CAPITAL FUNDING SEMINAR FY18
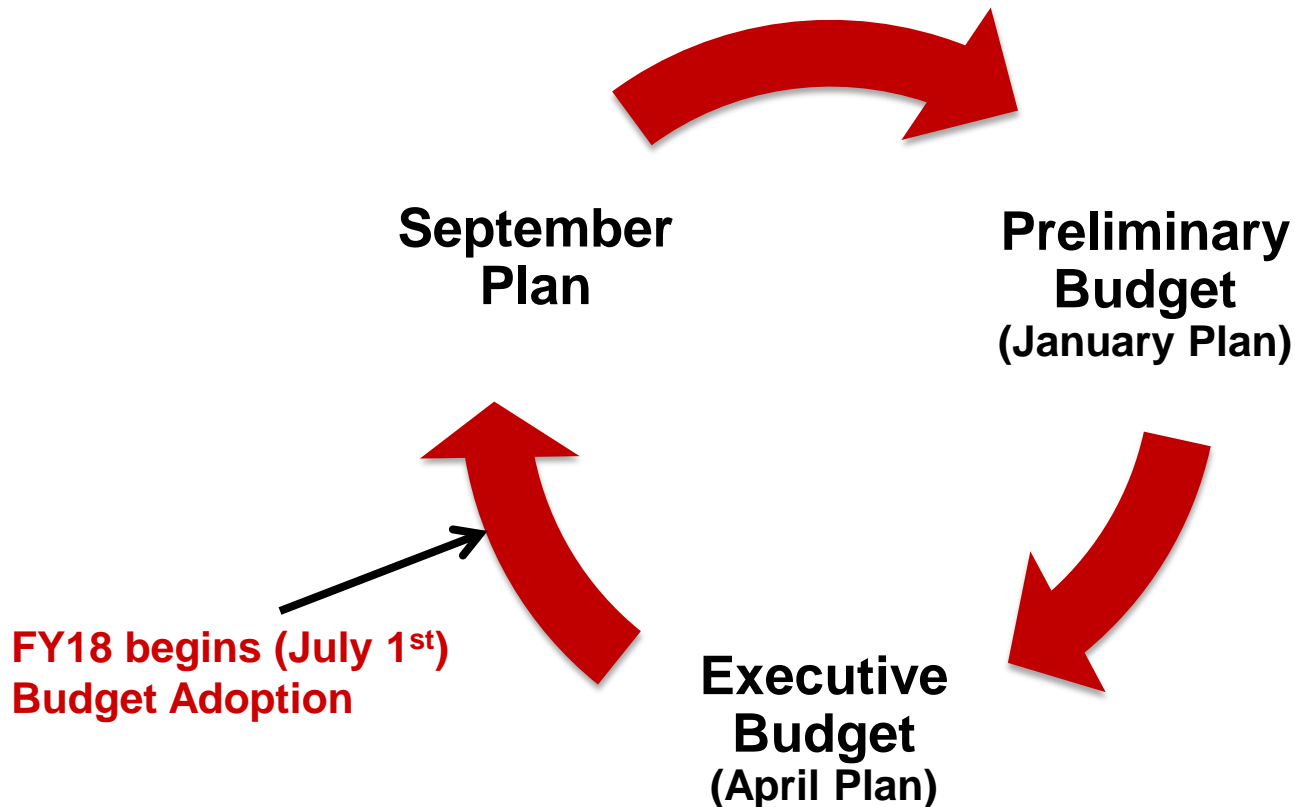
www.nyc.gov/culture

Why We Are Here

1. **Funding Basics**

2. **Capital Eligibility**

3. **FY18 Request Process**

4. **Key Dates**

5. **Question & Answers**

The new Whitney Museum

The City's Budget Cycle

Each plan updates the City's budget to reflect current project funding needs. There are three major updates during the course of a fiscal year.

