

FREQUENTLY ASKED QUESTIONS-

The following are frequently asked questions by Redevelopment Assistance Capital Program (RACP) Partners on RACP related projects.

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Section 1 – Eligibility/Scope

- 1. WHAT TYPE OF GRANTEE IS RACP-ELIGIBLE?** Grantees must be either (1) a general-purpose form of local government unit (city, borough, township or county), (2) any public authority, (3) a federally designated Local Development District or (4) an industrial development agency, which has been certified as such by the Pennsylvania Industrial Development Authority (PIDA) board and which is itself or is acting through a wholly owned subsidiary exempt from federal taxation under section 501 (c) (3) of the Internal Revenue Code of 1986. The Grantee must follow strict guidelines to avoid jeopardizing the tax-exempt status of the bond funding.
- 2. IS A SCHOOL DISTRICT AN ELIGIBLE GRANTEE?** A school district, which is a "special purpose of local government," would not be eligible because RACP Grantees must be authorities or "general-purpose forms of local government." (See the answer to Question 1 above.) However, a school district can be the Sub-Grantee of an eligible Grantee.
- 3. DURING THE APPLICATION PROCESS, THE AGENCY THAT RECEIVED THE AUTHORIZATION FOR THE PROJECT WAS DISSOLVED AND ANOTHER ORGANIZATION PICKED UP THE PROJECT. MAY THE NEW ORGANIZATION USE THE RACP FUNDS TO COMPLETE THE PROJECT?** It depends on the circumstances of the dissolution. The Office of the Budget will treat such situations on a case-by-case basis. For instance, if the dissolution resulted in an acquisition or a merger, the project can be pursued.
- 4. WHAT TYPE OF PROJECT IS RACP ELIGIBLE?** A project is eligible for a RACP grant if it has a cultural, civic, recreational, historical, regional or multi-jurisdictional impact and generates substantial increases in employment, tax revenues or other measures of economic activity.
- 5. WHAT TYPE OF PROJECT IS NOT RACP-ELIGIBLE?** Projects that are state-funded; facilities or projects that can normally obtain primary funding under other state programs; projects whose main purpose is for highways (including road and street improvements) and vehicular bridges, drinking water and wastewater facilities, housing units and waste disposal facilities are not eligible for RACP grants. If an 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. These additional requirements for housing projects are not required if the funding is from a designated special allocation for housing. 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.
- 6. IS THERE A MINIMUM THRESHOLD FOR A RACP PROJECT?** The statutes governing the RACP program require a minimum threshold of \$1 million for each project before it can be funded.
- 7. WHAT IS THE IMPORTANCE OF THE CAPITAL BUDGET PROJECT ITEMIZATION BILL TO MY PROJECT?** All grants awarded through RACP MUST be for projects included in one or more of the Capital Budget Project Itemization Acts passed by the General Assembly and signed into law by the Governor. You will need to 1) identify the appropriate Act(s) for which your project has been itemized and 2) verify that sufficient funding remains from said itemization in order to submit an e-RACP Application to RACP for consideration and evaluation of your project. Only

itemizations/projects from these Acts that have remaining “Project Allocation” amounts and that have not been statutorily “sunset” in accordance with Act 77 are eligible. No project expense paid prior to the project's Capital Budget Itemization Act's effective date is usable as a reimbursable and/or match item for the RACP project (excluding land match).

8. **OUR COMMISSIONERS HAVE A SALES AGREEMENT IN PLACE WITH A DEVELOPER AND WOULD LIKE TO PURCHASE A PARCEL OF LAND. MAY WE USE THE RACP GRANT TO BUY THE PROPERTY WHILE WE DECIDE WHAT TO BUILD ON IT?** The statutes governing the RACP grant program permit the use of RACP proceeds for land acquisition; however, this cannot be the entire scope of the RACP grant. Some of the grant funding must be used for construction activities. The Office of the Budget cannot reimburse on land only, without any construction work.
9. **MY CONSTRUCTION PLANS HAVE CHANGED SINCE I SUBMITTED MY PROJECT MANAGEMENT PROPOSAL. WHAT DO I NEED TO DO?** Changes to the project scope presented in the Project Management Proposal will be reviewed during the grant and scope development stage. If the change in scope is identified after the grant agreement has been fully executed the project will need to submit a rescope request to the Office of the Budget for review. It is not guaranteed that a revised scope will be approved by the Office of the Budget.
10. **ARE "ELIGIBLE COSTS" THOSE INCURRED AFTER THE LEGISLATIVE AUTHORIZATION DATE OR AFTER RECEIPT OF THE AWARD LETTER?** Costs are eligible after the legislative authorization date, assuming the costs meet all RACP requirements (bidding, prevailing wage, etc.). Your award letter included the Itemization Act number and the year your project received legislative approval. Your authorization date by month, day and year is listed in your Grant Agreement in Appendix B.
11. **MAY I MAKE A COMPLEX RACP PROJECT SIMPLER?** The Office of the Budget may allow this in instances where certain items can be carefully carved out to make a streamlined project. In doing so, you must remember that the simplified project must obey the spirit of the law, in that construction activities must occur and full compliance with our requirements must be met. All changes in scope need to be sent in writing to the Office of the Budget for review and approval.
12. **CAN MY RACP SCOPE BE LIMITED TO ONLY LAND ACQUISITION COSTS?** The Capital Facilities Debt Enabling Act defines a redevelopment assistance capital project as the ‘design and construction of a project.’ Therefore, the primary focus of all RACP projects should be on construction. The Office of the Budget cannot reimburse on land only, without any construction work. The allowance of RACP funds for land acquisition costs is at the discretion of the Office of the Budget, if allowed, RACP funding for acquisition costs is generally limited to no more than 30% of the total grant amount. This 30% maximum allowance includes any land acquisition and/or equipment costs. For land acquisition costs to be reimbursable, the purchase date must occur after the authorization date associated with the itemized project and have RACP construction activity occur on the site.

