

C8E HRSA Capital Grant Opportunity
Webinar Series

SESSION #2

May 27, 2021

**Project Budget, Timeline,
NOFI, Oh My!**

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Our Vision

Stronger health centers, actively building healthy communities

Our Mission

Capital Link works to strengthen community health centers—financially and operationally—in a rapidly changing marketplace. We help health centers:



Plan for health center sustainability and growth



Help health centers access capital



Improve and optimize health center operations and financial management



Articulate health center value

FY 2021 American Rescue Plan – Health Center Construction and Capital Improvements (C8E)

(as distinct from the H8F)

1. Review of Allowable and Unallowable Costs
2. How your project budget aligns with the grant budget
3. NOFI issues

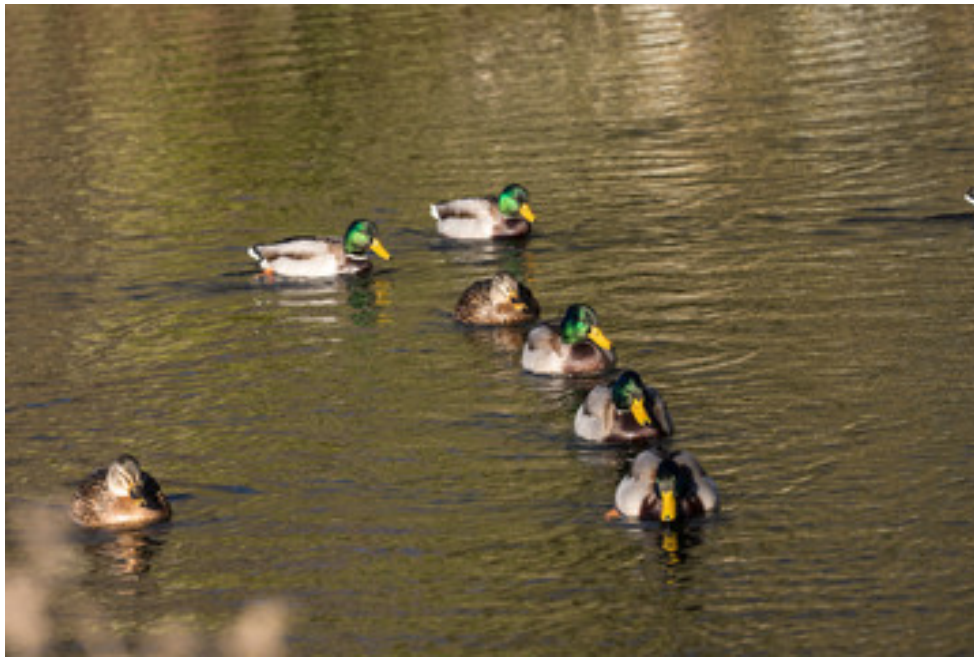
YOUR QUESTIONS (post in chat box)

<https://bphccommunications.secure.force.com/ContactBPHC/BPHC>Contact Form>

This is a non-competitive application

(make it into a mantra and keep repeating it to yourself)

Come June 24, you may not have all your ducks lined up but don't panic!



This is a non-competitive application

**Some questions just keep getting asked and the answers are evolving:
(so consider this an update and NOT definitive)**

- 1. Using C8E and H8F funding at the same location:** Distinct construction contracts (or distinct specified equipment) might allow H8F and C8E capital dollars to be used at the same site. Presumably this might apply to CADRE (disaster-related) capital funding as well. So, for example, H8F might be used to upgrade the HVAC system and C8E might be used to build an awning to allow drive up prescription refills. The key would be to have different construction contracts for each.
- 2. There is No Plan** to extend the June 24th deadline, but as the deadline approaches, there may be a process for requesting an individual extension (presumably for some good reason). **Just DON'T Count On It..** (think of it as that emergency chute you are never supposed to need...)
- 3. Where do I get good schematics from?**
- 4. You may** be able request a change in the capital component of your H8F budget (and spend these funds on something else covered by H8F) and use C8E capital funds instead, but you would need to talk with your Project Officer about this.

Generally NOT ALLOWABLE

1. Health center operating costs (e.g., funding direct services, clinical full-time equivalents, costs for staff not directly related to the implementation of the proposed project within the project scope of work), rent, mortgage payments, and refinanced credit facilities.
2. Costs related to Electronic Health Records (EHR) initiation, ongoing operations, and maintenance.
3. Construction related activities associated with a project or connected activity (e.g., installation of utilities, demolition) that starts before the award date.
4. Creation of shell space for future use.
5. Facility, land, or passenger vehicle purchases other than mobile medical vans;
6. Costs for staff not directly related to the implementation of the proposed project(s);
7. Creation or improvement of space for use that is not consistent with the Health Center Program (section 330 of the Public Health Service Act, as amended).

