
**REDEVELOPMENT AUTHORITY OF
ALLEGHENY COUNTY**

GAMING ECONOMIC DEVELOPMENT FUND

PROGRAM GUIDELINES



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TABLE OF CONTENTS

I.	Purpose.....	3
II.	Program Description.....	3
III.	Eligibility.....	3
IV.	Commonwealth Finance Authority.....	3
V.	Eligible Activities.....	3
VI.	Ineligible Activities.....	4
VII.	Procedure.....	4
VIII.	Grants.....	5
IX.	Loans.....	5
X.	Fees.....	6
XI.	Procurement of Goods and Services.....	7
XII.	Auditing Requirements.....	10
XIII.	Waiver of Provisions.....	10
XIV.	Program Inquiries.....	11

I. PURPOSE

The Allegheny County, Gaming Economic Development Fund (GEDF), administered by the Redevelopment Authority of Allegheny County (“RAAC”), is intended to provide financial assistance to entities to facilitate economic development projects in Allegheny County.

II. PROGRAM DESCRIPTION

The GEDF is an annual allocation of \$3,400,000 for use in Allegheny County funded by the Commonwealth of Pennsylvania. The Pennsylvania Race Horse Development and Gaming Act (Act 2004-71) as amended established the Pennsylvania Gaming Economic Development and Tourism Fund. Certain funds appropriated from gaming revenues are deposited with the Commonwealth Financing Authority (CFA) for community and economic development projects in Allegheny County. **Annually, RAAC solicits and reviews project proposals from eligible applicants for the CFA’s consideration.**

III. ELIGIBILITY

- A. GEDF provides grants and loans to allow municipalities, authorities, councils of government (COGs), non-profits, for-profit businesses (**loans only**), and others, to carry out important economic development projects.
- B. Eligible applicants include:
 - Municipalities
 - Authorities (Redevelopment, Municipal or Industrial)
 - Councils of Government
 - Non-Profit Organizations and Trusts
 - For-Profit Businesses (**eligible for loans only**)
- C. Following recommendations from RAAC, the Commonwealth Finance Authority (CFA) approves all projects for funding
- D. All projects receiving GEDF funding must be located in Allegheny County.
- E. All projects must have at minimum a \$500,000 project budget. Applicants seeking funds for smaller projects should consider other funding sources.
- F. **Eligible and Ineligible Activities** for which funds may or may not be used are listed in Sections V and VI.

IV. COMMONWEALTH FINANCE AUTHORITY

Following competitive evaluations and subsequent recommendations from RAAC, funding requests will be forwarded to the CFA for final consideration.

V. ELIGIBLE ACTIVITIES

- A. Economic Development Projects: Projects that promote local economic activity and create and/or retain jobs.
- B. Infrastructure Development Projects: Projects that improve or create infrastructure.
- C. Job Training: Workforce development projects.

- D. Community Improvement Projects: Projects that improve or create civic, cultural, or recreational activities or facilities.
- E. Public Safety Projects: Projects that promote the safety of affected communities.
- F. Public Interest Projects: Projects that improve the quality of life in the affected communities.
- G. Projects with a \$500,000.00 project budget or greater.

VI. INELIGIBLE ACTIVITIES

- A. Fees for securing other financing.
- B. Interest charges on borrowed funds.
- C. Costs incurred prior to the approval of grant or loan (unless the applicant has received a *non-prejudicial approval* to commence work).
- D. Distribution or payments to the owners, partners, shareholders or beneficiaries of the applicant, or members of their families as defined by the Ethics Act of the Commonwealth of Pennsylvania.
- E. Refinancing existing debt.
- F. Municipal vehicles and structures.
- G. Projects currently under consideration for a Community Infrastructure & Tourism Fund (CITF) grant are not eligible for GEDF funding.**
- H. Projects with less than a \$500,000 project budget.

VII. PROCEDURE

A. Evaluation Considerations

Upon receipt of a GEDF application, it will be reviewed for eligibility (see Sections V and VI). Subsequently, a number of criteria will be used to evaluate applications. Because there may be insufficient funds to approve all eligible applications, priority is given to those applications showing a significant *public benefit*.

Following competitive evaluations and subsequent recommendations from RAAC, eligible grant and loan requests will be forwarded to the CFA for final consideration.