September Plan

Preliminary Budget
(January Plan)

Executive Budget
(April Plan)

FY18 begins (July 1st)
Budget Adoption

DCLA's Goals for Funding Capital Upgrades

To enhance the public's experience of cultural life in New York City through projects that:

- Increase public access to cultural programming throughout the City

- Contribute to the vibrancy and diversity of the City's communities

- Preserve and promote the highest quality cultural facilities, programs, and collections

- Maximize the effectiveness of public/private partnerships

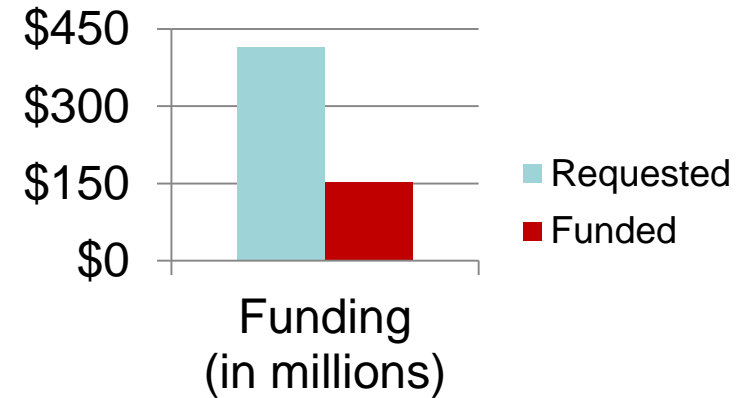# Reality Check #1: Funding is limited

Submitting an accurate and comprehensive request is extremely important to ensure your project receives every consideration.

FY17 Capital Funding
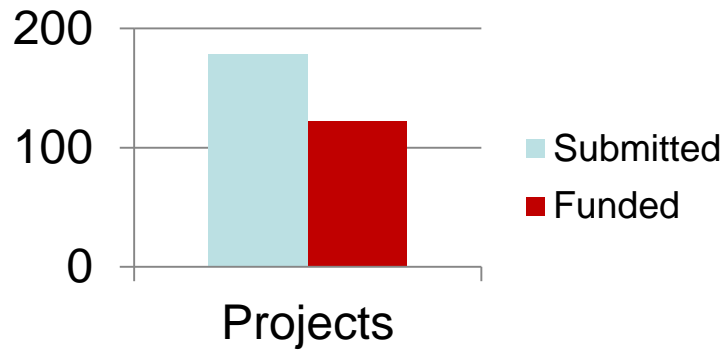
Out of 178 projects submitted
Only 122 were approved
68% of all requested projects

Out of $414 million funding requested
Only $152 million was funded
44% of the total requested funding

Most projects were funded, but most of those projects received less than the requested amounts.

Capital Funding Basics

New York City allocates capital funding to cultural organizations on an annual basis.

Capital appropriations are allocated by the:

1. **Borough Presidents**

2. **City Council**

3. **Mayor / DCLA**

A single project is often funded by a combination of funding sources.

Capital Funding Basics

- Unlike DCLA programmatic funding (CDF) which is an *application* process, the Capital funding process is known as a *request*.

- This means your request is evaluated by DCLA and discussed with the elected officials from whom you request funds.

Photo credit: Annie Leibovitz

If you plan to request capital funds, you should meet with your Borough President and/or Council Member and communicate with a DCLA Capital representative about your project prior to submitting a request.

Capital Funding Basics - Organizations

Baseline requirements for requesting capital funding are:

- Your organization is a <u>not-for-profit</u> with documented tax-exempt status pursuant to Section 501(c)(3) of the Internal Revenue Service Code or able to designate a fiscal conduit with such status.

- Your organization received <u>CDF funding</u> from the Department of Cultural Affairs in one of the past three fiscal years, i.e. <u>in FY2015, FY2016, and/or FY2017</u>

- Your organization guarantees that any capital funding received from the City will **not** <u>be used to advance or support sectarian activity</u>, including (but not limited to) religious worship, instruction or proselytizing.

- Your organization must demonstrate the <u>capacity</u> to take on the capital project for which funding is requested.