Section 2 – Pre-Award/e-RACP Application

1. **HOW DO I APPLY FOR A RACP AWARD?** The Candidate must submit an e-RACP Application to the Office of the Budget during an open Funding Round. The Candidate should refer to the Funding Round Schedules on the RACP website and choose the round that will be closest to the

anticipated start date of the project construction. All e-RACP applications must be submitted using the electronic single application (ESA) website.

2. **WHEN ARE THE RACP FUNDING ROUNDS OPEN?** Funding Rounds are opened and closed at the discretion of the Governor. The RACP website will be updated to provide notice of when a new round will be open.
3. **HOW DO I CHOOSE AN ITEMIZATION?** When choosing an itemization to apply for a RACP award look for the following items:
 - Locate the county that the project site is located.
 - Verify that the entity/location noted in the municipality column corresponds to the site location and/or is directly related to the project.
 - Verify that the Act's LAD Date is prior to any incurred project costs.
 - Verify the Act's Project Description fits your project scope.
 - Verify that the act has a remaining available act amount equal to or greater than the amount of funding being requested.
4. **HOW DO I GET MY PROJECT ADDED TO AN ITEMIZATION ACT?** Potential projects are added to Capital Budget Project Itemization Bills by members of the House of Representatives, Senate and Administration.
5. **HOW WILL I KNOW IF MY PROJECT WAS SELECTED FOR AN AWARD?** All recipients of RACP funding will be notified via an Award Letter sent to the contact person noted in the e-Application. The Award Letter will provide further instructions on the RACP grant process.

Section 3 – Post-Award/Project Management Proposal

1. **WHAT IS A PROJECT MANAGEMENT PROPOSAL?** This is a new streamlined post award application that replaces the prior formal Application and Business Plan (A&BP). Any funding recipient that has not yet submitted a formal Application and Business Plan should now complete a Project Management Proposal (PMP) for the project. The PMP submission would supersede the need to submit the formal A&BP.
2. **WE HAVE RECEIVED AN AWARD LETTER FOR THE RELEASE OF FUNDING FOR OUR RACP PROJECT. WHAT DO WE NEED TO DO TO OBTAIN THE FULL GRANT AMOUNT?** After the release of funding for a RACP project is approved, the Office of the Budget issues an Award Letter to serve as written notification authorizing the preparation and submission to the Office of the Budget of a post award application for the project. Grant Recipients 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. The Project Management Proposal (PMP) contains sections that must be addressed, including the match amount, budget and detailed sources of funding. A Project Management Proposal Template can be downloaded from the RACP website, in addition a Project Management Proposal Handbook can be downloaded from the RACP website and contains the necessary instructions for the preparation of the PMP. The Project Management Proposal must be submitted in electronic format (PDF) via upload to an RACP FTP site. The eligible Applicant/Grantee designated for the project will be emailed a unique Username and Password to access this FTP site within approximately 3 weeks of receiving the Award Letter.

3. **GIVEN THE DIRECTIVE REGARDING THE FILING OF THE PROJECT MANAGEMENT PROPOSAL WITHIN SIX MONTHS OF THE AWARD LETTER, WILL THE FUNDING BE TERMINATED FROM A PROJECT EVEN IF AN EXTENSION REQUEST HAS BEEN SUBMITTED BEFORE THE DEADLINE?** The Office of the Budget must receive the Project Management Proposal within six months of the date of the Award Letter. If the Grantee fails to submit the Project Management Proposal within the allotted time frame, funding for the project may be terminated.
4. **I HAVE SUBMITTED MY PROJECT MANAGEMENT PROPOSAL. WHAT HAPPENS NEXT?** Once the Office of the Budget receives a Project Management Proposal, the Office of the Budget conducts a preliminary review and hires a consultant to conduct an exhaustive review. A consultant will contact you to set up the Project Management Proposal review. After the consultant completes the review, he or she sends a report to the Office of the Budget. The Office of the Budget is then able to draft the agreement between the Commonwealth and the Grantee.