In general, the following criteria are utilized to assist in this evaluation:

1. Projects with a regional impact to include, but not limited to, brownfield sites, airport area development, and distressed areas.
2. Job creation/retention over a three year period.
3. Amount of GEDF funding invested per permanent full time job.

4. Site control status at project location.
5. Projects that demonstrate a significant percentage of matching funds may be given higher priority consideration for funding.
6. Consistency with the comprehensive plans of the municipality and/or Allegheny County, as applicable.
7. Overall public benefit.

B. Other Considerations

The following items could preclude eligibility of a GEDF application:

1. Projects that do not meet the \$500,000 minimum project budget threshold.
2. The applicant's status on delinquencies or defaults on federal, state or local taxes, pending litigation or any other liens on any publicly or privately financed loan.
3. A felony conviction or other serious crime on behalf of any director or principal in a corporation, or partner in a partnership.
4. Non-compliance of an applicant with the Conflict of Interest requirements established by the State Ethics Commission.

VIII. GRANTS

- A. GEDF grant funds will only be considered for projects with a total project budget of \$500,000 or greater. Projects of a smaller size should seek alternative sources of funding.
- B. The amount of GEDF funds awarded to any one applicant for a single project or application submission will not exceed \$500,000.
- C. Upon approval of a grant application by RAAC and the CFA, an award letter will be forwarded outlining preliminary terms and conditions. Following receipt of the award letter, the grantee will receive a grant contract for execution. Once the grant contract has been fully executed and all preconditions therein are satisfied, the grantee can proceed with the *procurement process* (**SECTION XI**). Upon satisfactory completion of the procurement process, the grantee can submit requests for the **reimbursement of funds spent**, pursuant to the terms of the grant contract.

IX. LOANS

- A. The interest rate and amortization will be determined on a case by case basis. Loans will be secured by a lien on subject real property and/or liens on equipment, tangibles or other assets as determined by RAAC.
- B. Generally, GEDF term lengths are as follows:
 2. Permanent Financing – Not to exceed ten years
 3. Construction or Rehabilitation – Not to exceed twenty-four months.

4. Machinery and Equipment – Not to exceed seven years or the remaining depreciable life of the asset, whichever is shorter.
- C. Upon approval of a loan application by RAAC & the CFA, a commitment letter will be forwarded outlining preliminary terms and conditions. The letter must be returned within thirty (30) business days of the date of the commitment letter. Failure to respond in the allotted time may result in the withdrawal of the commitment letter. Following returned receipt of the executed commitment letter, RAAC will forward a loan agreement and ancillary documents to the Borrower for execution.
 - D. The GEDF loan may be due and payable in full in the event the business relocates out of Allegheny County during the term of the loan.

X. FEES

A. Grants

1. City of Pittsburgh projects may be required to be reviewed by the Pittsburgh Historic Commission. Grant applicants will be responsible to pay associated fees from their own funds.
2. Renovation projects may require third party architects/engineers to be engaged by RAAC to review designs that are submitted for funding. In such cases, grant applicants will be responsible for paying associated fees from their own funds.
3. A 1% grant origination fee will be applied to all grant awards.

B. Loans

1. The loan applicant will be responsible for the payment of the following fees:

Board Agenda Fee	\$250
Origination Fee	1.00%
Annual Administrative Fee	0.1%

2. The Board Agenda Fee is non-refundable and due when submitting a financing application to RAAC.
3. The Origination Fee is based on the original principal loan amount. This fee will be paid at the time of loan closing and must be paid by the borrower out of its own funds.
4. The Annual Administrative Fee is based on the original principal amount of the loan and due on each anniversary date of the loan as long as the loan is outstanding. The Annual Administrative Fee is to be paid in advance and is non-refundable in the event of loan prepayment. The Annual Administrative Fee due for the initial year of the loan term is to be paid at loan closing. All payments of the Annual Administrative Fee are to be made out of the borrower's own funds.
5. An applicant shall bear the cost of any and all expenses incurred in the preparation of loan documentation which shall be satisfactory to RAAC.
6. The Borrower may finance all or a portion of the closing costs of the GEDF loan, including those incurred on behalf of RAAC's legal counsel, and any other

professional which RAAC deems necessary to expedite the loan process. The Origination Fee and the initial Annual Administrative Fee may not be financed in this manner but rather must be paid at loan closing out of the Borrower's own funds