Recently Completed Projects

Staten Island Zoo's carousel

Mind-Builders

The new Whitney

Brooklyn Children's Museum

Blackbox Theatre at Downtown Art

Weeksville

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Capital Funding Eligibility

Capital funds are secured by Government Bonds and are restricted for use through the Comptroller's Accounting Directive 10 (AD10 or Directive 10).

- Charges to the capital funds can only be made for projects that provide for a **comprehensive betterment**, defined as:

    - **extensive, [physically] connected, and typically involved in all four trades** (electrical, plumbing, HVAC, and general construction).

A copy of Accounting Directive 10 is accessible at the Comptroller's website:
http://comptroller.nyc.gov/wp-content/uploads/2014/03/Dir10-CapitalProjectsFund.pdf

Frequently Asked Questions & Example Scenarios can be found here:
http://comptroller.nyc.gov/wp-content/uploads/2014/09/FrequentlyAskedQuestionsExample-ScenariosDirective10.pdf

**Do not expect to be reimbursed.
The City cannot pay for work completed prior
to the appropriation.**

Capital Eligibility – Project Types

Based on Directive 10, the types of capital projects eligible for funding are:

Construction/Renovation

- Construction of a new facility

- Expansion of an existing facility

- Significant upgrade or renovation of existing **contiguous space**

- Upgrade or replacement of a building system, e.g. HVAC
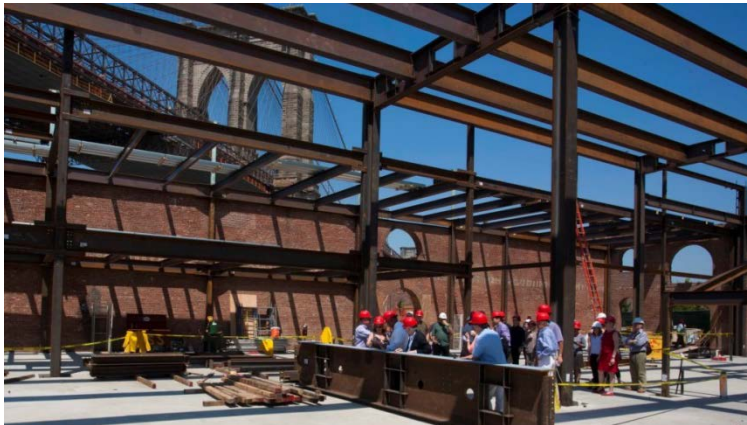
St Ann's Warehouse opened in 2015

Equipment

- Equipment systems (e.g. theatrical lighting) or

- standalone equipment (e.g. a piano or copier)

- Vehicles (10+ person capacity)

DCTV: Shared Media Storage System

Capital Eligibility – Project requirements

To determine if your project is eligible for City capital funding, it needs to meet the following requirements:

Comprehensive
- Creates new asset/systems
- Significant upgrade of an existing asset

City Purpose
- Provides public benefit for improvement's or equipment's useful life

Long-Term Investment
- Equipment = 5 to 15 years
- Construction/Renovation = 10 to 30 years

Capital Eligibility – Financial Requirements

1. **The minimum City contribution to a capital project on non-city owned property must be at least:**

   - $35k for equipment/$250k for non-moveable equipment
   - $500k for construction/renovation (on non-City owned property)

   If your total project cost is less, <u>your project is not eligible for capital funding</u>.

2. **The project must be fully funded before it starts:**

   Any gap between funds available and total project cost must be closed through secure private or non-City sources such as capital campaign, endowment, general fund, state or foundation grants.

3. **For construction/renovation projects, the total project cost must include:**

   - 10% Design and 10% Construction contingencies
   - Interfund Agreement Fee (IFA), an administrative fee of 2-15% that is deducted from your capital funding allocation
   - Escalation to account for cost increases between the moment funds are awarded and actually spent (DCLA rule of thumb: 1% per month)

NOT eligible for Capital Funding

Maintenance
- Repair/Maintenance work, e.g. roof patching
- Painting & carpeting unrelated to capital project
- Extended warranties
- Maintenance agreements & service contracts

Operational
- Employee salaries
- Administrative expenses
- Training

Studies
- Environmental assessments (as a stand-alone item)
- Feasibility studies

Fixtures
- Fixtures or equipment that require attachment to the property are ineligible without a restrictive covenant or security agreement
- Organization-specific signage/donor plaques

Other
- Fundraising, financing, owners rep or legal fees
- Work performed prior to the capital appropriation
- Custom databases

Do not expect the project to follow your preconceived timeline.

