



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: May 8, 2024

SUBJECT: Activation, Revitalization, and Transformation (A.R.T.) Program
Phase II - Public Space Activation Product.

The Members are asked to approve:

- 1) Utilization of \$15 million in appropriated funding through the Fiscal Year 2023 Budget Appropriations Act (P.L. 2022, c.49) identified as Arts Support and Placemaking to fund a second round of awards for the Activation, Revitalization, and Transformation (“A.R.T.”) Program Phase II – Public Space Activation Product.
- 2) Product revisions for the pilot program Activation, Revitalization, and Transformation (“A.R.T.”) according to this Board memo and specifications.
- 3) Delegated authority to the New Jersey Economic Development Authority (NJEDA) Chief Executive Officer (CEO) to enter a Memorandum of Understanding (MOU) with the New Jersey Department of Community Affairs (DCA) whereby the NJEDA CEO will accept \$15,000,000 in funds from the American Rescue Plan (ARP) Coronavirus State and Local Fiscal Recovery Funds (SLFRF) and agree to comply with federal requirements for the use of those funds. Delegation to the Authority’s Chief Executive Officer to decline individual applications for non-discretionary reasons for the A.R.T. Program in accordance with the terms set forth in the attached product specifications.
- 4) Utilization of an additional \$375,000 (2.5% of the \$15 million budget appropriation) for the Authority’s administrative fees associated with operating this program.

Background

The American Rescue Plan (ARP), signed into law by President Joe Biden on March 11, 2021, is a \$1.9 trillion economic stimulus bill designed to rebuild and restart the American economy in the wake of the Coronavirus (COVID-19) public health emergency by investing in families, communities, and small businesses. Through the Coronavirus State and Local Fiscal Recovery Funds (SLFRF), the ARP delivers \$350 billion to state, local, and tribal governments to support their response to, and recovery from COVID-19. As the New Jersey economy continues to rebound in the wake of COVID-19, catalytic investment into commuter hub cities is essential for jumpstarting local economies and promoting strong, resilient, and equitable economic recoveries. Governor Murphy's Fiscal Year 2024 Budget affirms these objectives and continues the Administration's efforts to build a stronger and fairer New Jersey economy by making new, impactful, and strategic investments in commuter hub cities with commercial corridors.

The Activation, Revitalization and Transformation ("A.R.T.") Program, approved in October 2022, was designed to help revitalize commercial corridors in Newark and Atlantic City that were negatively impacted by COVID-related commuter decreases. The loss of vital customer traffic during the pandemic impacted all of New Jersey, but especially those municipalities with major transit hubs. The A.R.T. Program aimed to proactively address those economic impacts by investing in projects that would attract residents and talent, enable business creation, and build amenities that enhance downtowns.

The A.R.T. Program was initially divided into real estate and public space activation products with an appropriation of \$7MM for real estate projects and \$3MM for public space activation for a total program capitalization of \$10MM. The A.R.T. program launched in June of 2023 and received significant public interest. Seventeen (17) public space applications and Twenty-four (24) real estate applications were submitted for consideration. A high demand for real estate funding led to additional allocations (\$11.8MM for Newark projects from the Urban Investment Fund and \$6.3MM for Atlantic City projects from Atlantic City Initiatives).

Since NJEDA received an additional \$15 million to support this program, staff is seeking to utilize the additional funding to focus on just one product this time, the Public Space Activation Grant Product. This will allow NJEDA staff to focus efforts on the economic recovery of the downtowns in these corridors to support placemaking efforts through arts and culture. The funds listed as, "Arts Support and Place making Grant Program," allocated in the FY 2023 Appropriations Act will be transferred to the Authority; the funds will be assigned to the Economic Recovery Fund. The assignment of funds to the Economic Recovery Fund will allow the Authority to authorize a grant program as listed under N.J.S.A § 34:1B-7.13(a)(13) for the purposes of meeting stated economic priorities as identified by the Board in the December 8, 2021. The funds will support place making activities that invest in communities to build resilient towns, and infrastructure statewide.