XI. PROCUREMENT OF GOODS AND SERVICES

A. Competitive Bidding

Competitive bidding requirements, including required advertising, are mandated as part of the general conditions for receiving GEDF grant funds. Procurement procedures assure RAAC and the Commonwealth of Pennsylvania that:

1. "Best Value" is achieved when using Gaming Economic Development and Tourism Funds
2. The appearance of favoritism or fraud is eliminated
3. The opportunity to compete for business opportunities are provided to a broad spectrum of firms operating in Allegheny County

B. Methods of Procurement

Methods of procurement to be used for GEDF funded projects are determined by the following general delineations:

1. Legal status of the grant recipient
 - a. Local government
 - b. Non-profit agency
 - c. For-profit businesses
2. Project funding sources
 - a. GEDF (100%) – Follow applicable municipal or county code
 - b. GEDF/Local matching tax dollars – When municipal and/or county tax dollars are used for match, municipal or county code must be followed
 - c. GEDF/Federal matching dollars – When federal dollars are used for the project, federal procurement standards may supersede GEDF guidelines (e.g. Davis-Bacon Wage Rates).
 - d. GEDF/Private matching dollars – Follow applicable municipal or county code
 - e. GEDF/Multiple – **When multiple funding sources are used, seek guidance from RAAC staff**
3. Project value determines which procurement methodology will be used
 - a. Small purchases (low value procurements)
 - b. Written quotations (mid value)

- c. Advertised purchases (large value)

C. Local Government

Where a GEDF grant is made to a local unit of government or an agency representing a local unit of government (COG), the grant recipient shall follow their respective municipal bidding code. Generally, local municipal codes require the following:

1. Projects whose total value is **less than \$4,000** may make a small or negotiated purchase with a local vendor that is most advantageous to the local unit of government with price and other considerations being factors. Although multiple price quotes may not be required it is still recommended to seek three (3) quotes.
2. Projects whose total value is **between \$4,000 and \$10,000** the local unit of government must seek a minimum of three (3) telephone and/or written price quotes. These quotes must be kept on file for at least three years.

When the grant recipient is seeking quotes from local vendors, one of the three (3) vendors shall be a MWDBE firm.*

3. Projects whose total value is **greater than \$10,000** must be formally advertised and awarded to the lowest responsible bidder. Advertising will include:
 - a. Advertising in a local newspaper of general circulation and a minority newspaper.* The advertisements must be posted no less than 10 days prior to the opening of the bids.
 - b. Purchases and contracts shall not be divided into separate purchases and contracts to avoid the financial thresholds for the competitive purchasing process.
 - c. Procurement of professional services will not require formal advertising. The grant recipient should follow the requirements in their respective municipal code.
 - d. Further guidance can be found in the *Pennsylvania Purchasing Handbook for Local Governments*.

D. Non-Profit Agencies

Where a GEDF grant is made to a non-profit agency or other entity performing the procurement tasks for the non-profit agency, it shall follow the following dollar thresholds and advertising standards:

1. Projects whose total value is **less than \$10,000** may make a small or negotiated purchase with a local vendor that is most advantageous to the non-profit agency with price and other considerations being factors. Although multiple price quotes are not required, it is still recommended that the non-profit agency seek three (3) quotes.
2. Projects whose total value is **between \$10,000 and \$30,000** the non-profit must seek

* Denotes an additional requirement not generally found in municipal bidding codes but required to receive GEDF grants.

a minimum of three (3) telephone and/or written price quotes. These quotes must be kept on file for at least three years. The award shall be made to the lowest responsible bidder with price and other considerations being factors.

When the non-profit grant recipient is seeking quotes from vendors, one of the three (3) vendors shall be a MWDBE firm.

3. Projects whose total value is **greater than \$30,000** or more must be formally advertised and awarded to the lowest responsible bidder. Advertising will include:
 - a. Advertising in a local newspaper of general circulation and a minority newspaper.^{*} The advertisements must be posted no less than 10 days prior to the bid opening.
 - b. Purchases and contracts shall not be divided into separate purchases and contracts to avoid the financial thresholds for competitive purchasing.
4. Procurement of **professional services** will not require formal advertising. When receiving quotes for professional services the non-profit agency should consider performing a competitive pricing evaluation. The following factors should be taken into account when reviewing professional services proposals: cost(s), experience, expertise, capacity and MWDBE participation. At least three firms should be evaluated. Interviews are helpful, but not required.

