
**ALLEGHENY COUNTY
ECONOMIC DEVELOPMENT**

COMMUNITY INFRASTRUCTURE AND TOURISM FUND

PROGRAM GUIDELINES



Rich Fitzgerald
County Executive

Herky Pollock
Chairman, RAAC

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I. PURPOSE

The Allegheny County Economic Development, Community Infrastructure and Tourism Fund (“Community Infrastructure and Tourism Fund” or “CITF”), overseen by the Redevelopment Authority of Allegheny County (“RAAC”), is intended to provide financial assistance to entities to facilitate economic development through infrastructure assistance, stabilize or correct existing infrastructure problems, or plan and prepare sites and buildings for future use.

II. PROGRAM DESCRIPTION

The CITF is an annual allocation of \$6,600,000 for use in Allegheny County funded by the Commonwealth of Pennsylvania under the Act of July 5, 2004 (P.L. 572, No. 71), known as the Pennsylvania Race Horse Development and Gaming Act and authorized pursuant to the Act of July 25, 2007 (P.L.342, No. 53), known as the Pennsylvania Gaming Economic Development and Tourism Fund Capital Budget Itemization Act of 2007. The funds are made available to CITF under these Acts “to fund construction, development, improvement and maintenance of infrastructure projects.”

- A. CITF provides grants and loans to allow municipalities, authorities, councils of government (COGs), for-profit businesses (**loans only**), and others, to carry out important infrastructure-related projects, or, for the acquisition and development of key sites for future use.
- B. Eligible applicants include:
 - 1. Municipalities
 - 2. Authorities (Redevelopment, Municipal or Industrial)
 - 3. Councils of Government
 - 4. Non-Profit Organizations and Trusts
 - 5. For-Profit Businesses (**eligible for loans only**)
- C. All projects receiving CITF funding must be located in Allegheny County.
- D. **Eligible and Ineligible activities** for which funds may or may not be used are listed in Sections IX and X.
- E. Grant and loan requests will be evaluated and awarded on a bi-annual basis.
- F. Terms for awards and contracts include the following, *inter alia*:

III. GRANTS

- A. The amount of the CITF grant funds made available to any one applicant for a single project or application submission will not exceed \$250,000.
- B. Upon approval of a grant application by RAAC, 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*. 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.
- C. The CITF grant must be repaid if the grantee relocates outside of Allegheny County within 3 years of its execution of the grant agreement.

IV. LOANS

- A. The maximum allowable CITF loan will not exceed \$250,000. 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, CITF term lengths are as follows:
 - 1. Permanent Financing – Not to exceed ten years
 - 2. Construction or Rehabilitation – Not to exceed twenty-four months.
 - 3. 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, 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 CITF loan may be due and payable in full in the event the business relocates out of Allegheny County during the term of the loan.

V. PROCEDURE

A. Evaluation Considerations

Upon receipt of a CITF application, it will be reviewed for eligibility. 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*.

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

1. Job creation/retention over a three year period
2. Amount of CITF funding invested per permanent full time job
3. Site control status at project location
4. Projects that demonstrate a significant percentage of matching funds may be given higher priority consideration for funding
5. Consistency with the comprehensive plans of either the municipality and/or Allegheny County

B. Other Considerations

The following items could preclude eligibility of a CITF application:

1. 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.
2. A felony conviction or other serious crime on behalf of any director or principal in a corporation, or partner in a partnership.
3. Non-compliance of an applicant with the Conflict of Interest requirements established by the State Ethics Commission.

VI. CITF FEES

A. Grants

1. **The grantee will be responsible for paying a 1% Origination Fee.**
2. The Origination Fee will be based on the amount of the grant. It will be due at the time of the first reimbursement request and will be paid out of the grant funds.
 - a. 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.

- b. Renovation projects may require 3rd 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.

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.

VII. PROCUREMENT OF GOODS AND SERVICES

- A. Competitive procurement requirements, including required advertising, are mandated as part of the general conditions for receiving CITF grant funds. Procurement procedures assure RAAC, the County Executive, 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 to be used for CITF 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. CITF (100%) – Follow applicable municipal or county code
- b. CITF/Local matching tax dollars – When municipal and/or county tax dollars are used for match, municipal or county code must be followed
- c. CITF/Federal matching dollars – When federal dollars are used for the project, federal procurement standards may supersede CITF guidelines (e.g. Davis-Bacon Wage Rates).
- d. CITF/Private matching dollars – Follow applicable municipal or county code
- e. CITF/Multiple – **When multiple funding sources are used, seek guidance from ACED 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 CITF 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 (Allegheny County will follow the County 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.*
 - b. The advertisement shall be run twice and at least three days apart in a newspaper of general circulation and shall be advertised at least once in the minority newspaper.* The second advertisement cannot be posted less than ten (10) days from the bid opening.
 - c. Purchases and contracts shall not be divided into separate purchases and contracts to avoid the financial thresholds for the competitive purchasing process.
 - d. Procurement of professional services will not require formal advertising. The grant recipient should follow the requirements in their respective municipal code.
 - e. Further guidance can be found in the *Pennsylvania Purchasing Handbook for Local Governments*.