Section 4 – Match Funding/Interim Financing

1. **MAY WE USE OUR MORTGAGE AS A MATCH FUNDING SOURCE?** Generally, the Office of the Budget allows mortgages to be used as match funding as long as adequate supporting documents are available. The adequacy of any document is at the discretion of the Office of the Budget. We would be looking for terms of at least 10 years on any financing instruments.
2. **WHAT ARE THE REQUIREMENTS FOR HAVING THE MATCH FUNDING SECURED?** One-half (50%) of the match funding must be secured at the time of the Project Management Proposal submission and before the grant agreement is drafted. After the grant agreement has been drafted, the Applicant/Grantee must document that 100% of the match funding is readily available before the Office of the Budget will start the reimbursement process. Signed pledges that are not yet received may count as the secured match only before the grant agreement is drafted. After that, evidence of the availability of the match (a cash receipt) must be demonstrated. Loans intended for match funding must be in the form of a long-term financing instrument.
3. **WHY MUST LOANS INTENDED FOR MATCH FUNDING BE IN THE FORM OF A LONG-TERM FINANCING INSTRUMENT?** The Capital Facilities Debt Enabling Act requires that RACP projects be funded from proceeds of Commonwealth of Pennsylvania General Obligation (GO) bonds. GO bonds issued to finance the RACP grant program have a publicized maturity term of 10 years. Consequently, when a RACP Grantee uses loans as match funding, they must have a maturity cycle that demonstrates the long-term viability of the project. Past experiences have shown that RACP projects that use loans as match funds are in a better position to withstand economic downturns when those loans are in the form of a long-term financing instrument.
4. **MAY WE USE A SIX-MONTH LINE OF CREDIT AS A MATCH FUNDING SOURCE?** A six-month line of credit is not viewed as long-term financing; therefore, it would be ineligible for RACP matching purposes. Loans used as match funding should be in the form of a long-term financing instrument.
5. **WE HAVE A SHORTFALL. MAY I USE MY LINE OF CREDIT AS A SECURED FINANCING INSTRUMENT FOR THE MATCH PORTION OF THE PROJECT?** Asking the Office of the Budget to recognize lines of credit or a business line as secured financing for the shortfall on a project is not satisfactory.

The Office of the Budget accepts lines of credit as sources of interim financing but not as secured match funding.

6. **WHAT IS THE PURPOSE OF INTERIM FINANCING?** All RACP projects are required to have permanent match funding in place for the match costs associated with that particular project. RACP is a reimbursement-based program. Consequently, a project will need to have interim financing in place to pay for monthly construction expenses before it can receive the RACP grant. Interim financing is also needed to bridge the gap between the time a Payment Request is submitted and the time a payment is disbursed. Please refer to the Grant Agreement and Drawdown section above for more information on the payment processing time.
7. **MAY THE ENTIRE MATCH BE LAND?** The appraised value (see below Question #8 for appraisal requirements) of land and buildings may typically serve as part of the match. The Office of the Budget would need to know the full cost of the project before saying land may be the sole match. Acceptance of land as the entire match would be at the sole discretion of the Office of the Budget. Any time that land is used in part or in total for the match, the grant recipient should own the property that is being listed as the match and would need to supply a copy of the title or deed. No lien is placed on the deed by the Office of the Budget.
8. **WHAT DO I NEED TO PROVIDE TO SHOW THE VALUE OF LAND TO BE USED AS MATCH?** Land match valuation is legislatively required to be supported by a “certified appraisal”. The certified appraisal needs to include the sales comparison method as at least one of the methods used by the appraiser to compute an “as-is” value. The “as-is” value should be before/without including any of the RACP scope of work in the valuation. If the RACP scope of work was started and/or completed before the valuation is computed then a “retroactive” certified appraisal would be required.
9. **MAY FEDERAL OR MUNICIPAL FUNDS BE USED AS THE MATCH FUNDING SOURCE?** Yes, federal and local funds that are specifically earmarked for the project may serve as the match. Certain federal tax credits may also be used as the match. The statutes governing the RACP grant program do not allow the leveraging of other state funds within the confines of the RACP-defined project. Therefore, all other state funds must be removed from the project scope.
10. **OUR AWARD IS FOR \$2 MILLION, BUT OUR SPECIAL CONDITIONS STATE THAT WE NEED TO DOCUMENT SECURED MATCH FUNDING OF \$4 MILLION. WHY DO WE NEED TO DOCUMENT A MATCH FOR MORE THAN THE \$2 MILLION GRANT AMOUNT IF THE TOTAL PROJECT AMOUNTS TO \$6 MILLION?** You are required to document any and all of the match funding necessary to complete the project. Your total project cost is \$6 million and the grant is \$2 million; therefore, you would need to document a match of \$4 million, which is the balance of the project cost. The Office of the Budget wants to make sure that you have enough non-state funding to complete the project. In essence, the total project cost minus the RACP grant amount is the amount you need to document for the match.
11. **WE DO NOT HAVE ANY MATCHING FUNDS. CAN YOU WAIVE THIS REQUIREMENT TO FACILITATE THE RECEIPT OF THE STATE GRANT?** The requirement for matching funds cannot be waived. The RACP program requires that one-half (50%) of the match funding be secured at the time of the Project Management Proposal submission and before the grant agreement is drafted. Therefore, without matching funds, there is no RACP grant. The RACP grant operates on a proportional reimbursement basis. As the Grantee incurs and pays construction expenses, the Commonwealth will reimburse – contingent upon the corresponding expenditure of match funding.

