

OASAS CAPITAL FUNDING REQUEST FORM (SCHEDULE C) GUIDE

OASAS Bonded Capital Funding

To be eligible for Capital financing assistance for capital improvement projects, providers of addiction services must be certified and operationally funded by the Office of Addiction Services and Supports (OASAS). Capital costs are defined as the acquisition of real property, design, construction, reconstruction, rehabilitation and improvement, purchase of 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. Capacity expansions, new programs or existing programs that would require additional State Aid will NOT be considered for capital funding. Expansion initiatives are eligible for capital financing only if explicitly expressed within the procurement documents.

Capital projects will be reviewed by OASAS staff to determine whether they meet OASAS criteria for project development and the priority that should be given to Schedule C requests. 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.

The Mental Health Bond Program (MHBP), a tax-exempt 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 MHBP 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 uses of the property for other than mental hygiene purposes 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 enter into a loan agreement with the Dormitory Authority of the State of New York (DASNY). The loan agreement will authorize OASAS to make the loan payments on the Provider's behalf if they are in good standing and continue to provide OASAS services at the premise that the improvements have been made. OASAS will make loan payments directly to the DASNY on a semi-annual or other agreed upon basis. As security for the loan, Providers will grant DASNY mortgages on the subject properties.

To be eligible for tax-exempt bond financing on leased property, the lease term must be no less than 30 years, exceed the economic life of the building, and exceed by at least five years the amortization schedule of the related DASNY loan. The lease must also contain an OASAS Capital Financing Rider.

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 to the local governing unit. 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 to the local Governing Unit (LGU) and OASAS Regional Office (RO) for review and approval.** 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 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 by LGU and OASAS Regional Office 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 the project is determined to meet the criteria for funding, OASAS will seek approval from the Division of the Budget (DOB). If DOB approval is received, OASAS will proceed with the contracting process. Upon obtaining a fully executed capital contract approval and loan closing is complete, 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 budget and contract approvals, 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, except for minor maintenances. The Schedule C applicant is encouraged to have a prior consultation with the respective LGU and OASAS Regional Office regarding the program needs related to the funding request. The form must be completed and submitted to the respective LGU and OASAS Regional Office for approval. Each Schedule C will be reviewed and considered by OASAS on a case-by-case basis. OASAS may request further information, as needed.

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, 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 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 (e.g., 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 capital improvements:

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.

The Schedule C application 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:
Existing/Proposed Site				
Street/P.O. Box:		City:	State:	Zip:
Proposed Site (if different)				
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 \$150,000, 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 capital improvements:				
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)				

