

RESOLUTION No. 55 - 2020

Moved by: _____

A Resolution authorizing the submission of a Redevelopment Assistance Capital Program grant application of up to nine million dollars (\$9,000,000.00) to fund renovations of the Martin Luther King Jr. Government Center located at 10 N. Second Street, Harrisburg, PA 17101.

WHEREAS, the City desires to apply for a Redevelopment Assistance Capital Program (“RACP”) grant to fund renovations of the Martin Luther King Jr. Government Center located at 10 N. Second Street, Harrisburg, PA 17101; and

WHEREAS, the program helps fund eligible projects that include economic development projects, and those that have historic, recreational, or civic significance as more fully described in the 2020 Program Guidelines, which are attached hereto as “Exhibit A”; and

WHEREAS, the Commonwealth has not released a notice of funding availability for RACP for 2020; however, the City anticipates that such a notice will be released this year; and

WHEREAS, when such a notice is released the City desires to be prepared and able to promptly submit an application; and

WHEREAS, the grant, if applied for and received, will help fund necessary renovations of the Martin Luther King Jr. Government Center.

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED BY THE COUNCIL OF THE CITY OF HARRISBURG, that the submission of a grant application to the Redevelopment Assistance Capital Program for up to nine million dollars (\$9,000,000.00) to fund renovations of the Martin Luther King Jr. Government Center located at 10 N. Second Street, Harrisburg, PA 17101 is hereby authorized.

BE IT FURTHER RESOLVED that the Mayor, City Controller and other appropriate City officials are authorized and directed to take all steps necessary to further effectuate the purpose of this resolution.

I second this resolution _____.

EXHIBIT A

PROGRAM GUIDELINES

The Program Guidelines provide details about eligibility requirements for projects, including legislative authorization, tax-exempt bond status, cost requirements, matching requirements, and other special considerations. The guidelines also address eligibility and responsibilities of Candidates, Applicants, Grantees, and the Commonwealth.

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A) PROJECT ELIGIBILITY

1. LEGISLATIVE AUTHORIZATION

All grants awarded through the Redevelopment Assistance Capital Program (RACP) MUST be for projects included in one (1) or more of the PA Capital Budget Project Itemization Acts. Only itemizations/projects from these Acts that have remaining "Project Allocation" amounts and that have not been statutorily "sunset" pursuant to Act 77 of 2013 are eligible (list of itemizations). Potential projects are typically added to Capital Budget Project Itemization Bills by members of the House of Representatives, Senate and Administration.

2. DEFINITION

Redevelopment Assistance Capital Program projects are primarily economic development projects, authorized in the Redevelopment Assistance section of a Capital Budget Itemization Act, have a regional or multi-jurisdictional impact, and generate substantial increases or maintain current levels of employment, tax revenues or other measures of economic activity. Included are projects with cultural, historic, recreational or civic significance.

Redevelopment Assistance Capital Program projects are state-funded projects that cannot obtain primary funding under other state programs. Projects that can normally obtain funding from PENNDOT, PENNVEST, the Department of Community and Economic Development, or other state agencies are generally restricted from participating in the Redevelopment Assistance Capital Program. Please see Section 6 for more detail on ineligible projects.

***If a RACP project does include and require improvements to housing, roads, bridges, tunnels, infrastructure, and/or drinking water/waste disposal/wastewater/stormwater systems, these improvements must not be the primary focus of the project; and as per Act 77 of 2013, they must be associated with a project that is part of an economic development project; and in the case of housing, must be part of a community revitalization plan and in accordance with RACP requirements. These additional requirements for housing projects are not required if the funding is from a designated special allocation for housing.

3. FEDERAL TAX-EXEMPT BOND ELIGIBILITY

Redevelopment Assistance Capital Program grants must be eligible for tax-exempt bond funding under existing federal law requirements. The Applicant must demonstrate and document that the project qualifies for financing with federally tax-exempt bonds. Applicants will be required to comply with procedures to maintain the tax-exempt status of bonds issued to finance the project.

4. PROJECT COST REQUIREMENTS

A RACP project must have a total cost of at least \$1,000,000.