- 12. THERE IS THE POSSIBILITY OF IN-KIND SERVICES FOR OUR PROJECT. FOR EXAMPLE, ONE OF THE CONTRACTORS AGREED TO DO SOME WORK AT NO CHARGE. MAY WE COUNT THE FAIR VALUE OF IN-KIND GIFTS TOWARD OUR MATCH?** While it would clearly be beneficial to a RACP project to have such a donated gift, it cannot count toward the match, since all work must comply with the stated conditions, such as being contracted for and bid out and paying the prevailing wage.

Section 5 – Grant Agreement

- 1. HOW IS MY GRANT AGREEMENT VALIDATED AND EXECUTED?** The draft grant agreement, including any applicable special conditions, is sent to the Grantee for signature. Once it is signed and returned to the Office of the Budget, it is circulated within the Commonwealth for validation and execution, a procedure that typically lasts from eight to ten weeks. The signatories are the Secretary of the Budget; the Office of the Budget’s Chief Counsel; the Deputy General Counsel; the Deputy Attorney General; and the Comptroller.
- 2. WHAT IS THE AVERAGE TIME TO HAVE THE GRANT AGREEMENT EXECUTED?** In most cases, after receiving the signed grant agreement from the Grantee, it can be executed within ten (10) to twelve (12) weeks of receipt of the Project Management Proposal review report.

Section 6 – Special Conditions (Appendix B)

- 1. WHAT ARE "SPECIAL CONDITIONS"?** Special conditions are additional documentation that Grantees must submit in order to receive any grant funding. The special conditions are located in Appendix B to the grant agreement.
- 2. HOW DO I SATISFY MY SPECIAL CONDITIONS?** After the grant agreement is fully executed, a six (6) month time period is set to submit documentation to satisfy the special conditions. Grantees must submit the original special conditions documentation to the Office of the Budget and send a copy to the state consultant assigned to their project. Transmittal letters should be included with all submissions of documents to the Office of the Budget and the consultant. All transmittals should reference the contract number found on the first page of the executed Grant Agreement.
- 3. CAN I SUBMIT MY SPECIAL CONDITIONS PACKET ELECTRONICALLY?** All submissions of Special Conditions Documents must be done via upload to RACP’s specified FTP site. The eligible Applicant/Grantee designated for the project should have been emailed a unique Username and Password to access the RACP FTP site after receiving their award letter. Special Conditions are outstanding documentation that is required to be submitted prior to an entity being eligible to receive grant funds. They are found in Appendix B of a typical RACP Grant Agreement. Please refer to Project Management Proposal Handbook for information on how to access the RACP FTP site. Note: Please upload the documents to the “Special Conditions” sub-folder at this stage of the grant process.
- 4. MY SIX-MONTH TIME PERIOD FOR SUBMITTING DOCUMENTATION TO SATISFY THE SPECIAL CONDITIONS IS NEARING, CAN I OBTAIN AN EXTENSION?** You can submit an extension request to the Office of the Budget stating the need for the extension, the reason(s) why the original deadline could not be met and your current project status. The Office of the Budget will review

your request and, if significant progress has been made, may grant an extension. You will receive written notification if such an extension is granted.

5. **ONE OF MY SPECIAL CONDITIONS REQUIRES A COOPERATION AGREEMENT TO BE SUBMITTED FOR REVIEW AND SUBSEQUENT APPROVAL. IS THERE A COOPERATION AGREEMENT TEMPLATE AVAILABLE?** Due to the unique relationship associated with the parties executing a Cooperation Agreement, the Office of the Budget (OB) is unable to provide a template that would accommodate the uniqueness of each RACP project. The agreement should outline the responsibilities of each party and include the following four elements: 1) RACP project name; 2) ME 300-xxxx; 3) RACP grant award amount; and 4) an indication that the Sub-Grantee(s) will comply with the terms and conditions of the RACP Grant Agreement and Redevelopment Assistance program. Please note that dependent on your project's situation, OB may request additional elements be added.
6. **I HAVE JUST RECEIVED MY GRANT AGREEMENT WITH THE SPECIAL CONDITIONS LISTED. I HAVE ALREADY INCURRED CONSTRUCTION COSTS FOR REIMBURSEMENT. MAY I SUBMIT A PAYMENT REQUEST BEFORE MY SPECIAL CONDITIONS ARE SATISFIED?** You may submit your Payment Request forms while you are still submitting documentation and waiting for special conditions to be approved by the Office of the Budget. We can begin to process both items simultaneously. Please keep in mind, however, that no grant payment can be released until the special conditions have been satisfied, the compliance requirements have been met, and the Payment Request has been reviewed and accepted by the Office of the Budget.

