

# **CIP Grant in Aid Workshop**

Department of Accounting and General Services

October 17, 2018

## Definition of CIP

- ▶ Capital improvements are non-recurring in nature. They are generally intended for long-term use or possession and are relatively permanent in nature. State authorizations for CIP may include land acquisition and planning, design, construction, and equipment costs related to a project. Bond-funded projects should mirror the life of the bond – 15 to 25 years or greater in length.
- ▶ Operating costs are defined as recurring costs of operating, supporting and maintaining authorized programs, including expenses of consumable nature such as materials and supplies, travel expenses, utilities, stamps, consultant fees, building and equipment rentals.

## Grant in Aid Process

- Application to the Legislature (Grantee) - January
  - Departmental Review (Various State Departments) – March/April
  - Legislative Appropriation (Legislature) – Effective July 1<sup>st</sup>
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- Grantee Request to Release Funds
  - Allotment Request (DAGS/Representative Grantor)
  - Department of Budget and Finance Review and Recommendation (B&F)
  - Governor Approval to Allot Funds (GOV)
  - Allotment of Funds via Allotment Advice (B&F)
  - Contract to Expend the Funds (DAGS)
  - Invoicing (Grantee\DAGS)
  - Contract Closeout (DAGS)

## Grantee Request to Release Funds

- ▶ Grantee writes letter to the Governor requesting the release of the funds
- ▶ This initiates the process for DAGS/Representative Grantor to request funds allotment through the Department of Budget and Finance (B&F) for Governor's approval
- ▶ Letter to include:
  - ▶ Written on Grantee's letterhead. Must be the licensed non-profit's letterhead and not any dbas
  - ▶ The source of the funding. For this year's Grants it is Act 53, Session Laws of Hawaii (SLH) 2018
  - ▶ Short description of your non-profit organization
  - ▶ Short description of your project
  - ▶ Copy to DAGS and the Department of Budget and Finance
  - ▶ Include grant application with your copy to DAGS
  - ▶ Sample request letter included in packet

## Allotment Request to B&F

- DAGS prepares and submits allotment request
- Items included in request
  - Scope of Project
    - What will the funds be used for? List of specific task items.
    - Is the scope consistent with the appropriation language?
    - Is the scope consistent with the grant application?
  - Budget
    - Is the project fully funded by the grant appropriation?
    - If not fully funded, options include:
      - Providing other sources of financing to cover the balance of the project
      - Phasing the project scope in discrete, complete jobs that can be fully funded.
      - Project scope must match the appropriation cost elements, however the amounts of each cost element do not need to match your project (land, planning, design, construction, equipment)

## Allotment Request to B&F (cont.)

- ▶ Items validated for the request (What B&F is looking at)
  - ▶ Construction Schedule
  - ▶ Grantee Self-Sufficient
    - ▶ State to ensure Grantee will be solvent
  - ▶ Project Viability
    - ▶ Can this project be built with the grant and all other available sources of funds?
  - ▶ Project Sustainability
    - ▶ Will the project improvements and the program operations last through the life of the bond and beyond?
  - ▶ Project Serves a Public Good

## Budget and Finance Review & Allotment of Funds

- ▶ Budget and Finance Review
  - ▶ Currently about 100 days after receipt
  - ▶ Budget Analysts performs initial review of information provided in allotment request; often asks for supplemental information and clarification
  - ▶ Request moves up through B&F to Director
  - ▶ Upon Director's recommendation for allotment, sent to Governor for final review and approval/disapproval
- ▶ Allotment of Funds
  - ▶ Governor's approval results in issuance of Allotment Advice
  - ▶ B&F issues Allotment Advice to DAGS to confirm Governor has approved the release of funds.

## Contract to Expend the Funds

- Contract Terms Include:
  - Final Project Scope, Schedule, and Budget
  - Contract Duration
    - Contract execution begins when the contract is signed by all parties. Execution date will be specified in the contract
    - Contract ends, unless otherwise specified, on the completion date shown in the project schedule
    - Contract time may be extended upon Comptroller's approval of written request to DAGS. Requests due at least 90 days prior to the end of the contract. Note: Extensions are not automatic
  - Budget
    - Cost breakdowns are listed by phases and tasks



## Contract to Expend the Funds (cont.)

- Compensation
  - All payments are for goods and services completed/received
  - Payments are Reimbursement of Expenses incurred during the contract duration
  - Reimbursement not allowed if claimed expenditures occur before contract is executed or after contract completion date
  - Payments are for Capital Improvement Program (CIP) costs only. CIP does not include supplies, utilities, staff payroll, incidental furnishings and equipment, and other operational expenses
  - In accordance with scope and cost breakdown
- General Terms and Special Conditions
  - Applicable to all CIP grants
  - Meets existing laws

