

OASAS CAPITAL FUNDING REQUEST FORM (SCHEDULE C) GUIDE

OASAS Bonded Capital Funding

Capital costs are defined as the acquisition of real property, design, construction, reconstruction, rehabilitation and improvement, original furnishings and equipment, site development, and appurtenances of the local facility. Capital costs do not include operating costs; payments of principal, interest, or other charges on obligations; or costs for which State Aid is claimed or paid under provisions of law other than the Mental Hygiene Law. For the planning cycle, capacity expansions, new programs or existing programs that would require additional State Aid will NOT be considered for capital funding.

Capital projects will be reviewed by OASAS staff to determine the priority that should be given to Schedule C requests and if they meet OASAS criteria for project development. For the planning cycle, any new capital funding will be used primarily for preservation, relocation or purchase of existing sites. Preservation is not limited to projects which specifically address structural repairs, but rather any project that is necessary or advisable to allow the site to continue to serve as an acceptable space for the provision of specific services and to the particular populations served (i.e., capital funds may be requested to improve space layout, update programs to meet current space regulations, improve the service environment, improve amenities, upgrade electrical, plumbing or HVAC systems, rearrange space and facilities to adapt to changing service requirements, etc.). OASAS recognizes that some facilities are in premises which cannot be economically preserved. In these circumstances, funding may be made available for program relocation or reconstruction.

Mental Health Facilities Improvement Bond Program (MHFIBP), a bond-backed financing program, permits voluntary providers to borrow 100 percent of their capital project costs at fixed interest rates for 20-30 year periods. The loans made to providers for capital construction and acquisition of property must be secured by a mortgage on the entire site with priority over any other liens. Debt service (payments for principal and interest on the borrowing) is repaid by OASAS through the OASAS local assistance account.

To take advantage of the MHFIBP financing program, voluntary providers must be in good standing with the New York State Department of State, possess the powers to enter into the mortgage agreement in accordance with incorporation documents, and receive appropriate boards of directors' approvals along with filing a State Aid Grant Lien (SAGL) on the improved property prior to receiving funding. Improvements that benefit private non mental hygiene use are prohibited for the term of the SAGL and bond financing. In addition, providers must have an effective notification from the Internal Revenue Service that qualifies the provider as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

Providers will be expected to sign a Dormitory Authority of the State of New York (DASNY) loan agreement authorizing OASAS to intercept local assistance payments otherwise due to providers for the purposes of paying debt service on the mortgage. OASAS will make debt service payments directly to the Dormitory Authority (DA) on a semi-annual or other agreed upon basis.

To be eligible for tax-exempt bond financing on leased property, the lease term (minimum 30 years) must exceed the economic life of the building, must constitute the equivalent of tax ownership, and must be at least five years longer than the term of the bond. Projects under \$500,000 are generally considered too small to warrant the cost of bond issuance.

Other OASAS Capital Funding Available

Minor Maintenance

OASAS makes funding available to address capital needs for rehabilitation of existing facilities that do not qualify for the bond-backed mortgage program. If the estimated cost of a project is \$150,000 or less, a PAS-34 Minor Rehabilitation Request form should be completed and submitted directly to the Regional Office. It should not

be submitted in the local services plan. Minor maintenance project requests will be reviewed and approved on a continuous basis. The PAS-34 form is available on the OASAS Website.

Capital Projects Exceeding \$150,000

For all other projects (i.e., those projects costing at least \$150,000), **a completed Schedule C form must be submitted via the Online County Planning System.** Projects that will be considered for funding include:

- Program relocation
- Purchase of existing leased space
- Regulatory compliance
- Health and safety improvements
- Access for physically disabled
- General preservation

OASAS will review all projects proposed on a Schedule C form and submitted through the local services planning process based solely on the information provided. All project proposals that have a strong justification in relation to program, physical plant, community need, OASAS capital plans, cost, the provider's ability to provide or arrange interim financing, and OASAS' anticipated capital funding authority will be considered. Staff will be assigned to arrange performance of feasibility studies and appraisals. The provider must complete an application for approval in accordance with Part 810 of OASAS regulations, i.e., Schedule C. OASAS will advise and assist in its completion. After a capital request is approved and all detailed information about the project is submitted, a decision will be made by OASAS on whether the project will be funded or not. If OASAS approves the project, it will seek Division of the Budget (DOB) approval. After DOB approval, a capital contract will be executed with the provider. Upon obtaining a fully executed capital contract approval, project obligations and expenditures can commence. Only approved expenditures made during the capital contract period will be eligible for reimbursement.