Capital Funding Basics - Timelines

In most cases, the City will manage your construction project or will procure the equipment for your organization. Average timelines are:

Construction / Renovation Projects:

	1st Year	Month			
~ 3	12	24	36	48	60

Project Scope Creation — 3 - 9

Project Design — 12-18

Construction Contract Bidding — 9

Construction — 6-48

Project Closeout with Project Evaluation and Summary — 3
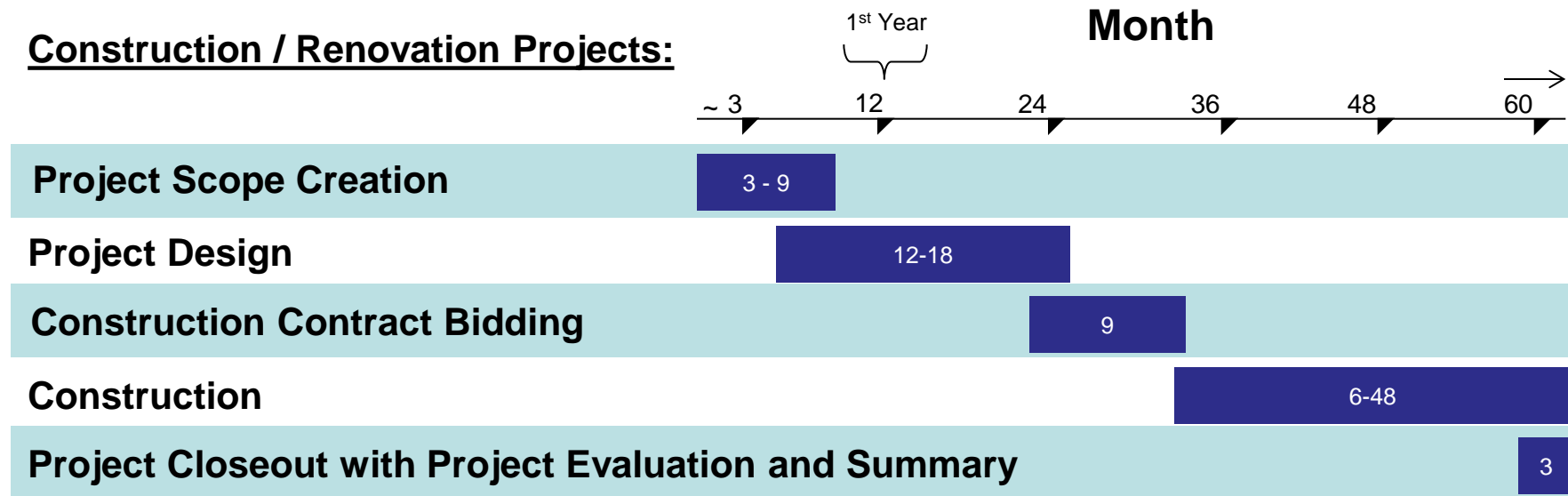
Timeframes depend on the scale, budget and complexity of the project. The timeline shown represents optimal durations without delays, and is based on complete submissions + timely actions

RESTRICTIVE COVENANTS may require additional time to the schedule.