5. MATCHING FUNDS - NON-STATE PARTICIPATION

A. General Requirements - a RACP project must have matching funds that comply with the following:

- At least 50% of the project cost must be match (non-state) participation.
- At least 50% of the match (non-state participation) must be secured funding at the time of formal Application and Business Plan submittal with identifiable and firm commitments from all sources.
- Sources of matching funds must be documented at the time of application with identifiable and firm commitments from all sources.
- Sources of match funds can be local, private, land or building as-is appraised value, and/or federal funds.
- The only non-cash, non-state match permitted are land or fixed assets, which have a substantial useful life and are directly related to the project.
- Funds from other state sources, including legislative sources may not be used as match.
- If financing/loans are used as match funding they typically must consist of permanent financing (i.e., a minimum term of 20 years). This policy does not apply to bridge or interim financing used in the project.
- Funds (grants and/or loans) from other state sources, including legislative sources, may not be used as match. However, care must be taken not to mistake certain non-state funds as state funds just because they are distributed through a state agency. The disqualifying part is if the source of the funds is from the state. Some non-state (usually federal) funds are passed through a state agency. This pass-through does not make them ineligible to be used as MATCH in a RACP project. For example, Community Development Block Grants (CDBGs) administered by the DCED is a federal source pass-thru so it is acceptable for use in a RACP project.
- An exception to the prohibition of other state funds being used as match in a RACP project is certain gaming/casino source funds. As of July 1, 2011, the use of the Gaming Local Share Assessment (LSA) can be used as matching funds for RACP in the following counties:
 - Allegheny
 - Monroe
 - Washington
 - Carbon
 - Northampton
 - Wayne
 - Lackawanna
 - Pike

B. Reimbursable Cost Categories - the following costs are typically eligible for reimbursement and/or can be matching cost for RACP funds.

- Construction - **the primary use and intent of RACP funds should be the reimbursement of construction costs.**
- Interest during construction - interest costs paid as a result of the use of interim or bridge financing for the project during construction can be reimbursed from RACP funds.
- Permits - costs for acquiring permits needed for construction of the project can be reimbursed from RACP funds.
- Land - if land is purchased for the project, a certified as-is appraisal must be provided. Redevelopment Assistance Capital Program funds may be used to reimburse the costs for the

land acquisition. The appraised value may include permanent improvements exclusive of the RACP project. The appraisal should be "as is" value.

- Other - other costs that can be reimbursed with RACP funds can include work related to the abatement of hazardous materials, acquisition costs.

C. Non-Reimbursable Cost Categories - The following costs are eligible match costs only and not allocated for reimbursement with Redevelopment Assistance Capital Program funds. These costs must be paid from non-state matching funds and may include federal funds. All costs below must be directly related to the RACP project.

- Future physical maintenance & operation - a portion of any funds reserved for future physical maintenance and operation of facilities may be included as a part of the 50% match (non-state) participation, provided such funds do not exceed 15% of the total project cost. These reserved funds must have legally binding documentation explaining the intent, design, and operation of the dedicated fund. Salaries cannot be paid from reserve funds.
- Administrative costs - any fees for the administration of the project, whether by the Applicant's staff or by contract.
- Legal fees - any fees for the services of lawyers or solicitors.
- Financing/Accounting costs - any fees for financing and accounting services.
- Architectural/Engineering fees - any fees for application preparation, project administration, or other professional services incurred for the planning, design, and construction of the project.

6. INELIGIBLE PROJECTS

Projects located in a City Revitalization and Improvement Zone (CRIZ) and eligible for CRIZ benefits are not eligible RACP projects. However, approved RACP grants that existed prior to zone approval shall not be restricted.

Projects that are generally funded through other state programs are not eligible for Redevelopment Assistance Capital Program funds. Examples of those funding sources and projects are as follows:

Projects funded by PENNDOT or federal government:

- Highways, vehicular bridges, tunnels

Projects funded by PENNVEST:

- Drinking water, wastewater, stormwater and waste disposal facilities

An exception to the above would be; stormwater, water or sewer infrastructure or tunnels, bridges or roads when associated with a project that is part of an economic development project. As an example, RACP funding could be utilized to prepare and install water and sewer lines within an industrial/business park development. Costs associated with repairs or replacement of existing public or private water or sewer systems are not eligible expenditure of RACP funds.

Other state funded projects:

- Housing Units are fundable only when specialized funding specifically for that purpose is approved and remains unused. Acts 87 of 2005 & 82 of 2010 each allowed \$25 million (for a total of \$50 million) for the construction of housing units. Outside of the special allocation housing funding, housing projects are only eligible if they support and generate economic activity and are part of a community revitalization plan.