Considering the routine state budget process, the Part 810 review process, and the time it takes to get DOB approval, major capital projects must be considered multi-year efforts. Even after a contract is executed, project design, other approvals, construction bidding, and construction will take two to three years or longer for very large projects. Accordingly, OASAS will schedule any approved projects for development and funding over a number of years. Providers submitting proposals for major projects should be aware that regardless of the speed of the initial decision, the conduct of the approved project is a long-term effort.

Instructions for the Capital Project Funding Request Form - Schedule C

A Schedule C "OASAS Capital Project Funding Request Form" should be completed by any provider that wants to request capital funds as described above. The completed form must be completed and submitted in CPS. Each Schedule C will be reviewed and considered by OASAS on a case-by-case basis. OASAS may request further information, as needed.

For the annual **Local Services Plan**, a Schedule C should be completed for each project that meets the criteria for fundable capital projects. The focus of all capital funding will be on preservation of existing sites or under a procured expansion, with the highest priority being given to correction of code and regulatory violations, health and safety matters, and maintenance of service delivery space. All provider and project site information at the top of the form must be completed. Specific instructions follow:

Question #1 - Project Purpose: Place an "X" in the box next to each purpose, which applies to the project proposed.

- a. **Relocation:** Check this box if the project is intended to physically relocate an existing program or site to a new location.

- b. **Purchase of Existing Leased Space:** Check this box if the project involves the possible purchase of an existing program that is in leased space. For example: with skyrocketing lease costs, it may be more financially feasible to pay debt service on a mortgage as opposed to a lease with large escalator clauses.
- c. **Regulatory Compliance:** Check this box if the project is intended to bring the program and/or its space into compliance with building, health or safety codes or OASAS regulatory requirements. These violations may be ones you have identified by outside inspectors including, but not limited to, OASAS inspectors.
- d. **Health and Safety Improvements:** Check this box if the project is intended to improve health and safety of the space in ways not required by code or regulation. Examples might include rehabilitation of bathroom fixtures and plumbing, upgrading smoke detection and alarm systems, replacing kitchen floors and finishes, etc.
- e. **Access for Physically Disabled:** Check this box if the project is to improve access to or use of all or part of the site by physically challenged persons. Examples include construction of wheelchair ramps at entrances, installations of lifts, handrails and grab bars, installation of special bathroom equipment, and acquisition and installation of calling devices for summoning assistance.
- f. **General Preservation:** Check this box if the project is to preserve an existing facility. Projects in this category are intended to maintain or protect the use of an existing facility and do not materially extend the useful life or provide enhancement of the environment or program, for example, replacement of a deteriorated bathroom, replacement of heating system, roof, kitchen, driveway, etc.

Question #2: Estimated Project Cost: If the estimated cost is \$150,000 or less, a PAS-34 Minor Rehabilitation Request should be submitted separately to the Regional Office.

Question #3: Briefly Describe the Physical Plant Problem and Corrective Work Required:

Question #4: Indicate Approximate Square Footage of Space to be Added or Affected by the Proposed Capital Project:

Question #5: Briefly Describe the Proposed Scope of Work in the Project:

Question #6: Provide a Detailed Statement of the Need for the Project and a Justification for it. Describe the need/benefit to the program's operation, physical plant and financial operation of the facility.

- **Program need/benefit** refers to correction/improvement of client safety, access, privacy, space layout and traffic flow, or number and types of spaces for patient services and staff activity, etc.
- **Physical need/benefit** refers to correction/improvement of inadequate functioning of building or mechanical systems (plumbing, electric, HVAC etc.), structural safety and adequacy, energy efficiency, building integrity (leaky roof windows etc.), building security or internal security of property, supplies, personnel, etc.
- **Financial need/benefit** refers to improved financial circumstances resulting from projects which increase energy efficiency, reduce property costs, allow more efficient use of space allowing reduced space use, or reduction of space and cost due to program reorganization or contraction, etc.