Section 7 – Reimbursement

1. **MY SPECIAL CONDITIONS HAVE BEEN SATISFIED, AND I SUBMITTED MY FIRST PAYMENT REQUEST. NOW WHAT HAPPENS?** When reviewing a Payment Request, Office of the Budget looks at the Payment Request forms, the verifying documentation for appropriate cost categories, and the latest construction monitoring report from the Commonwealth assigned consultant. No funds can be released until all special conditions are satisfied and the project is in compliance. Once the review process is completed by the Office of the Budget, the Payment Request is then sent to the Comptroller's Office, who then sends it to the Treasury Department. For this reason, adequate interim financing should be in place to bridge the gap between the time a Payment Request is submitted and the time a payment is actually disbursed. Please see the match funding/interim financing section for more information on interim financing.
2. **HOW DOES THE RACP REIMBURSEMENT PROCESS WORK?** Once all special conditions to the Grant Agreement have been satisfied and compliance met, Commonwealth grant funds will become available for reimbursement. The RACP grant program operates on a proportional reimbursement basis. As the Grantee incurs and pays construction expenses, the Commonwealth will reimburse – contingent upon the corresponding expenditure of matching funds. Sufficient documentation regarding reimbursable expenditures and matching expenditures should be provided with any request for reimbursement.
3. **WHEN MAY I START MY DRAWDOWN?** Grantees may start submitting their Payment Requests for reimbursement as soon as they have started construction and paid eligible costs. Reimbursements are subject to compliance with the RACP Grant Agreement and the satisfaction

of all the special conditions listed in Appendix B to the contract. The monthly drawdown amount is subject to the limitations shown in Appendix C to the Grant Agreement.

4. **WILL I RECEIVE RACP GRANT FUNDS UP FRONT JUST BY ASKING FOR THEM?** During construction activities, the project is monitored for compliance by the consultant assigned to the project during the Project Management Proposal process. The Office of the Budget is required to reimburse the RACP grant on a proportional basis based on the corresponding expenditure of matching funds. It is important to know that the entire scope of the project must: (1) be in compliance with all RACP requirements listed in the Grant Agreement, such as those governing bidding, adherence to the Prevailing Wage Act and use of domestic steel and (2) satisfy all of the special conditions identified in the agreement between the Office of the Budget and the grant recipient before access to the RACP funding is granted. After the project reaches 100% completion, a portion of the grant may be retained pending satisfactory compliance of all RACP program requirements.
5. **WHERE MAY I DOWNLOAD THE PAYMENT REQUEST FORMS?** All reimbursement materials can be downloaded from [RACP Handbook & Forms](#) section on the RACP section of the Office of the Budget Web site.
6. **CAN I BE REIMBURSED FOR LAND ACQUISITION COSTS?** The allowance of RACP funds for land acquisition costs is at the discretion of the Office of the Budget. If allowed, RACP funding for acquisition costs is generally limited to no more than 30% of the total grant amount. This 30% maximum allowance includes any land acquisition and/or equipment costs. Land Acquisition Costs cannot be the sole use of RACP funds. The primary focus of the RACP scope of work should be construction. For land acquisition costs to be reimbursable, the purchase date must occur after the authorization date of the itemized project and have RACP scope construction activity occur on the site.
7. **CAN I BE REIMBURSED FOR EQUIPMENT COSTS?** The allowance of RACP funds for equipment costs is at the discretion of the Office of the Budget. If allowed, RACP funding for equipment costs is generally limited to no more than 30% of the total grant amount. This 30% maximum allowance includes any equipment and/or land acquisition costs. Equipment costs cannot be the sole use of RACP funds. The primary focus of the RACP scope of work should be construction. For equipment to be reimbursable, it must be fixed to the realty, have a substantial useful life, and be directly related to the RACP project. Documentation of the useful life must be provided.
8. **WHEN SUBMITTING A REIMBURSEMENT REQUEST, WHAT SUPPORTING DOCUMENTATION IS REQUIRED FOR MATCH ONLY COST CATEGORIES?** Payment Request submissions must include all supporting documentation, including copies of invoices and proof of payment, for all cost categories whether they are reimbursable or match only. Typical proof of payment consists of the front & back of canceled checks. Alternate proof of payment can consist of the front of a check & bank statement confirming withdrawal from the payor's account, electronic payment records (provided they clearly identify the payor, payee, dollar amount and date), or something similar. The Office of the Budget also reserves the right to request additional information and/or documentation after review of an initial payment request submission up to and including during performance of the legislatively mandated close-out audit.
9. **WHAT CAN BE USED AS MATCH COSTS?** Typically, match costs include administration, legal, financing/accounting, architectural/engineering, land, furniture, fixtures, equipment and relocation costs that are directly related to the RACP project. Expenses paid before the authorization date are not eligible RACP costs (use of land as match ONLY is permissible.)

