will continue to grow.

Following Hurricane Katrina, the Department of Labor awarded the State of Mississippi two H1B High-Growth High-Demand Grants. Each of these grants dealt with providing training for the shipbuilding industry as appropriate under the grant as well as other demand occupations.

¹ Metal-related industries include primary metal manufacturing, fabricated metal product manufacturing, machinery manufacturing, electrical equipment, appliance and component manufacturing. Source: Mississippi Department of Employment Security, 2006

Even with full utilization of available classrooms and training laboratories, the lack of facilities hampered this effort by limiting the number of individuals that could be trained.

Then, in 2007 the Department of Labor again addressed this critical need with a Workforce Innovations in Regional Economic Development (WIRED) grant to transform the region's workforce and training systems to meet the burgeoning demand metal workers and other advanced manufacturing skills. While this initiative is leveraging resources to better meet the need, it cannot address the need for additional training facilities.

As a result, there continues to be unfulfilled demand for training for metal workers within the shipbuilding industry on the Mississippi Coast.

The activity proposed in this action plan will fill that demand and will provide unskilled, under employed and unemployed low-income individuals with additional training and ultimately, the opportunity to compete for the top wage jobs that will be made available as a result of the recovery of the industry.

Information from Northrop Grumman shows that shipbuilders earn top wages for their skills (plus have a full suite of medical, life insurance, disability insurance and pension & savings benefits):

- The average base wage for all craft employees is \$42,000 annually (Approximately \$20 per hour).
- The entry rate for new apprentice trainees is \$32,500 annually (Approximately \$16 per hour). Incremental pay increases every 6 months until training is completed 2, 3 or 4 years depending on the trade/craft.
- The top pay for specialty skills is currently \$50,000 annually (Approximately \$24 per hour).

Eligible Applicants

Local governments in the lower six coastal counties including George, Hancock, Harrison, Jackson, Pearl River and Stone will be the eligible applicants. Applicants may choose to partner with private companies with appropriate experience using Economic Development funds.

Grant Size

There will be no minimum or maximum grant size.

Threshold Requirements

The activities shown in the application must meet the National Objective for this program – that is, they must provide benefit to persons of low to moderate income. In addition, they must relate

to the consequences of Hurricane Katrina. These requirements must be adequately documented to support that the activity meets the thresholds and is an eligible activity in order to be rated and considered for funding.

Application/Proposal Process

The local government seeking Katrina CDBG Economic Development funds must first submit a project proposal. Based on an initial review of the proposal, MDA may require a meeting with relevant parties to discuss the proposed project. MDA may then issue a letter inviting a Katrina CDBG Economic Development grant application.

Submission Date

MDA will start accepting proposals starting October 1, 2008.

Selection Process for Economic Development Training Facilities

MDA has designed selection criteria that will objectively rate applications for Economic Development Training facilities. Applications will be funded until all project funds have been allocated. The following rating factors will be used in rating the applications.

	<u>Points</u>
1. Eligibility and project readiness	25
2. How well does the proposed activity relate to and address the recovery from the Consequences of Hurricane Katrina	50
3. Amount of local/other investment	15
4. Documented need for the project	<u>50</u>
Total	140

Explanation of Rating Factors

1. Eligibility and project Readiness

When will the project be ready to go to bid?
(Start counting from date of K-CDBG grant agreement)

1-6 Months	25 Points
7-12 Months	15 Points
Over 12 Months	10 Points

2. Documented need relates to Hurricane Katrina:

Critical-The need for the project is a direct result of the consequences of Hurricane Katrina and will allow people to return to work and provide immediate job opportunities for the citizens of the area.

50 Points

Substantial- The need for the project is a direct result of the consequences of Hurricane Katrina and will allow the area to return to pre-storm capacity.

40 Points

Moderate- The need for the project is a result of the impact of Hurricane Katrina and will allow for new or expanded job opportunities.

30 Points

3. Amount of local/other investment

Greater than 10% investment

15 Points

10% or less investment

5 Points

4. Document Need for the Project

The State will review each applicant's explanation as to the need for the project and shall measure the impact of the program on the identifiable needs in relation to the amount of funds requested. Consideration will be given to:

1. Extent and seriousness of the identifiable needs
2. Impact of the proposed activities on the environment
3. Local efforts taken to resolve the problem
4. Results to be achieved by the project
5. Number of persons to benefit, given the type of project

Points shall be awarded as follows:

Points

Critical Need Documentation

50

Substantial Documentation

40

Moderate Documentation

30

Minimum Documentation

20

Applicants must have a minimum score of 100 to be eligible for funding.

Waivers

MDA request that waivers received from the original Economic Development Program Amendment 4 be considered effective for the \$20 million modification to construct employment training centers in the lower six coastal counties.

Investigation and Mitigating Occurrences of Fraud, Abuse and Mismanagement

MDA will work with all Federal agencies to investigate and mitigate instances of fraud, abuse and/or mismanagement of any CDBG funds. The Auditor for the State of Mississippi has an investigative team assigned to investigate suspected instances of fraud.

Complaint Referrals

Complaints alleging a specific violation of a statutory or regulatory requirement, received by HUD at the Headquarters, Regional, or Field Office level will be forwarded to the appropriate State office for a response.

Substantial Amendment

Adding or deleting an activity or planned beneficiaries of an activity will constitute a substantial change and require additional public comment and approval by HUD.

Citizen Participation

This proposed amendment-Amendment 4 Modification 2- was officially posted for public comment to the website www.mississippi.org/disasterrecovery on September 9, 2008 with the public comment period ending on September 22, 2008. No comments were received.