## Contract to Expend the Funds (cont.)

- General Terms and Special Conditions (cont.)
  - Compliance with Laws. The Grantee shall comply with all federal, state, and county laws, ordinances, codes, rules, and regulations, as the same may be amended from time to time, that in any way affect the Grantee's performance of this Agreement
    - Chapter 104, Hawaii Revised Statutes (HRS)
      - Prevailing Wages
      - Certified Payroll
        - Email to [dlic.wsd.104@hawaii.gov](mailto:dlic.wsd.104@hawaii.gov)
    - Chapter 103-50, HRS
      - Disability and Communication Access Board review
    - Chapter 343, HRS
      - Hawaii Environmental Policy Act

## Chapter 104, HRS and Section 12-22-1, HAR

- ▶ **"Construction of public work"** includes without limitation *new construction, reconstruction, development, improvement, alteration, repair, renovation, painting, decorating, dredging, shoring, simultaneous sewer inspection and repair, and any other activity* performed by a laborer or mechanic employed at the site of a public work or at any property used by the contractor, dedicated for the performance of the contract, such as batch plants, borrow pits, fabrication plants, mobile factories, job headquarters, and tool yards. As used in this definition, "other activity performed by a laborer or mechanic employed at the site" includes the following if the activity is an integral part of or is in conjunction with a construction contract, or if there is substantial construction activity involved in a supply, service, or other type of non-construction contract: 1) Manufacturing or furnishing of materials, articles, supplies, or equipment on the job site; 2) Warranty work; 3) Demolition or excavation; 4) Landscaping; 5) Termite treatment; and 6) Installation at the construction site of items or articles fabricated off-site, such as shelving, drapery, and communications equipment.

## Chapter 104, HRS and Section 12-22-1, HAR

- ▶ "Public work" shall have the same meaning as in section 104-1, HRS, and includes without limitation: 1) Any building, structure, road, or real property, the construction of which is undertaken: (A) By authority of; and **(B) Through the use of funds, grants, loans, special purpose revenue bonds, land, or other resources of the State or any county, board, bureau, authority, commission, or other agency or instrumentality thereof, to serve the interest of the public, regardless of whether title thereof is held by a state or county agency.** However, subsequent construction to fixtures or appurtenances attached to the assigned space of an individual occupant, lessee, or tenant of the building or structure, contracted by other than a state or county agency or instrumentality thereof, shall not be subject to chapter 104, HRS; or 2) A construction contract between private persons in accordance with section 104-2.5, HRS

## Chapter 103-50, HRS

- ▶ **§103-50 Building design to consider needs of persons with disabilities; review fees.** (a) Notwithstanding any other law to the contrary, all plans and specifications for the construction of **public buildings, facilities, and sites shall be prepared so that the buildings, facilities, and sites are accessible to and usable by persons with disabilities.** The buildings, facilities, and sites shall conform to the Americans with Disabilities Act Accessibility Guidelines, Title 36 Code of Federal Regulations Part 1191, and the requirements of the Federal Fair Housing Amendments Act of 1988, as established in Title 24 Code of Federal Regulations Part 100, Subpart D, as adopted and amended by the disability and communication access board under chapter 348F.
- ▶ (b) All state and county agencies subject to this section **shall seek advice and recommendations from the disability and communication access board on any construction plans prior to commencing with construction.**

## Definition of Public Building (§103-50(h))

- ▶ **“Public buildings, facilities, and sites”** means buildings, facilities, sites, and the infrastructure thereof that:
- ▶ (1) ***Are designed, constructed, purchased or leased with the use of any State or county funds or federal funds administered by the State or a county;***
- ▶ (2) House State or county programs, services, or activities that are intended to be accessed by the general public;
- ▶ (3) Are places of public accommodation or commercial facilities under the Americans with Disabilities Act, title 28 Code of Federal Regulations part 36, and are constructed on State or county lands; or
- ▶ (4) Are constructed on lands that will be transferred to the State or county upon completion of construction.

## Chapter 343, HRS

- ▶ **§343-5 Applicability and requirements.** (a) Except as otherwise provided, an **environmental assessment shall be required for actions that:**
- ▶ **(1) Propose the use of state or county lands or the use of state or county funds,** other than funds to be used for feasibility or planning studies for possible future programs or projects that the agency has not approved, adopted, or funded, or funds to be used for the acquisition of unimproved real property; provided that the agency shall consider environmental factors and available alternatives in its feasibility or planning studies; provided further that an environmental assessment for proposed uses under section 205-2(d)(11) or 205-4.5(a)(13) shall only be required pursuant to section 205-5(b);

## Invoicing and Contract Closeout

- Invoicing the State
  - Invoice to be submitted on Grantee letterhead
  - Indicate amount to be reimbursed
  - Include:
    - Certification Statement and Original Signature
    - Supporting Documentation
    - Project Status/Update (percentage completed)
    - Three additional copies of signed request (original signature not required)
  - Sample included in packet
- Closing the Contract
  - Final Payment
    - All funds expended or statement that balance of funds are not required
    - Hawaii Compliance Express Compliant
    - Sample included in packet



**Questions?**

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*Mahalo!!!*