Grantee Name: <i>Insert Grantee Name in this cell</i>		Project Number: <i>Insert the Application Number followed by the project Number (i.e., XXXXX-XX)</i>		Note
BUDGET INFORMATION - Construction Programs <i>NOTE: Certain Federal assistance programs require additional computations to arrive at the Federal share of project costs eligible for participation. If such is the case, you will be notified.</i>		OMB Approval No. 0348-0041		
COST CLASSIFICATION	a. Total Cost	b. Costs Not Allowable for Participation	c. Total Allowable Costs (Columns a-b)	
1 Administrative and legal	\$0.00	\$0.00	\$0.00	
2 Land, structures, rights-of-way, appraisals, etc.	\$0.00	\$0.00	\$0.00	
3 Relocation expenses and payments	\$0.00	\$0.00	\$0.00	
4 Architectural and	\$0.00	\$0.00	\$0.00	
5 Other architectural and engineering fees	\$0.00	\$0.00	\$0.00	
6 Project inspection fees	\$0.00	\$0.00	\$0.00	
7 Site work	\$0.00	\$0.00	\$0.00	
8 Demolition and removal	\$0.00	\$0.00	\$0.00	
9 Construction	\$0.00	\$0.00	\$0.00	
10 Equipment	\$0.00	\$0.00	\$0.00	
11 Miscellaneous	\$0.00	\$0.00	\$0.00	
12 SUBTOTAL	\$0.00	\$0.00	\$0.00	
13 Contingencies	\$0.00	\$0.00	\$0.00	
14 SUBTOTAL	\$0.00	\$0.00	\$0.00	
15 Project (program) income (NOT APPLICABLE)	\$0.00	\$0.00	\$0.00	
16 TOTAL PROJECT COSTS (subtract #15 from #14)	\$0.00	\$0.00	\$0.00	
FEDERAL FUNDING				
17 Federal Assistance Requested	Federal percentage share (automatically calculated 17c / 16c):	#DIV/0!	\$0.00	<i>Enter the total Federal amount for this project.</i>

Capital Link Capital Budget Tool



PROPOSED CAPITAL PROJECT BUDGET

	SF 424C Line #	Allowable	Not Allowable	Total Amount	%				
Real Estate Related Costs:									
Land Acquisition	2		400,000	400,000	8%	SF 424C Categories	Allowable (c)	Not Allowable (b)	Total Cost (a)
Acquisition of Existing Building	2		0	-	0%	1 Administrative and legal expenses	103,700	50,000	153,700
Total Real Estate Costs:		\$ -	\$ 400,000	\$ 400,000	8%	2 Land, structures, rights-of-way, appraisals, etc.	5,000	400,000	405,000
						3 Relocation expenses and payments	-	20,000	20,000
						4 Architectural and engineering fees	160,000	-	160,000
						5 Other architectural and engineering fees	5,000	-	5,000
						6 Project inspection fees	-	-	-
Hard Costs:						7 Site work	15,000	-	15,000
Site Work/Preparation	7	15,000		15,000	0%	8 Demolition and removal	10,000	-	10,000
Other Site Work/Preparation related costs	7			-	0%	9 Construction	3,800,000	-	3,800,000
Contingency: Site Work/Preparation (5% limit)	13			-	0%	10 Equipment	570,000	-	570,000
						11 Miscellaneous	10,000	-	10,000
Demolition	8	10,000		10,000	0%	12 SUBTOTAL	4,678,700	470,000	5,148,700
Environmental Remediation/Abatement	8			-	0%	13 Contingencies	100,000	-	100,000
Other Demolition & Removal Costs	8			-	0%	14 SUBTOTAL	4,778,700	470,000	5,248,700
Contingency: Demolition (5% allowable limit)	13			-	0%	15 Project (program) income (NOT APPLICABLE)			
						16 TOTAL PROJECT COSTS (subtract #15 from #14)	4,778,700	470,000	5,248,700
Construction of New Building	9	3,500,000	0	3,500,000	67%	CL Budget Template Totals	4,778,700	470,000	5,248,700
Rehab of Existing Building	9	0	0	-	0%	Variance	-	-	-
Interior	9			-	0%				
Concrete	9			-	0%				
Direct Purchased Equipment and Materials	9			-	0%				
Fire Sprinklers	9			-	0%				
Electrical	9			-	0%				
Plumbing	9			-	0%				
HVAC	9			-	0%				
Fixed Equipment (generators, sinks, built in refrigerators, etc.)	9			-	0%				
Elevator	9			-	0%				
Roofing	9			-	0%				
Specialties / Interior Decorations	9			-	0%				
GC Overhead and Fee	9	200,000		200,000	4%				
Payment and Performance Bonds	9			-	0%				
Change Order Allowance	9	100,000		100,000	2%				
Bonus Payments to Contractors	9			-	0%				
Fixed Equipment (not part of GC contract)	9			-	0%				
Fixed Equipment (part of GC contract)	9			-	0%				
Other Construction Costs	9			-	0%				
Sub-Total Hard Costs of Construction		\$ 3,825,000	\$ -	3,825,000	73%				
Construction Contingency (5% allowable limit)	13	100,000		100,000	2%				
Total Construction-Related Costs:		\$ 3,925,000	\$ -	\$ 3,925,000	75%				