Capital Funding Basics - Timelines

In most cases, the City will manage your construction project or will procure the equipment for your organization. Average timelines are:

Equipment Systems or Standalone Equipment Projects

- 18-26 months from Scope Development to Project Close

Scope Dev	OMB Review	Procurement	Delivery & Payment
4 – 6 mths	2 – 6 mths	6 mths	6 – 8 mths

Vehicle Projects

- 20-26 months from Scope Development to Project Close

Scope Dev	Legal Review	OMB Review	Registration	Delivery & Payment
4 – 6 mths	6 – 8 mths	4 – 6 mths	3 - 4 mths	3 mths

Timeframes depend on the scale, budget and complexity of the project. The timeline shown represents optimal durations without delays, and is based on complete submissions + timely actions

RESTRICTIVE COVENANTS may require additional time to the schedule.

There are administrative processes that need to be followed. Please be responsive and as detailed as possible.

Capital Eligibility – Legal Requirements

There are also legal requirements your organization <u>must</u> agree to:

City Interest

- Property must be either City-owned, or
- **If not City-owned**, a Restrictive Covenant or Security Agreement must be executed.

Restrictive Covenant

- Required when Capital funds are spent towards renovation or new construction project.
- Ensures the City has first rights on the property. If it is owned by a third party (e.g. landlord, bank), the Restrictive Covenant must be agreed to and signed by that third party.

Security Agreement

- Required when capital funds are being used for moveable equipment systems that are not purchased by DCLA directly.
- Establishes the City's legal interest in the equipment and ensures that City-funded equipment is used in furtherance of a public purpose.

Capital Eligibility – Legal Requirements

Use Restriction

- The improved property or purchased equipment must be used consistently with the mission of the organization for the duration of the **useful life*** of the improvement or equipment

Recorded against (real) Property

- Any current and future owners (or lessors) of property are bound by use restriction (during the covenant term)

First Property Lien

- Other liens against property (mortgages, financing, loans, etc.) <u>must</u> be subordinated to the City's interest**

* The useful life of a project is based on its estimated physical life and the NY State Local Finance Law. Under Directive 10, the City may not fund any assets with a useful life that is less than five years. **Your lease term must be equivalent to or longer than the useful life period defined for your project plus design and construction duration.**

** If the property is owned by a third party (e.g. landlord, bank), the lien subordination must be agreed to and signed by that third party.

Capital Eligibility – Local Laws and City Policies

City-funded projects must meet certain Local Laws and City Policies. Here are three that typically apply to cultural capital projects:

Local Law 86: Green Buildings Law

- Sustainable design intended to reduce energy and water consumption
- Applies to capital projects impacting 50% of the facility's total area, with City contribution over $2M or >50% of project costs
- http://www.nyc.gov/html/oec/html/green/ll86_basics.shtml

Local Law 58: Accessibility/ADA

- Mandates that the design and construction of buildings accommodate the accessibility needs of disabled persons, including appropriate routes of movement in the interior and exterior of the building, interior room modifications, and adjustment of facilities
- http://www.nyc.gov/html/mopd/html/laws/local.shtml

Local Law 1: M/WBE

- Sets specific goals for participation of minority or women owned construction and professional service firms in City projects
- http://www.nyc.gov/html/law/html/opportunities/opportunities.shtml

Submitting Your Request

- Download Request

- Complete Request

- Specific Requirements

- Upload Request

The FY18 Capital Request forms are available for download pm DCLA's website:
http://www.nyc.gov/html/dcla/html/funding/capital_funding_request.shtml

Preparing for your Capital Request

- **Clearly define your capital project**. Draft the preliminary scope and gather cost estimates.

- **Prepare a detailed five year organizational operating budget** (for FY17-21), including an impact budget of the capital project on your organization.

- **Talk to your elected officials** (Borough President, City Council, Mayor/DCLA) and present your project to them.

- **Prioritize your projects** if you submit more than one request.

- **Contact a DCLA Capital Project Manager.** We can offer valuable feedback on eligibility and project scopes.

Capital Request Forms – Download Request

- Click on the download button and save the zip file to a convenient location.

- **All Request forms are fillable pdf documents**. To properly enter information, you need the most recent version of Adobe (free download here).

- **Character count in text boxes is limited**. Be as clear and concise as possible in your answers.

