

## Redevelopment Assistance Capital Program Grants (RACP) – Commonwealth of PA – SUBMISSION GUIDE

**GENERAL DESCRIPTION:** 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.

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.

- ✓ **RACP project must have a total cost of at least \$1,000,000.**
- ✓ **Match for RACP projects is 50%. That funding must be pending, secured, or following State approval, the land or building directly involved in the project.**

Visit this link for complete guidelines, directions, specific tabs, frequently asked questions, and necessary forms -

<https://www.budget.pa.gov/Programs/RACP/Documents/Application%20and%20Business%20Plan%20Handbook.pdf>.

### ✓ **RACP Eligibility:**

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.

**SCENARIO #1 – IF YOU WOULD LIKE TO APPLY FOR RACP FUNDS THROUGH LACKAWANNA COUNTY:**

- 1. If your entity is not an eligible agency, you may request that Lackawanna County work along with your agency/company to assist with the application process for your RACP Grant.**

For this opportunity, a formal request letter must be presented to both the Lackawanna County Commissioners and to the Department of Planning & Economic Development that briefly details your project, the amount you would like to request from the RACP Program, and assurance that your match is secured, being secured, or will be either part of the project as an acquisition or an as-is appraisal value of land/building that will be used as the match, if applicable.

**SCENARIO #2 - IF YOU HAVE ALREADY APPLIED ON YOUR OWN AND HAVE RECEIVED AN AWARD LETTER BUT ARE NOT AN ELIGIBLE APPLICANT:**

- 1. If your entity is not an eligible agency, you may request that Lackawanna County be your eligible sponsor for your RACP Grant.**

To take advantage of this opportunity, a formal request letter must be presented to both the Lackawanna County Commissioners and to the Department of Planning & Economic Development that briefly details your project, your awarded amount, and assurance that your match is secured, being secured, or will be either part of the project as an acquisition or an as-is appraisal value of land/building that will be used as the match, if applicable.

**As your sponsor, Lackawanna County (now the “Grantee,”) will provide several of your appropriate application tabs:**

- Resolution for either applying on your behalf or accepting your project/application for administration. - **within 60 days of award acceptance**
- Statement of Compliance - **within 60 days of award acceptance**
- Solicitor’s Opinion - **within 60 days of award acceptance**
- Cooperation Agreement signed by your company/agency & Lackawanna County detailing each entity’s responsibilities. As administrator of your grant project, Lackawanna County imposes a fee of 1% of your grant award, payable in installments (see appropriate fee schedule based on the awarded amount of your grant.) – **within 60 days of award acceptance**

- Signature on your official RDA 300 and 301 forms following review and discussion – **within 60 days & then ONGOING**
- Guidance and review during your application process, required entrance and exit meetings, construction monitoring, and close out audit. - **ONGOING**

#### **Payment Schedule – 1% Administration Fee Due Lackawanna County**

- Grant award \$1 million & under:
    - 1<sup>st</sup> payment due – at execution of official grant contract
    - 2<sup>nd</sup> payment due – at Exit Meeting
  - Grant award \$1 million & up:
    - 1<sup>st</sup> payment due – at execution of official grant contract
    - 2<sup>nd</sup> payment due – Prior to release of Payment #1 of grant funds
    - 3<sup>rd</sup> payment due – Prior to release of Payment #2 of grant funds
    - 4<sup>th</sup> payment due – at Exit Meeting
- ✓ Award/Contract/Special Conditions/Reimbursement
- The Single Application for Assistance (Pre-Application) is submitted and then reviewed by the Office of the Budget and the Governor, with input from our Senator and local House representatives.
  - After the release of funding for a RACP project is approved, the Office of the Budget sends an Award Letter to serve as written notification authorizing the preparation and submission to the Office of the Budget of a formal Application and Business Plan for the project. **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. In addition, if you are not an eligible entity, at this time you would prepare the formal request letter for application sponsorship to Lackawanna County and Planning & Economic Development. This would begin the 60-day process described above.** The formal Application and Business Plan contains sections that must be addressed, including the match amount, project plans and specifications, budget and detailed sources of funding.
  - Once the Office of the Budget receives a formal Application and Business Plan, the Office of the Budget conducts a preliminary review and hires a consultant on their behalf, from their own funds, to conduct an exhaustive review of the Application and Business Plan. The consultant will contact the Grantee (Lackawanna County) to set up the Application and Business Plan 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.
  - 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.

- Special conditions are additional documentation that Grantees must submit in order to receive any grant funding. 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 the project.
- 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 Sub-Grantee incurs and pays construction expenses, the Commonwealth will reimburse – contingent upon the corresponding expenditure of matching funds.
- 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 (PR1, PR1A, and PR1B's), the verifying documentation for appropriate categories, and the latest construction monitoring report from the Commonwealth assigned consultant, and documentation for special conditions (if it is the first Payment Request). 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.**
- Sub-Grantees may start submitting their Payment Requests to the County for review, approval, and delivery to the Commonwealth, 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 construction project may begin without all Special Conditions being satisfied; however, funds will not be disbursed until that satisfaction occurs.
- Sub-Grantees may submit Payment Request forms while still submitting documentation and waiting for special conditions to be approved by the Office of the Budget. The Office of the Budget will begin to process these 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.
- During construction activities, the project is monitored for compliance by the consultant assigned to the project during the Application and Business Plan 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.

- Following completion of the project, the Office of the Budget schedules an audit with an entrance and exit conference. Prior to the scheduled audit, documentation is received of what the audit will include and what records will be necessary for audit review. An Economic Impact Statement, provided by the Office of the Budget, will also need to be completed and is part of the audit process. Based upon a satisfactory review, with no audit findings, the final retainer will then be released by the Office of the Budget without having to provide a formal payment request.