Purpose

The A.R.T. Phase II Program will catalyze community placemaking efforts, by leveraging New Jersey's arts and cultural sector as a creative force for change, specifically in Downtowns of select municipalities. Downtowns and commercial corridors play a vital role in both urban and rural geographies, serving as economic engines for communities by empowering entrepreneurs, creating cultural hubs, and building community wealth.

This program will aid in the recovery of these communities through arts and culture-focused placemaking efforts, as it will play a vital role in creating job-sustaining revenue for New Jersey's Main Streets and communities by directly driving foot traffic to New Jersey's most depleted commercial corridors. The impact that this industry has on the local economy is illustrated and driven by the following data points: The 2023 Arts and Economic Prosperity Study (*Americans for the Arts*) demonstrates that in 2021 Arts & Culture industries contributed 4.2% to the overall national GDP and here in NJ, 3.5% to the overall GDP, as well as comprising 3.1% of NJ's workforce. In 2022, NJ's non-profits, created \$532.3 million in economic stimulus: with \$338.5 million in direct spending by arts and culture organizations and an additional \$193.8 million in event-related expenditures, with an average arts event attendee spending over \$32.68 on restaurants, retail, and services outside of their arts experience in the local community.

The revised A.R.T. Program (phase II) aims to replicate the success of the first launch of the A.R.T. Program through a multi-faceted, strategic approach that will continue to mitigate the economic impact of the COVID-19 pandemic by supporting the development and recovery of New Jersey's commercial corridors and invigorating community focused arts and cultural organizations.

Eligible Applicants

Eligible applicants are nonprofit organizations with a 501c (3), 501c (6), or 501c (19) status. Municipalities, governments, and for-profit entities are not eligible to apply. Any Applicant that received a grant from Phase I of the A.R.T. program is ineligible for Phase II of the Program.

Applicants must be in substantial good standing with the New Jersey Department of Labor and Workforce Development, New Jersey Department of Environmental Protection, and NJEDA prior to approval. The Program requires Applicants to provide a current tax clearance certificate at time of application to demonstrate the applicant is in good standing with the New Jersey Division of Taxation.

Grants will be subject to federal Duplication of Benefit requirements. Applicants cannot have received state or federal funding to support a similar expense identified in the project costs at time of application and will have to submit a Duplications of Benefits certification

at time of application. Approvals will be contingent upon a cost reasonableness analysis that will be reviewed prior to approval and disbursement.

Eligible Project Uses and Restrictions

The A.R.T. Program is a grant product that will support the creation of public space activation initiatives, such as placemaking projects, public art installations, and arts-based projects. These activities may include, but are not limited to art exhibitions, performances, festivals, parades, concerts or concert series, film and video screenings, and cultural programming. Funding can also be granted to support operational costs for the applicant to execute art or placemaking projects.

Ineligible project activities may include but are not limited to acquisition costs of real estate, leases for real estate with expiration dates past December 31, 2026, incubator space, and real estate construction. Also, major infrastructure improvements are ineligible, such as capital expenditures including but not limited to sewer, wastewater, electrical grid, road paving, drinking water systems, and structures that are intended to remain in place after December 31, 2026, including demolition to create vacant land.

All applicants must submit a Source and Use analysis on the application's Source &-Use Form. The line items in the Source section must list all sources of project funding including the funds requested in the EDA A.R.T. grant application. If the amount requested on the EDA A.R.T. Grant application is not listed as a Source or if the Total Sources do not equal the Total Uses, then the Source & Use document will be considered incomplete, and the application will receive a non-discretionary declination.

Project Eligibility Considerations (necessary for federal guidelines)

Applicants will self-certify, at time of application, the project meets the following federal eligibility considerations:

- **COVID Impact:** Applicants must address how the proposal is responsive to the negative public health and/or economic impacts of the COVID-19 pandemic and complies with all the ARP program requirements.
- **Capacity:** The applicant must have experience implementing a minimum of one project that is similar to the project being proposed.
- **Long-term impact:** Competitive applicants must articulate via the application process how the proposal will have a positive long-term impact in its community and the overall benefit to the community at large.
- **Financial Viability:** Must demonstrate long-term financial viability of the project and evidence that the project will be completed prior to 12/31/26.
- **U.S. Treasury reporting:** Ability (if applicable or requested by US Treasury) to provide the U.S. Department of Treasury with relevant reporting for all project expenditures exceeding \$1, specifically, all proposals must provide a narrative on how the project will address the impacts of COVID-19 in their municipality and

why this capital expenditure is the most appropriate to address the economic harms caused by COVID.