- 10. IS ANYONE FROM THE OFFICE OF THE BUDGET AVAILABLE TO MEET WITH ME TO GO OVER THE RACP PROCESS AND EXPLAIN HOW TO PREPARE THE PAYMENT REQUEST FORMS?** Yes, the Grantee/Sub-Grantee (or their designated representatives) may request, at no cost to them, a facilitation meeting with an Office of the Budget employee involved in the RACP program. It is strongly suggested that meetings be held at the beginning of construction to go over the process and the preparation of the Payment Request forms. Requests for meetings should be made to the Office of the Budget RA-OB-RACP@pa.gov. Past experience has shown that these meetings are very beneficial to the successful culmination of the grant process.
- 11. MAY I RECEIVE MY GRANT DISBURSEMENT DIRECTLY INTO MY CHECKING ACCOUNT?** Yes, all grant disbursements are now being made to Grantees through the Commonwealth's Automated Clearing House (ACH) Network, which are commonly known as direct deposits. All Grantees must submit or must have already established its ACH information in the Commonwealth's Master Database. Grantees/grant recipients should register as a [Non-Procurement Vendor](#). Non-procurement vendor help is available [here](#). Note: It is the responsibility of the Grantee to ensure that the ACH information contained in the Commonwealth's Master Database is accurate and complete. Failure to maintain accurate and complete information may result in delays in grant disbursements.
- 12. DOES THE OFFICE OF THE BUDGET HOLD A CERTAIN PERCENTAGE OF THE PAYMENT? IF SO, HOW MUCH DOES IT HOLD?** Our retainage procedure differs from the typical procedure in the construction industry. The Office of the Budget reserves the right to retain up to 10% of the total grant amount. The retainage is calculated and applied after the Grantee submits the final Payment Request for reimbursement. The retained amount will be withheld from any amount due in the final Payment Request(s). The Grantees will be contacted, and the retainage will be released after the close-out audit has been successfully completed.

Section 8 – Compliance/Bidding/PWA/Steel/etc.

- 1. IS COMPLIANCE WITH THE GRANT AGREEMENT MONITORED DURING THE PROJECT'S CONSTRUCTION?** One of the Commonwealth's consultants will contact you to go over the construction monitoring phase review procedures. Usually, some type of monitoring begins when the Project Management Proposal review report is submitted. Periodic construction monitoring reports will be prepared by the consultant and submitted to the Office of the Budget and to the Grantee/Sub-Grantee once construction has begun. These reports are the basis for the Payment Request review procedures performed to determine ongoing compliance before Commonwealth funds are released. The project must be in full compliance to receive and continue to receive any RACP funds.
- 2. I NEED TO LET OUT MY BIDS. WHAT ARE THE BIDDING REQUIREMENTS?** The sole and exclusive bidding requirement for RACP projects is in the Capital Facilities Debt Enabling Act (Act 1 of 1999, as amended), which states, "Notwithstanding any other provision of law, the solicitation of a minimum of three written bids for all contracted construction work on redevelopment assistance capital projects shall be the sole requirement for the composition, solicitation, opening and award of bids on such projects. Notwithstanding the foregoing, the construction work shall be performed subject to the act of March 3, 1978 (P. L. 6, No. 3), known as the Steel Products Procurement Act." This means that all prime contractors, general contractors and subcontractors must be bid. Please

note that solicitation is meant to indicate the act of actively asking, seeking, or pursuing firms to complete construction-related services based on the RACP-defined project scope. The law mandates that three written solicitations must be pursued; therefore, phone solicitations will not meet RACP bid requirements. Please be advised that self-bidding election must be approved by our Legal Department prior to bidding the RACP-delineated project scope. Please be advised that the bidding requirements would be satisfied if the RACP-defined project is publicly bid. The bidding format is at the discretion of the project representatives and subject to local requirements on trades composition.