Expiration of Schedule C Application: The Schedule C application will expire 24 months from the OASAS Regional Office approval date unless the project has moved to the funding stage. If the application expires prior to satisfying the need and the project has not moved to the funding stage a new Schedule C application must be submitted for approval by OASAS Regional Office in order for the application to remain active.

A sample of the Schedule C form appears on the following pages.

Schedule C – OASAS Capital Project Funding Request Form (Page 1)

Corporate Headquarters			Date:	
Provider Name (full legal name):			Provider Number:	
LGU this Schedule C Form Submitted to:				
Street/P.O. Box:		City:	State:	Zip:
Project Site				
Street/P.O. Box:		City:	State:	Zip:
Service Category:		PRU:	County:	
Contact Person:		Title:		
Telephone:	E-mail:	Certified Capacity:	Funded Capacity:	
<p>1. Project Purpose:</p> <p> <input type="checkbox"/> a) Program Relocation <input type="checkbox"/> d) Health and Safety Improvements <input type="checkbox"/> b) Purchase of Existing Leased Space <input type="checkbox"/> e) Access for Physically Disabled <input type="checkbox"/> c) Regulatory Compliance <input type="checkbox"/> f) General Preservation </p>				
2. Estimated Project Cost: _____		If the estimated cost is less than \$100,000, a PAS-34 Minor Rehabilitation Request should be submitted separately to the Regional Office.		
3. Briefly describe the physical plant problem and corrective work required:				
4. Indicate approximate square footage of space to be added or affected by the proposed capital project: _____ ft ²				
5. Briefly describe the proposed scope of work in the project:				

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Schedule C – OASAS Capital Project Funding Request Form (Page 2)

Project Site		
Provider Name:	Provider Number:	PRU:
6. Provide a detailed statement of need for the proposed project that addresses programmatic, physical plant and financial need, as appropriate: (provide attachment, if necessary)		
7. Complete if the project is for an EXISTING certified site:		
a) The site is: <input type="checkbox"/> Leased <input type="checkbox"/> Owned <input type="checkbox"/> Provided as a gift		
b) If leased, is the lease an arms-length lease? <input type="checkbox"/> Yes <input type="checkbox"/> No		
c) If leased, what is the annual rent? \$_____		
d) If owned, are there any liens on the site? <input type="checkbox"/> Yes <input type="checkbox"/> No		
e) If YES, what is the current market value of the site? \$_____		
f) If YES, what is the total balance of all liens on the site? \$_____		
g) Are you the sole occupant of the site? <input type="checkbox"/> Yes <input type="checkbox"/> No		
8. Complete if the project is for a NEW site:		
a) Has a probable site been identified? <input type="checkbox"/> Yes <input type="checkbox"/> No		
b) How do you expect to acquire the site? <input type="checkbox"/> Lease <input type="checkbox"/> Purchase <input type="checkbox"/> Other (attach explanation)		
c) Have you obtained an option on the site? <input type="checkbox"/> Yes <input type="checkbox"/> No		
d) If an appraisal or fair market rental study of the proposed site has been completed, forward a copy to the Regional Office.		
9. If a feasibility study has been completed for the project, forward a copy to the regional office.		
10. Planned project financing:		
a) Provider funds: \$_____		
b) Commercial loans/debt: \$_____		
c) Grants (other than OASAS): \$_____		
d) OASAS: \$_____		
11. Has this financing plan been adopted by the governing authority? <input type="checkbox"/> Yes <input type="checkbox"/> No		
NOTE: The Schedule C application will expire 24 months from the OASAS Regional Office approval date unless the project has moved to the funding stage. If the application expires prior to satisfying the need and the project has not moved to the funding stage a new Schedule C application must be submitted for approval by OASAS Regional Office in order for the application to remain active.		
<u>Provider Official</u>		
Name: _____ Title: _____ Date: _____		
FOR OASAS USE ONLY		
OASAS Regional Office Approval of Need (Funding is to be determined)	Signature (Statewide Regional Office Director or Designee)	Date Approved

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