E. For-Profit Businesses

There are no specific requirements for for-profit businesses governing procurement in the Allegheny County Code of Ordinance or generally in municipal codes. However, it is strongly recommended that wherever possible the for-profit recipient bearing the financial risk of the project carry out procurement transactions in a manner that provides full and open competition. For significant procurement transactions, the for-profit recipient should make an effort to *perform a cost price analysis* to determine price is reasonableness. The for-profit recipient should consider one or more of the following analysis methodologies:

1. Compare current proposed prices to prior proposed prices for the same or similar items and/or services. Evaluation factors should include market changes or inflation since the last item or service was purchased.
2. Compare current proposed price to competitive price lists, published catalogs or market prices of products. Discounts, volume sales and/or rebate arrangements should be included in this analysis.
3. Independent professional price estimate and/or analysis.
4. When the for-profit recipient is seeking quotes from local vendors, one of the three (3) vendors shall be a MWDBE firm.

F. Other Related Procurement Requirements

1. All GEDF recipients are required to adhere to the **Pennsylvania Prevailing Wage Act** (this applies to for-profit, non-profit and local government) unless superseded by

^{*} Denotes an additional requirement not generally found in municipal bidding codes but required to receive GEDF grants.

federal, Davis Bacon Wages Rates. PA-Prevailing Wage requires prevailing minimum wages for all project workers. PA-Prevailing Wage rates will be provided by RAAC compliance staff. Payroll certifications will be reviewed by RAAC compliance staff and kept on file for periodic monitoring from the Department of Labor & Industry, Division of Labor Law Compliance.

2. All recipients, including For-Profit Businesses, are required to follow the *Minority, Women and Disadvantaged Business Enterprise Participation Policy; Adoption & Program Implementation Strategy* requirements that were adopted by RAAC in 2008. Additionally, recipients are required to follow the applicable requirements in *Allegheny County's Minority and Women Enterprise Utilization Affirmative Action Requirements*. These requirements can be met by satisfactorily adhering to all GEDF procurement requirements.
3. **All grant recipients must notify the five (5) MWDBE referral agencies for each procurement activity that requires advertising.** The current list will be provided by RAAC staff during the procurement process.
4. Applicants must seek a **non-prejudicial approval** for costs incurred while an application is pending to be eligible for reimbursement if a grant is awarded. NOTE: In the event a non-prejudicial approval is granted by RAAC, costs incurred by an applicant are incurred at the applicant's own risk and do not obligate RAAC to fund the project.
5. GEDF recipients may, where authorized by law, use certified intergovernmental or cooperative purchasing plans when procuring goods and services.
6. Formal procurement for professional services is not required when using GEDF funds except where required by law.
7. Formal procurement requirements can be waived under emergency conditions, upon approval from RAAC staff. Verification of the emergency condition must be provided to RAAC staff with any waiver requests. With respect to governmental applicants, the governing body of the local unit of government must ratify the emergency condition.
8. Local units of governments must follow their bonding requirements as specified in their municipal codes.

XII. AUDITING REQUIREMENTS

All GEDF grant projects will require a **close-out audit** to be conducted upon complete draw-down of funds. Audits must be completed by an independent auditor 60 days from the end of the grant contract or 90 days after the final disbursement is issued, whichever is sooner.

XIII. WAIVER OF PROVISIONS

RAAC may waive any of these Program Guidelines based upon a determination of the public benefits of the project and criteria established for the evaluation of GEDF projects.

For additional information regarding the Community Infrastructure and Tourism Fund, please call Allegheny County Economic Development at 412-350-1000 or go to www.alleghenycounty.us/GEDFund.aspx.

XIV. PROGRAM INQUIRIES

Program inquiries and supplemental information should be directed to:

Redevelopment Authority of Allegheny County
C/o GEDF
425 Sixth Avenue, Suite 800
Regional Enterprise Tower
Pittsburgh, PA 15219

Telephone: (412) 350-1000
Fax: (412) 642-2217
Email: GEDFinfo@alleghenycounty.us