3. **CAN THE BIDDING REQUIREMENT BE WAIVED?** Unless the terms of the law change, the Office of the Budget cannot grant waivers for bidding requirements to Grantees.
4. **DO I NEED TO BID FOR EACH SEPARATE TRADE IF MY GENERAL CONTRACTOR WAS BID FOR THE WHOLE CONTRACT AMOUNT?** RACP projects are not subject to separation of trades. You simply need to solicit three bids for "all generally contracted work,". You do not need to take the lowest bid however, you must provide the Office of the Budget with an explanation as to why the lowest bidder was not selected.
5. **DOES MY CONSTRUCTION MANAGER POSITION HAVE TO BE BID?** Construction manager services do not have to be bid. However, if the construction manager is not bid and serves mostly as a project manager/administrator, his or her costs could count only as match. The Office of the Budget will not reimburse any of the construction manager costs if they self-perform any of the construction work, since that work was not bid. Additionally, in order to protect the project/owner, performance and payment bonds must cover 100% of the total value of the construction.
6. **MAY RACP FUNDS BE USED TO COMPLETE A DESIGN/BUILD PROJECT?** You may proceed with a design/build approach and select whomever you want. However, in order to meet the RACP bidding requirement, the Office of the Budget will examine the bidding of the various subcontractors. To the extent the winning design/build contractor self-performs some of the construction work, you will need to demonstrate that you solicited three bids for the design/build approach. In addition, design costs are not reimbursable. Only the following costs are reimbursable: Construction, interest during construction, land (subject to certain restrictions) and permits.
7. **I INTEND TO SOLICIT BIDS VIA ELECTRONIC MEANS. WHAT DOCUMENTATION DO I NEED TO PROVIDE TO SUPPORT BID COMPLIANCE WITH RACP REQUIREMENTS IF THE BID SOLICITATION METHOD WAS PERFORMED VIA ELECTRONIC MEANS?** Please, be advised that the use of an electronic bidding software packages or free/paid website to solicit bids does not preclude/waive the requirement that documentation to support compliance with RACP bidding requirements be submitted for review. Please also note that if an electronic bidding software package or free/paid website is utilized to conduct the bid solicitation, a signed and notarized explanation on letterhead of the entity that conducted the bid solicitation will need to be submitted. The letter should include details, such as the name of the bidding software package or free/paid website used, how it works, date and time the solicitation was sent out, and any relevant information deemed appropriate by OB. Please ensure that copies of the electronic records are maintained, saved and available for submission to support compliance with RACP bidding requirements. The types of electronic records, which should be maintained and saved for submission should include, but is not limited to, copies of 1) emails - regular/standard and/or invitation to bid sent to the various

contractors; 2) replies/queries; 3) emails/other written documentation, which indicate a decline to bid or will not bid status 4) documentation (i.e. bid forms, description of work, plans and specifications, etc.) emailed or made available for download as part of the bid solicitation; 5) transaction-type logs, which contain information, such as a) the work being solicited, b) the contractors solicited, and c) the date and time-stamp of when the solicitation was sent out; 6) screenshots; and 7) proposals received.

8. OUR GENERAL CONTRACTOR / CONSTRUCTION MANAGER WAS SELECTED. MAY OUR GENERAL CONTRACTOR / CONSTRUCTION MANAGER SELF-BID ON THE CONSTRUCTION WORK WITHIN THE RACP-DEFINED PROJECT SCOPE?

Please be advised that any self-bidding election must be reviewed and approved by our Legal Department prior to its occurrence in any phase of the construction work within the RACP-defined project scope. To assist you better, please forward the following detailed information, which includes, but is not necessarily limited to:

- the exact method the bid solicitation will be conducted.
- who will be in charge of the bidding process.
- who will solicit the contractors.
- who will receive the proposals.
- what method will the proposals be submitted.
- who will open the proposals.
- who will be present at the opening of the proposals.
- who will conduct any negotiations (i.e. value engineering) prior to contract award;
- who will determine who the contract is awarded to, etc.
- Please note that the above requested information will need to be reviewed by our Legal Department. The review process could take a number of weeks before a decision is rendered. If a project pursues and/or completes any self-bidding process prior to the review and approval of OB Legal, the project does so at its own risk. Contracts that have deemed to be non-bid complaint are not eligible for reimbursements, nor match.

9. ARE BID SOLICITATIONS REQUIRED FOR EQUIPMENT PURCHASES?

Bid solicitation is not required for equipment purchased separately. Please note that IF the purchase of equipment also includes installation services, the contract is NOT subject to PA Prevailing Wage Act. However, if the equipment contract does not include the installation, then the labor associated with the installation IS subject to PA Prevailing Wage Act AND the labor associated with the installation of the equipment must be bid. Please be advised that in both cases, the labor component cannot be disassociated from the purchased equipment. It is discretionary to the Office of the Budget what type of items fall into the equipment category and are RACP-eligible costs. Please be further advised that equipment and the labor associated with the installation of the equipment must both be present and directly related to the RACP-delineated scope.

10. WE DO NOT HAVE ANY CERTIFIED PAYROLLS TO DEMONSTRATE COMPLIANCE WITH THE PENNSYLVANIA PREVAILING WAGE ACT. CAN THIS REQUIREMENT BE WAIVED TO FACILITATE THE RECEIPT OF THE STATE GRANT?