Appendix A: Allowable and Unallowable Costs

HRSA ARP C8E	ALLOWABLE COST	UNALLOWABLE COST
Line 1 - Administrative and legal expenses	<ul style="list-style-type: none"> • Salary of your staff and consultant fees that are directly related to the administration of the technical aspects of the proposed project. Administrative and legal expenses cannot exceed 10 percent of line 16c (total costs) • Costs associated with the evaluation of the environmental and historic preservation effects of the proposed project, obtaining public input, producing the necessary studies, analysis, and resultant reports, as well as compliance with other environmental and historic preservation laws • Costs of title insurance, physical-destruction insurance, builder's risk insurance and liability insurance • Bid advertising 	<ul style="list-style-type: none"> • Salary of your staff and consultant fees that are not related to the administration of the technical aspects of the proposed project • Bonus payments to construction contractors • Costs of groundbreaking and dedication ceremonies and items such as plaques • Fund-raising expenses • Costs associated with defending or pursuing a legal claim concerning the project or payment of a damages award or settlement in any such claim • Consultant fees not related to actual construction • Costs related to other sources of project financing • General operations and maintenance
Line 2 - Land, structures, right-of-way, appraisals, etc.	<ul style="list-style-type: none"> • Filing fees for recording the Notice of Federal Interest (NFI) 	<ul style="list-style-type: none"> • Land or the cost of purchasing a building (including title search, closing costs, etc.)
Line 3 - Relocation expenses and payments	<ul style="list-style-type: none"> • Relocation payments to be made to displaced persons, business concerns and nonprofit organizations for moving expenses and replacement housing • Relocation advisory assistance and the net amounts for replacement (last resort) housing. This line is limited to approved applicants whose project involves the displacement of persons and businesses that must comply with the provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 ((42 U.S.C. 4601 et seq.) 84 Stat.1894) and 49 CFR Part 24 • Costs to lease a temporary space while the main space is being constructed or altered/renovated/repared 	<ul style="list-style-type: none"> • The cost of permanently relocating the health center • The cost of moving existing furniture back into renovated or newly constructed spaces
Line 4 - Architectural and engineering fees	<ul style="list-style-type: none"> • Fees associated with architectural and engineering professional services including, but not limited to, preparation of bid documents and inspections during the project • Associated expenses for preparation of specifications and reproduction of design documents • Costs incurred for architect's fees and consultant's fees necessary to the planning 	<ul style="list-style-type: none"> • Architectural and engineering fees for work that is not within the scope of the approved project • Elaborate or extravagant designs or projects that are above the known local costs for comparable buildings • Costs of abandoned designs (designs that will not be used for the project)



Allowable – Unallowable Costs

	ALLOWABLE COST	UNALLOWABLE COST
Line 1 - Administrative and legal expenses	<ul style="list-style-type: none"> • Salary of your staff and consultant fees that are directly related to the administration of the technical aspects of the proposed project. Administrative and legal expenses cannot exceed 10 percent of line 16c (total costs) • Costs associated with the evaluation of the environmental and historic preservation effects of the proposed project, obtaining public input, producing the necessary studies, analysis, and resultant reports, as well as compliance with 	<ul style="list-style-type: none"> • Salary of your staff and consultant fees that are not related to the administration of the technical aspects of the proposed project • Bonus payments to construction contractors • Costs of groundbreaking and dedication ceremonies and items such as plaques • Fund-raising expenses • Costs associated with defending or pursuing a

	ALLOWABLE COST	UNALLOWABLE COST
	<p>other environmental and historic preservation laws</p> <ul style="list-style-type: none"> • Costs of title insurance, physical-destruction insurance, builder’s risk insurance and liability insurance • Bid advertising 	<p>legal claim concerning the project or payment of a damages award or settlement in any such claim Consultant fees not related to actual construction</p> <ul style="list-style-type: none"> • Costs related to other sources of project financing • General operations and maintenance
Line 2 - Land, structures, right-of-way, appraisals, etc.	<ul style="list-style-type: none"> • Filing fees for recording the Notice of Federal Interest (NFI) 	<ul style="list-style-type: none"> ▪ Land or the cost of purchasing a building (including title search, closing costs, etc.)