Per federal program guidelines, all A.R.T. funds must be obligated by December 31, 2024, and must be expended by December 31, 2026. Applicants will be required to submit a Project Timeline as evidence that the project can meet these federal program guidelines. Applicants will also respond to scored questions as to how the project can meet these federal program guidelines.

Eligible Project Locations

The Project location must meet the following criteria:

- 1) Projects must be in a commercial corridor defined for this program as being in either; a municipality designated as a “Target Urban Municipality,” by the Housing and Mortgage Finance Agency, or designated as a Neighborhood Preservation Program (NPP) Eligible Municipality by the Department of Community Affairs, or a municipality with a designated Department of Transportation, “Transit Village”.
- 2) Projects must be in a municipality ranked in the Top 25% of the Department of Community Affairs 2023 Municipal Revitalization Index.
- 3) Projects must be located within 1.5 miles of an active New Jersey Transit, PATCO, PATH, or SEPTA passenger rail or light rail station operating in the same municipality meeting above criteria. (Locations are based on NJ Department of Community Affairs geographic information systems passenger rail station point data.)

The 31 municipalities with areas eligible for the program are: Asbury Park, Bayonne, Belleville, Burlington City, Camden, City of Orange, Clifton, Dover, Dunellen, East Orange, Egg Harbor City, Elizabeth, Garfield, Hackensack, Hammonton, Jersey City, Linden, Lindenwold, Long Branch, Netcong, New Brunswick, North Bergen, Passaic, Paterson, Pennsauken, Perth Amboy, Plainfield, Rahway, Riverside, Trenton, and Union City.

Atlantic City and Newark are municipalities that also meet the above location eligibility criteria. Both cities are ineligible for this phase of the program due to additional funding each city received from the first round of this program, including other FY24 budget appropriations each city has received through the Urban Investment Fund and the Atlantic City Revitalization Grant Program.

Application Process

A competitive application process will be established for this product. Online applications will be accepted during a defined, minimum 60-calendar day application period. All applications will be reviewed following the closure of the application period. Applications are limited to one Application per EIN. The minimum grant request for the program is \$100,000, the maximum grant request is \$500,000. The Authority will perform a review of all submitted applications for eligibility documentation on or after the closing date of the application period.

Applicants will be given 10-business days to submit document cures related to eligibility. If the application remains incomplete after the 10-day cure period, or fails to establish program eligibility, the application will receive a non-discretionary declination.

Staff may also request additional responses from applicant to clarify eligibility documentation and application responses.

Applications will be reviewed and scored by staff of the Authority formed as part of an evaluation scoring committee. Applications will be scored on a scale of 0 - 100 points, with award recommendations limited to applications that meet or exceed the minimum score requirement of 65 points. Applicants who meet or exceed the minimum scoring criteria will be recommended to the Board for award in order with the highest scoring applicant being first and remaining applicants in order of their score. Scoring criteria are listed in Exhibit A (Scoring).

Fees and Administrative Expense

As allowed by EDA's recently revised fee rules, an application fee will not be charged as EDA is receiving funds for administrative costs. Staff propose utilization of an additional \$375,000 (2.5% of the \$15 million budget appropriation) for the Authority's administrative operating costs associated with this program.

Board Approval

The revised A.R.T. Program will proceed to Board for all approvals and for declinations for discretionary reasons. Any applicant unable to provide a complete application will not proceed to scoring. As a pilot program, decisions based on non-discretionary reasons are subject to the existing delegated authority. Accordingly, the CEO will delegate to the appropriate staff on all appeal decisions for non- discretionary reasons.

Grant Awards and Agreement Terms

Staff will allocate funds to applicants based on scored ranking in the full dollar amount requested. This process will continue, in descending order of the application scores, always allocating the full dollar amount requested, until all program funds have been exhausted. Awards will be recommended to the board after this process is complete.