The Office of the Budget cannot grant waivers for the Prevailing Wage Act. All Grantees must comply with the act. Grantees that fail to abide by the Prevailing Wage Act do so at their own risk. Additionally, the Grantee/Sub-Grantee must provide a copy of the Department of Labor & Industry's Pennsylvania Prevailing Wage Determination Letter issued for the specific project to demonstrate compliance with the Prevailing Wage Act. The project should apply to the Department of Labor & Industry for the determination letter

before construction begins. If necessary, the Department of Labor & Industry can issue determination letters after construction has begun. Prevailing wage information and forms can be found at: [Visit the Labor and Industry website to obtain Prevailing wage information and forms.](#)

- 11. WE DO NOT HAVE ANY STEEL CERTIFICATES TO DEMONSTRATE COMPLIANCE WITH THE PENNSYLVANIA STEEL PROCUREMENT ACT. CAN YOU WAIVE THIS REQUIREMENT TO FACILITATE THE RECEIPT OF THE STATE GRANT?** The Office of the Budget cannot grant waivers for the Pennsylvania Steel Procurement Act unless the terms of the law change. All Grantees must comply with the Steel Procurement Act. Steel certificates noting milled/manufactured in the United States are required to document compliance with the Steel Act and must be supplied for all structural steel. The appropriate ST form or DGS Exemption letter will be necessary for non-structural steel to be in compliance. If a Grantee fails to abide by the Pennsylvania Steel Procurement Act in anticipation of a waiver, it does so at its own risk.
- 12. OUR CONSTRUCTION CONTRACTOR CANNOT OBTAIN THE 100% OF CONSTRUCTION COST PERFORMANCE AND PAYMENT BOND REQUIREMENT. CAN THIS BE WAIVED?** The requirement for 100% performance and payment bonds is a state law. The Office of the Budget cannot waive that requirement.
- 13. THE GRANT AGREEMENT REQUIRES EVIDENCE OF FIDELITY BOND COVERAGE, IS THERE A MINIMUM AMOUNT OF COVERAGE NEEDED?** Grantees should submit certificates of insurance to support fidelity bond coverage is in effect and the coverage amount meets or exceeds the RACP grant amount, or the coverage amount meets or exceeds the monthly project funding schedule contained in Appendix C of the grant agreement. For Grantees with multiple projects and/or grants larger than \$5,000,000 the coverage amount can be the lesser of either \$1,000,000 or 20% of the RACP grant amount(s).
- 14. DO I NEED A PROJECT SIGN OR ACKNOWLEDGEMENT FOR MY RACP FUNDED PROJECT?** Yes, the RACP grant agreement requires the acknowledgement of Commonwealth financial assistance. Depending on the timing of the RACP award, Commonwealth funding acknowledgment should be displayed upon the commencement of the project, but no later than the effective date of the project's grant agreement. The erected project sign should state "Financial Assistance provided by the Commonwealth of Pennsylvania, Honorable [name of current governor], Governor." Any publications concerning the project should also acknowledge Commonwealth financial assistance in the same manner. Acknowledgement of Commonwealth financial assistance may be combined with an acknowledgement of other funding sources on the project sign(s) and in project publications, provided that the acknowledgement of Commonwealth assistance shall be listed first and no less prominently than any other source.

Section 9 – RISK AND COMPLIANCE

- 1. I HAVE BEEN CONTACTED BY A STATE RISK AND COMPLIANCE OFFICER TO SET UP A CONFERENCE FOR ACLOSE-OUT AUDIT OF MY RACP PROJECT FOR WHICH I RECENTLY SENT IN MY LAST PAYMENT REQUEST. IS THIS NORMAL?** Yes. All RACP projects must have a legislatively mandated close-out audit performed to comply with Act 39 of 1993 and in accordance with Article 5 of your grant agreement.

- 2. THE LIST OF DOCUMENTS THE RISK AND COMPLIANCE OFFICER SENT ME TO HAVE AVAILABLE FOR THE CLOSE-OUT AUDIT INCLUDES DOCUMENTATION PREVIOUSLY SUPPLIED TO THE STATE CONSULTANT FOR MY PROJECT. DOES THE SAME DOCUMENTATION NEED TO BE REVIEWED AGAIN?** Yes. Keep in mind that the state consultant is part of the monitoring process. The risk and compliance officer will need to examine documentation to be able to render a close-out audit opinion. The Grantee/Sub-Grantee must keep all documentation concerning the project costs and RACP compliance and make it available during the close-out audit period. Many times, the list will include documentation previously submitted to the Office of the Budget in order to satisfy special conditions.
- 3. WHO WILL BE PERFORMING THE CLOSE OUT AUDIT OF MY RACP PROJECT?** 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 close out audit.
- 4. MY RACP PROJECT WILL BE COMPLETED IN PHASES, WILL AN AUDIT BE COMPLETED AFTER EACH PHASE OR AT THE COMPLETION OF ALL PHASES?** In the interest of document availability, once a specific phase is completed the Office of the Budget will perform an audit on that phase. After completion of all phases, a final close-out audit will be performed.