Line 3 - Relocation expenses and payments

- Relocation payments to be made to displaced persons, business concerns and nonprofit organizations for moving expenses and replacement housing
- Relocation advisory assistance and the net amounts for replacement (last resort) housing. This line is limited to approved applicants whose project involves the displacement of persons and businesses that must comply with the provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 ((42 U.S.C. 4601 et seq.) 84 Stat.1894) and 49 CFR Part 24
- The cost of permanently relocating the health center
- The cost of moving existing furniture back into renovated or newly constructed spaces

Allowable – Unallowable Costs



- Costs to lease a temporary space while the main space is being constructed or altered/renovated/repaired

	ALLOWABLE COST	UNALLOWABLE COST
Line 4 - Architectural and engineering fees	<ul style="list-style-type: none"> • Fees associated with architectural and engineering professional services including, but not limited to, preparation of bid documents and inspections during the project • Associated expenses for preparation of specifications and reproduction of design documents • Costs incurred for architect’s fees and consultant’s fees necessary to the planning and design of the project, if the project is approved and funded and the costs comply with federal procurement requirements (when applicable) 	<ul style="list-style-type: none"> • Architectural and engineering fees for work that is not within the scope of the approved project • Elaborate or extravagant designs or projects that are above the known local costs for comparable buildings • Costs of abandoned designs (designs that will not be used for the project)

Allowable – Unallowable Costs



<p>Line 5 - Other architectural and engineering fees</p>	<ul style="list-style-type: none">• Other architectural and engineering services, such as surveys, tests, and borings• Preliminary expenses associated with the approved award• Sustainable design services, such as LEED, including commissioning• Costs associated with the preparation of the Environmental Assessment and State Historic Preservation Officer consultation• Project/Construction management Fees	<ul style="list-style-type: none">• Costs of abandoned designs or (costs associated with a design that will not be used in the project)• Costs for work not directly related to the project• Costs for preparing grant applications
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Allowable – Unallowable Costs



<p>Line 6 - Project inspection fees</p>	<ul style="list-style-type: none"> • Clerk-of-the-works, inspection fees, structural certification, etc., to be provided by architectural engineering firm or your staff 	<ul style="list-style-type: none"> • Fees not directly related with the requested project
<p>Line 7 - Site work</p>	<ul style="list-style-type: none"> • Site clearance, grading, land improvement costs, including reasonable costs for landscaping to stabilize the site, sidewalks, drives, and parking areas which are located on the site and are essential for the 	<ul style="list-style-type: none"> • Fees not directly related with the requested project • Landscaping outside of vegetation needed for site stabilization and/or building permit requirements
	<p>use and operation of the approved project</p> <ul style="list-style-type: none"> • Sanitary sewer, storm sewer, and portable water connections, providing that existing municipal utilities are located in streets, roads, and alleys contiguous to the site 	<ul style="list-style-type: none"> • Fees not directly related with the requested project

Line 7 (cont.)

- Sidewalks, drives, and parking areas which are located on the site and are essential for the use and operation of the approved project
- Reasonable landscaping costs for seeding and sodding required for soil/slope stabilization and/or landscaping required by the building permit
- Alterations at entrances and adjacent sidewalks as required for ADA compliance
- Resurfacing of existing parking areas located onsite and deemed essential for the use and operation of an approved project

<p>Line 8 - Demolition and removal</p>	<ul style="list-style-type: none"> • Costs of demolition or removal of structures or improvements (reduce the costs on this line by the amount of expected proceeds from the sale of salvage) 	<ul style="list-style-type: none"> • Costs not directly related with the requested award • Demolition and removal of debris that will not result in a usable structure • Costs of hazard material abatement and remediation
<p>Line 9 - Construction</p>	<ul style="list-style-type: none"> • Costs of acquisition and installation of fixed equipment⁴ necessary for the functioning of the facility (e.g., HVAC, generators) 	<ul style="list-style-type: none"> • Abandoned projects • Relocation of utilities that are off site and off-site improvements

⁴ Fixed equipment are items that requires disturbance of a finished facility surface or modification of the facility for an item’s satisfactory installation or removal, and is included in the construction contract. Examples include: HVAC Units, duct work, generators, fume hoods, sinks, fixed shelving, built-in sterilizers, built-in refrigerators, and drinking fountains.