If there are remaining applicants, who cannot be funded at the full dollar amount requested,

NJEDA staff will notify them and specify the amount of project funds that are available. The applicant will have 15 business days from the date of being notified to accept the amount of funds available and must provide proof of an additional funding source to complete the proposed project budget. Proof can be in the form of a Letter of Intent, commitment letter, or bank statements. If the applicant decides not to accept the amount available or does not identify additional funding to complete the project, the application will be incomplete and deemed withdrawn by NJEDA. Staff will recommend awardees to the Board for approval in ranked order based on scoring. Applicants who score below 65 and applicants that cannot be partially or fully funded will be recommended for discretionary decline to the Board.

Prevailing Wage

All projects will be subject to compliance with New Jersey prevailing wage law and the Public Works Contractor Registration Act (NJSA 34:11-56.48 et seq.) which requires all contractors, subcontractors, or lower tier subcontractors (including subcontractors listed in bid proposal) who bid on or engage in the performance of any public work in New Jersey to register with the NJ Department of Labor and Workforce Development.

Disbursements

The Authority will disburse grants only to the applicant. The applicant shall be responsible for assuring the compliance of the project with all terms and conditions of the application and the Program funding requirements.

Under the revised A.R.T. Program, the Applicant will receive the full grant disbursement upon execution of the grant agreement and will then be required to submit quarterly reports until project completion. NJEDA will provide the applicant with a template that will include documentation indicating proper use of funds.

Quarterly reports must include:

- Summary of funds expended to date.
- Narrative detailing milestones achieved and overall progress of project.
- Proof of prevailing wage/Affirmative Action compliance.

Diversity & Inclusion

Prior to the COVID-19 pandemic, economic shifts adversely impacted commercial corridors – resulting in uneven growth and high vacancy rates, especially in corridors located in low-income communities. The pandemic further amplified these economic hardships, as many of the businesses hit hardest by the pandemic were also the ones that populate and contribute to the dynamism of commercial corridors, with Black and Brown owned businesses proving to be exceptionally vulnerable.

This, combined with the huge transition to remote work has resulted in decreased capacity, foot-traffic, and revenue across economically vital commercial corridors. The latest yearly report from NJ Transit shows heavy rail has only recovered to 45%, and light rail to 68% of pre-pandemic levels. (NJ Transit, “Facts at a Glance,” 3/1/2023). Decreased ridership

has become a system-wide issue which effects all towns whose economies depend on transit.

Utilizing funding provided from the ARP SLFRF, the A.R.T. Program aims to provide financial support to municipalities that were disproportionately impacted by COVID-19. By providing funding to support catalytic A.R.T. activities and placemaking initiatives that increase foot-traffic to Downtowns, the program will help to mitigate the harms by increasing local spending and promoting economic stability in vital commercial corridors.

Recommendation:

The members are asked to approve:

- 1) Utilize \$15 million of appropriated funding through the Fiscal Year 2023 Budget Appropriations Act (P.L. 2022, c.49) identified as Arts Support and Placemaking to fund another round of the Activation, Revitalization, and Transformation (A.R.T.) Phase II– Public Space Activation Product.
- 2) Incorporate product revisions for the Activation, Revitalization, and Transformation (A.R.T.) product according to this Board memo and specifications.
- 3) Grant authority to the New Jersey Economic Development Authority (NJEDA) Chief Executive Officer (CEO) to enter a Memorandum of Understanding (MOU) with the New Jersey Department of Community Affairs (DCA) whereby the NJEDA CEO will accept \$15,000,000 in funds from the American Rescue Plan (ARP) Coronavirus State and Local Fiscal Recovery Funds (SLFRF) and agree to comply with federal requirements for the use of those funds.

Delegation to the Authority’s Chief Executive Officer to decline individual applications for non-discretionary reasons for the A.R.T. Program in accordance with the terms set forth in the attached product specifications.

- 4) Utilization of an additional \$375,000 (2.5% of the \$15 million budget appropriation) for the Authority’s administrative fees associated with operating this program.

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Chief Executive Officer

Prepared by: Matt Boyle
Attachments