- **Mac users only:** Open the forms in Acrobat Reader itself or by a mouse right click and "open with Acrobat Reader". (A double click will open a preview document that does not allow you to enter or save information.)

Capital Request Forms – Complete Request

- The Capital Funding Request asks for detailed information including organization history, project scope, budget, private contributions, operating projections etc. as relevant to your project.

- The download package consists of:

  1. Introduction & Guidelines

  2. Organization Section

  3. Project Section Appendices

Capital Request Forms – Introduction & Guidelines

Please read the Introduction & Guidelines section <u>before</u> completing the request forms as they contain:

- Valuable information on capital eligibility
- A glossary of commonly used City administration terms for capital projects
- Instructions on how to complete the forms
- Sample legal documents (e.g. Restrictive Covenant, License Agreement)

FY18 DCLA CAPITAL FUNDING REQUESTS - INTRODUCTION

Not-for-profit cultural organizations with documented tax-exempt status pursuant to Section 501(c)(3) of the Internal Revenue Code, and operating within the five boroughs of New York City (the "City") may apply for City capital funds to plan, construct or reconstruct a Capital Asset to better provide services to the people of the City. Organizations applying for such City capital funds must provide the detailed information in the Request Form to be considered for such an award.

Please note that City capital funding is awarded with significant restrictions. City capital expenditures are financed by the sale of long term bonds. All City capital appropriations are subject to the City capital budget appropriation process and applicable laws and regulations. Among other requirements, a City-funded capital project must realize a City Purpose and provide for the planning, construction, or reconstruction of a capital asset according to the City Comptroller's Directive 10 ("Accounting Directive 10" or "A.D. 10").

The Request Form consists of two main sections: 1) *Organization Section* (including the Representation Form signed by an authorized representative of the Organization), and 2) *Project Section (Appendices A, C, D)*. These two sections should be organized and labeled in accordance with the instructions throughout the Request Form. Please note that references throughout the Request Form to the "City Fiscal Year 2018" or "City FY 2018" mean the City's fiscal year beginning July 1, 2017, and ending June 30, 2018. <u>Incomplete submissions will not be considered.</u> It is the Organization's responsibility to ensure that its application is complete and submitted successfully.

As a reminder:
- All documents are fillable PDF forms. To enter and save information, documents must be downloaded and opened in the latest version of Adobe Acrobat Reader. The latest version of Adobe Acrobat Reader can be downloaded for free at: https://get.adobe.com/reader/
- All requested amounts should be rounded to the nearest thousand.
- Field boxes have character limits as specified.
- Save and submit original documents only, i.e. fillable PDF, Word, Excel. Scanned

THE CITY OF NEW YORK

GUIDELINES FOR CAPITAL FUNDING REQUESTS FOR NOT-FOR-PROFIT ORGANIZATIONS

FISCAL YEAR 2018

INTRODUCTION

Although the City of New York (the "City") has compelling needs for capital projects that improve upon its own property, the City may, on occasion under certain circumstances, appropriate capital dollars to a not-for-profit organization for a particular capital project serving a defined City purpose, in spite of the fact that the property may not be owned nor leased by the City (a "Project"). In such cases, as required by the New York State Constitution, the Project must be operated such that it will continue to serve a City purpose for its entire useful life (which corresponds to the period that the bonds issued by the City to finance the Project remain outstanding). Projects may involve real property (such as acquisition, construction or reconstruction or land/buildings and fixtures) or Moveable Property (such as equipment or furniture that is not attached or minimally attached to real property). Please note that these Guidelines apply, and the Request Form (as defined below) would need to be submitted, for projects that (i) are on property that is not owned or leased by the City or (ii) are owned by the City but are leased to a not-for-profit seeking to enter into a funding agreement or other contract with the City to receive funds to improve the property (in which case, approval from the City agency that acts as landlord is required and all improvements must comply with the terms of the City lease).