ALLOWABLE COST	UNALLOWABLE COST
<ul style="list-style-type: none">• Costs of constructing new building(s) to be used for the program, including costs of materials and labor within the local range of comparable buildings• Construction costs for expansion, remodeling, and alteration of existing buildings, which will be used for the program• Costs of connecting to existing central utility distribution systems contiguous to the site, such as steam and chilled water that service a campus from centrally located boiler and refrigeration plants. Prorated costs for new boilers and	<ul style="list-style-type: none">• Prorated cost of existing central utility plant and distribution systems, which serve the proposed facility• Interior and exterior decorating fees (e.g. purchase of artwork, sculpture, etc.)• Elaborate or extravagant materials that are above the known local costs for comparable buildings• Fixed equipment if it is not part of the construction contract

- chillers to serve the proposed facility are acceptable.
 - Special features for seismic code requirements. Use nationally recognized codes adopted by authorities having jurisdiction.
 - Costs of eliminating architectural barriers to the handicapped
 - Bid guarantees and performance and payment bonds
 - Costs of pollution-control equipment for the facility's boilers, incinerators, waste water treatment, etc., which may be required by local, State, or Federal regulations. The facility must meet requirements of both current and future pollution
- Bonus payments to contractors

	<ul style="list-style-type: none"> • Installation of equipment items (e.g., mobile generators, wall-mounted items, barriers, sound-proofing panels) 	
<p>Line 10 - Equipment</p>	<ul style="list-style-type: none"> • Equipment that is pertinent to the project and located at the project site. • Tangible personal property (i.e., moveable equipment- a non-expendable item with a useful life of more than 1 year and a unit cost of \$5,000 or more, or equal to the applicant’s capitalization threshold, that is not permanently affixed and can be easily moved (e.g., medical exam tables, x-ray equipment, computers, modular workstations, 	<ul style="list-style-type: none"> • Donated equipment, leased equipment, or equipment purchased through a conditional sales contract (lease purchasing) • Luxury furniture • Fixed equipment that is attached to the building (it should be listed under line item 9) • Equipment that does not meet the moveable

Allowable – Unallowable Costs



	<ul style="list-style-type: none"> IT equipment, software and site licenses to expand to an existing 	
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	ALLOWABLE COST	UNALLOWABLE COST
	Electronic Health Records system at the approved project site.	

<p>Line 11 - Miscellaneous</p>	<ul style="list-style-type: none"> Itemized list for items that do not easily fit into the cost classifications above. Such costs should generally be no more than 10 percent of line 16c (total cost) The cost of alternate bid work up to the amount of the original bid submitted 	<ul style="list-style-type: none"> Additional expense resulting from the rejection of an alternate bid at the start of construction and later reinstating the bid at an increased cost due to escalation Sales taxes, Federal excise taxes, and other taxes when the applicant is exempt from such taxes or is entitled to a refund by the State or Federal Government after payment Costs or charges associated with routine maintenance, or operation of the facility Expendable office, medical, and laboratory supplies
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<p>Line 13 - Contingencies</p>	<ul style="list-style-type: none">• The contingency of this program is limited to 5 percent of Lines 7c, 8c, and 9c. However, the contingency must be reduced to 2 percent of Lines 7c, 8c, and 9c after the contract is awarded. The contingency does not include moveable equipment costs listed in Line 10	<ul style="list-style-type: none">• Contingency costs above the allowable percentage.
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If you own the property – it's not a big problem. NOFI's can complicate secured re-financing and New Markets Tax Credit transactions, but there are established work-arounds with HRSA.

If you are leasing the project space, it gets more complicated:

The health center must document in writing that the property owner:

- Agrees to the renovation of the property;
- Acknowledges Federal Interest in the property by agreeing to file a Notice of Federal Interest (NFI) in the land records of the local jurisdiction before the project begins (if applicable); and
- Consents to provide HRSA certain remedies in the event of lease default (as noted in the language outlined within the Leasehold Improvements section of the NOFO)

When you are all done with the Project

“obtain and submit to HRSA a written appraisal of the property by an appraiser who is certified or licensed in accordance with the requirements of title 11 of the Financial Institutions Reform Recovery and Enforcement Act of 1989”.

Questions?



June 3, 2021, 3:30-4:30 pm ET

**Where will the Balance of Your Project Funding Come From?
Developing Your Sources and Uses of Funds**

- Building upon the previous Project Budget session, learn how to leverage funds for projects from various sources, including local foundations, state and local sources, NMTC, tax-exempt bonds, banks, CDFIs, USDA, HRSA LGP, etc.

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