******If a RACP project does include and require improvements to housing, roads, bridges, tunnels, infrastructure, and/or drinking water / waste / disposal / wastewater / stormwater systems, these improvements must not be the primary focus of the project. Per Act 77 of 2013, they must be associated with a project that is part of an economic development project, and in the case of housing, must be part of a community revitalization plan and in accordance with RACP program requirements. These additional requirements for housing projects are not required if the funding is from a designated special allocation for housing.***

B) CANDIDATE ELIGIBILITY & RESPONSIBILITY

Any entity that has an authorized and eligible project as stated in the above section is eligible to be considered for a RACP grant award.

Candidates are required to apply for a RACP grant award online prior to the deadlines posted in Funding Round Schedule for the Round.

C) APPLICANT ELIGIBILITY & RESPONSIBILITY

Only Candidates who received an Award Letter and meet Grantee eligibility requirements per Section D are eligible to submit a formal Application and Business Plan.

Applicants are required to notify the Office of the Budget within 30 days of receipt of an Award Letter as to whether or not they are accepting the grant award. The notification should come from the addressee of the Office of the Budget award letter (Grantee or Sub-Applicant).

Applicants accepting the grant award are required to submit a formal Application and Business Plan within six (6) months of the date of their Award Letter.

D) GRANTEE ELIGIBILITY

List of Past & Present RACP Grantees (Excel)

Grantees for Redevelopment Assistance Capital Program funding must be one (1) of the following:

1. A redevelopment authority.
2. An industrial development authority.
3. A general purpose unit of local government.
4. A local development district that has an agreement with a general purpose unit of local government under which the unit assumes ultimate responsibility for debt incurred to obtain the non-State financial participation.
5. A public authority established pursuant to the laws of this Commonwealth.

6. An industrial development agency:
 - (i) which has been certified as an industrial development agency by the Pennsylvania Industrial Development Authority Board under the act of May 17, 1956 (1955 P.L.1609, No.537), known as the Pennsylvania Industrial Development Authority Act; and
 - (ii) which is itself or which is acting through a wholly owned subsidiary that is exempt from Federal taxation under section 501 (c) (3) of the Internal Revenue Code of 1986.

E) GRANTEE RESPONSIBILITIES

1) GENERAL

- The Grantee is responsible for fully executing a successful Redevelopment Assistance Capital Program project.
- The Grantee is responsible for compliance with any or all federal, state, and local requirements
- The Grantee is responsible for approving and executing any designs, plans, specifications, estimates or other components related to the development and execution of the project and reviewing/examining for accuracy or compliance with any federal, state, or local regulations.
- The Grantee is responsible for putting together a project team which should consist of personnel and designated parties that can provide administrative, financial, engineering, legal, and other necessary expertise necessary to execute the project.

2) SPECIFIC

To receive RACP funding, Grantees must adhere to the following requirements:

a) Execution of the Grant Agreement

Grantees must execute an RACP Grant Agreement and return the agreement to the Office of Budget (OB) within 20 days of the date of the grant agreement transmittal from OB. If the applicant fails to return the signed contract within the timelines established by the office, no contract may be executed by the office for the grant, as Act 77 stipulates.

b) Satisfaction of terms and conditions of the Grant Agreement

Once the Grant Agreement is executed; the Grantee will then have six (6) months from the date of execution to satisfy all terms and conditions of said agreement. If the Grantee is not administering the project, a Cooperation Agreement will need to be in place between the Grantee and Sub-grantee (or project administrator). The Grantee will also need to be aware of and comply with all applicable laws and program compliance requirements. For more detailed information, please see the Key Compliance Guidelines section of this website.

c) Payment Request submission

In order to facilitate the receipt of grant funds, the Grantee must submit a request for payment. The project budget must account for three (3) important stipulations discussed below. For more detailed information on the submission of a Payment Request, please see the Reimbursement Procedures section of this website.

i) Reimbursement Program

The Redevelopment Assistance Capital Program will use a reimbursement system to fund projects. Grantees will apply for periodic project payments to cover a portion of paid eligible and reimbursable project expenses. Expenses must be paid prior to submission to the commonwealth for reimbursement.

This reimbursement will be limited by: a) total funds available through the Funding Accumulation Schedule; b) the factor of the matching funds expended to date versus RACP grant expenditures; c) a proportionate amount of matching fund expenditures actually expended; and d) those other limitations that the Office of the Budget may deem necessary.

ii) Funding Accumulation Schedule (36-month minimum)

The approved Funding Accumulation Schedule for a project shows the RACP amounts that will be accumulated for the project during the months indicated on the schedule. Generally, total funding will be accumulated in equal installments over a 36-month period unless the Secretary of the Budget authorizes a shorter period.