Capital Request Forms – Organization Section

THE CITY OF NEW YORK

CAPITAL FUNDING REQUEST FORM
FOR NOT-FOR-PROFIT CULTURAL ORGANIZATIONS

FUNDING REQUESTED FOR CITY FY 2018
(FISCAL YEAR BEGINNING JULY 1, 2017
AND ENDING JUNE 30, 2018)

NAME OF ORGANIZATION

'DOING BUSINESS AS' NAME OF ORGANIZATION

	Amount Requested (Round to the Nearest $1,000)
Borough President -	$,000.00
City Council -	$,000.00
Department of Cultural Affairs	$,000.00
Total Amount Request in City FY 2018[1]	$ 0,000.00

The Requested AMOUNT is ADDITIVE AND SHOULD NOT EXCEED THE TOTAL PROJECT(S) COST. For example: if you are requesting funds for a lobby renovation and a piano purchase, that together total $600,000, then the itemized requests for each funding source, should total $600,000. - Individual projects will be addressed in the appendices.

Organization Section:
Provides background information on your organization

Amount Requested:
Please list the total amount of funding you are requesting for **all** projects

Only <u>one</u> Organization Section is required, even if you submit multiple projects

30

Capital Request Forms – Supporting Documents

DCLA requires the following ATTACHMENTS to be submitted:

Organizational Chart
A diagram of your organization's leadership and management structure, including the key positions in the organization and the **names** of personnel who currently hold those positions. Please pay particular attention to those roles that affect the capital project.

Board of Directors
A current list of all board members and their professional affiliations.

Strategic Plan and/or Business Plan
A narrative explaining how the capital project fits into your organization's long term strategy, and, if applicable, capital plan. The Strategic Plan should highlight goals and the strategies to achieve them, both in terms of programming and budgeting. Key figures, such as increased attendance or programming, should be explained.

Five-Year Operating Plan & Budget
Complements the strategic plan with detailed hard numbers for Fiscal Years 17-21. File format should be an Excel (or export thereof). Financial information (actual and projected) such as an operating budget must be included. Budget notes should explain the capital project's impact on your operational budget (e.g. increased expenses and/or utilities, lower rental income etc.). If applicable, explain the operational deficit and how your organization will be balancing it.

Capital Request Forms – Legal Requirements

The Mayor's Office of Contract Services (MOCS) is the City's compliance and oversight agency for procurement and requires the following be submitted as Attachments:

Doing Business Accountability Project (DBAP)

Enables the City to collect accurate, up-to-date identification information about organizations that have business dealings with the City. Local Law 34 limits municipal campaign contributions from principal officers, owners, and senior managers of these organizations. The form must be completed, regardless of whether the people associated with it make or intend to make campaign contributions.

Certificate of No Conflict of Interest

The organization affirms, to the best of its knowledge, that no City Elected Official, nor any person associated with any City Elected Official, is an employee, Director or Trustee, Officer or consultant to/of, or has any financial interest, direct or indirect, in the organization, or has received or will receive any financial benefit, directly or indirectly, from the organization or from this funding.

City Council Lobbying Certification

If requesting City Council capital funds. This certification must be completed and signed by the Chief Executive Officer (or equivalent) of the Organization.

**If you have any questions or concerns about these three forms,
Please visit MOCS website: www1.nyc.gov/site/mocs/resources/forms.page**

Only <u>one</u> Organization Section is required, even if you submit multiple projects.

Capital Request Forms – Project Appendices

If you are requesting capital funds for multiple construction/renovation projects and/or multiple equipment systems, you are required to prepare separate Appendices (Appendix A, C and/or D).

- We strongly suggest <u>prioritizing your requests</u> as funding will be extremely limited.

- We strongly suggest you <u>consider phasing larger projects</u> so that you can begin a discrete scope even if you do not receive the full amount of your request.

- <u>Each project should be a separate Appendix</u>, e.g. two equipment systems (piano and lighting system) should be two Appendix C documents.

- The online submission database allows for organizations to submit multiple appendices.

Submitting a funding request does not guarantee a capital allocation in whole or in part.

Multiple projects do <u>not</u> increase chances in receiving funding.