D. Non-Profit Agencies

Where a CITF grant is made to a non-profit agency or other entity performing the procurement tasks for the non-profit agency, it shall follow the dollar thresholds and advertising standards outlined in the procurement section in the *Allegheny County Purchasing Manual* and/or the Allegheny County Code of Ordinances. They include:

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 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

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

lowest responsible bidder with price and other considerations being factors.

When the non-profit 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 \$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.
 - b. The advertisement shall be run at least once and not less ten (10) days prior to the bid opening.
4. Purchases and contracts shall not be divided into separate purchases and contracts to avoid the financial thresholds for competitive purchasing.
5. 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 with grant funds in either the Borough Code or the County Code. However, it is strongly recommended that wherever possible the for-profit grant 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 should make an effort to *perform a cost price analysis* to determine price is reasonableness. The for-profit 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 grant 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 CITF grant recipients are required to adhere to the **Pennsylvania Prevailing Wage Act** (this applies to for-profit, non-profit and local government) unless superseded by Davis Bacon Wages Rates. PA-Prevailing Wage requires prevailing minimum wages for all project workers. PA-Prevailing Wage rates will be provided by ACED compliance staff. Payroll certifications will be reviewed by ACED compliance staff and kept on file for periodic monitoring from the Department of Labor & Industry, Division of Labor Law Compliance.
2. All grant recipients, including For-Profit Businesses, are required to follow the *Minority, Women and Disadvantaged Business Enterprise Participation Policy; Adoption & Program Implementation Strategy* requirements that was adopted by RAAC in 2008. Additionally, grant 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 CITF 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 ACED staff.
4. Applicants must seek a **non-prejudicial approval** to be eligible for a reimbursement for costs incurred while an application is pending. If a non-prejudicial approval is granted by ACED staff, costs incurred by an applicant are incurred at the applicant's own risk and does not obligate RAAC to provide a future grant award.
5. CITF grant 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 CITF funds except where required by law.
7. Formal procurement requirements can be waived under emergency conditions, upon approval from ACED staff. Verification of the emergency condition must be provided to ACED 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.

VIII. FINANCING OF LOAN CLOSING COSTS

The Borrower may finance all or a portion of the closing costs of the CITF 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.

IX. ELIGIBLE ACTIVITIES

- A. Acquisition of land and buildings, rights of way and easements.
- B. The acquisition, construction, labor, and material associated with rehabilitating the following:
 - 1. Storm water drainage systems;
 - 2. Sanitary sewer systems, including but not limited to, the construction or repair of sewage collection lines and sewage treatment facilities;
 - 3. Water supply facilities, including but not limited to, construction or repair of ground water sources, water lines and water storage and treatment facilities;
 - 4. Transportation facilities directly affecting the site of the proposed development including: on-site and off-site road improvements, traffic signals, parking facilities, inter-modal facilities, sidewalks, retaining walls, bridges, and rails; including but not limited to, the construction or rehabilitation of spurs, signals, and crossings. Also, port-related facilities, including but not limited to dredging, docking facilities, and bulkheads;
 - 5. Buildings
 - 6. On-site amenities, such as recreational areas, which are reasonably expected to increase the value or attractiveness of the site.
- C. Demolition of structures and removal of abandoned foundations.
- D. Grading and site preparation.
- E. Environmental site assessment and remediation.
- F. Predevelopment and planning activities that may be used to determine the feasibility of a project and/or obtain technical information related to a project. These types of costs include: predevelopment planning; marketing, physical, and financial feasibility assessments and projections; planning and engineering design and cost estimates and other work deemed by the RAAC as necessary to undertake a site-ready project.

- G. Engineering, design and inspection costs.
- H. Signage, landscaping and streetscape improvements.
- I. Any other costs associated with the preparation of a specific site of project at the discretion of the RAAC.

X. INELIGIBLE ACTIVITIES

- A. Fees for securing other financing.
- B. Interest charges on borrowed funds.
- C. Operating expenses.
- D. Costs incurred prior to the approval of grant or loan (unless the applicant has received a *non-prejudicial approval* to commence work).
- E. 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.
- F. Refinancing existing debt.
- G. Real estate speculation.
- H. Municipal Vehicles.
- I. Municipal Structures.

XI. AUDITING REQUIREMENTS

All CITF grant projects will require a **close-out audit** to be conducted upon complete draw-down of funds. All grants over \$100,000 will require an independent audit, while grants totaling \$100,000 or less will be audited by an Allegheny County auditor. Audits must be completed 60 days from the end of the grant contract or 90 days after the final disbursement is issued, whichever is sooner.

XII. WAIVER OF PROVISIONS

The 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 CITF 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/citfund.aspx.