The use of a Funding Accumulation Schedule may contribute to the Applicant's need to obtain interim or bridge financing to fund the project. Exceptions to this requirement will be made on a case-by-case basis by request. Month one (1) for the period will be the first month after the execution of the Grant Agreement. Commonwealth reimbursements will be limited by the amount of funds accumulated for the project at the time the Payment Request is reviewed. The approved schedule is shown in Appendix C of the Grant Agreement.

The approved funding accumulation does not show a monthly reimbursement that the Grantee will automatically receive for the project. The schedule shows the funds that are available for the project in any month during 36-month accumulation period. The reimbursement that the Grantee is eligible to receive is also subject to the distribution factor.

iii) Proportional reimbursement

To ensure that RACP funds are not fully disbursed prior to the completion of a project, RACP grants will be reimbursed on a proportional basis for direct land, building acquisition, construction and other eligible reimbursable expenses. The proportion funded by RACP funds will be defined by the distribution factor. The distribution factor will be the local non-state funding amount divided by the RACP grant. Eligible match costs are not reimbursable but are included in the factor. The proportional reimbursement may contribute to the Applicant's need to obtain interim or bridge financing to fund the project.

The distribution factor is a measure of the match participation with respect to RACP participation. The factor is calculated as follows:

Distribution Factor = Local Match Funds / RACP Grant.

A distribution factor of 2 indicates that for every \$2 of match participation, there will be \$1 of commonwealth participation. In other words, the commonwealth is providing \$1 of grant for every \$3 of total project cost.

The purpose of the distribution factor is to assure that the Grantee is contributing the required match components to the project as reimbursements are being provided. Generally, the distribution factor will control the amount of reimbursement, if there are sufficient funds accumulated per the funding accumulation schedule.

F) COMMONWEALTH RESPONSIBILITIES

1) GENERAL

- The commonwealth's role is to provide guidance, review the project and provide reimbursement.
- The commonwealth provides guidance concerning requirements of the Redevelopment Assistance Capital Program. The commonwealth will advise the Applicant in areas related to the requirements of the Redevelopment Assistance Capital Program, including clarifications of the governing legislation, preparation of Applications, and preparation of Payment Requests.
- The commonwealth or the commonwealth's designated representative will review any information or aspect of the project to determine if the project meets financial and program requirements.
- The Redevelopment Assistance Capital Program provides reimbursement from the commonwealth for the Applicant's project. The funding is a partial reimbursement of expended amounts. Expenses must be paid before they are submitted to the commonwealth for reimbursement.

2) SPECIFIC

a) Facilitation Meetings

Facilitation meetings are conducted at the request of the Grantee to the Office of Budget and are highly encouraged. During these meetings, the Grantee will be able to ask questions concerning administration of the program and its effects on the project. The Grantee/Sub-grantee/project representatives are eligible to attend a facilitation meeting at no cost to the Grantee. These meetings are informational only.

b) Monitoring of Projects

Projects will be monitored by the Office of the Budget or its representatives throughout the funding and construction phase. All projects will be subject to review. Approval of reimbursements of state funds will depend on financial and program compliance. The intent of monitoring is to review financial and program compliance with the Redevelopment Assistance Capital Program. During monitoring, the commonwealth will not be approving any actions related to the grantee's execution of the project. Prior to the initiation of monitoring, the Grantee will be notified, a monitoring schedule will be established, and procedures will be explained.

c) Close-Out Audit

A close-out audit will be performed by the Office of the Budget or its representative for all projects. The Grantee will not be required to pay for this audit. A portion of the final grant proceeds shall be retained by the Office of the Budget until the completion of the statutorily-required final close out audit. The commonwealth may withhold up to 10% of the grant value from the last Payment Request. This percentage may be reduced at the discretion of the Office of Budget.

INTER

OFFICE

MEMO

To: HARRISBURG CITY COUNCIL
From: Kirk Petroski, City Clerk
LEGISLATIVE APPROVAL FORM

Date:

LEGISLATIVE APPROVAL FORM/CERTIFICATE OF ACCEPTANCE

BILL NO. -2020 RESOLUTION NO. -2020

THE ABOVE LISTED ITEM WAS WRITTEN AND PREPARED FOR FINAL INTRODUCTION AT THE HARRISBURG CITY SOLICITOR'S OFFICE ON:



Deputy City Solicitor

6-19-20


Date

Requested by Department/Bureau: Administration / Finance

Department/Bureau Contact Person: M. Woolley R. Vollmer

For Action on or before:

The attached was received in the Office of the City Clerk for introduction on



Received by:

Date: _____