Capital Request Forms – Supporting Documents

DCLA requires the following ATTACHMENTS be submitted in the Project Section for <u>each</u> project:

Appendix A – Construction or Renovation Project:

Scope of Work & Project Cost Estimate

Impact Budget

Current Certificate of Occupancy

If applicable: Proof of site control throughout useful life

Appendix C – Equipment Project

Moveable Property List

Impact Budget

Lease (Term must be at least 7 years from time of funding)

Appendix D – Vehicle Project

Vehicle List

Vehicle Specifications

Impact Budget

Capital Request Forms – Submit Request

Applications are submitted through the Office of Management and Budget's (OMB) CapGrants site.

- Each year, you <u>must</u> register as a new user and set up a new organization.

- Make sure to share the user name and password with anyone working on the request.

- The CapGrants website allows for multiple users to work on the same submission. You can save your work and return to the request any time.

Capital Request Forms – Upload Details

Organization	Submission of Org Documents	Request Category	Created By	Add Users	Message(s)	Submissions for this Org
Register New Organization & Attach Org Documents						

Create New Capital Request

Organization and Project Title	Submission ID	Request Category	Request Type	Submission Status	Message(s)	Created By

- Complete the new organization section before creating a new capital request.

- All attachments must be uploaded before you can move to the next step.

Please ensure all your documents are complete and correct before uploading your submission.

Capital Request Forms – Upload Details

- Each section has required documentation.

- You will not be able to submit until all required attachments are uploaded.

- Attachments should be uploaded in the original electronic file format; Word, Excel, etc.

- You can SUBMIT the organization section and each capital project only once.

- Once all required and completed documents are attached to your submission, you may submit your request to the City's secure server.

Please ensure all your documents are complete and correct before uploading your submission.

Capital Request Forms – Submit Request

Each successful project submission will receive a <u>Submission Code</u>

Submission Confirmation

Your submission with respect to your capital funding request has been received.

Your Submission ID = **123456789-G3135** for **Ambulance Purchase**.

Please make a note of the Submission ID as you will need it to reference your application. You will also get an email with the Submission ID.

For technical assistance only, email capitalrequests@omb.nyc.gov.

Click here to return to the User Dashboard where you can fill out another Capital Grant Application

How-to videos are at: http://www.nyc.gov/html/capgrants/howto.html

Please ensure all your documents are complete and correct before uploading your submission.

Reality Check #**6**: Don't wait until the last minute

We recommend allowing extra time to submit your request due to the expected high volume of submissions on the deadline dates.

Capital Request – Key Dates

Request Form   **Live December 14, 2016**
Available for upload (Forms available; CapGrants accepting submissions)

Borough President (BP)   **February 14, 2017, 5pm***
Submission deadline for all requests that include BP Funding (i.e. BP funds **only**
or BP **and** DCLA/CC)

If your request is to all three sources, the deadline is February 14, 2017.

City Council (CC) & DCLA   **March 24, 2017, 5pm***
Submission deadline for CC and/or DCLA (Mayoral) funds

*5pm deadline: There will be no technical support after this time.
  You will not have the opportunity to submit your request after the deadline.

* Please check with your Borough President or City Council member to determine whether
  they have supplemental applications or earlier deadlines.

**We recommend allowing extra time to submit your request due to
the expected high volume of submissions on the deadline dates.**

Useful Links

DCLA - for downloading the Capital Funding Request Package and additional information

OMB's CapGrants - for submitting your FY18 Capital Funding Request

Find your organization's Community Board / Block & Lot / Council Member:

- In **GOAT**, the Geographic Online Address Translator, by NYC Planning:

- http://a030-goat.nyc.gov/goat/Default.aspx

- In **ACRIS**, the Automated City Register Information System by NYC's Department of Finance: https://acrisweb.csc.nycnet/cp/

Borough President's offices: Bronx – Brooklyn – Manhattan – Queens – Staten Island

City Council: http://council.nyc.gov

The Speaker's office: SpeakerScheduling@council.nyc.gov

We're here to help

Questions? Talk to us!

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