

5123:1-1-01      **Distribution of state construction assistance funds for community adult facilities and early childhood and family centers.**

(A) Community capital assistance program planning

- (1) The community capital assistance program provides funds for county boards of ~~mental retardation and~~ developmental disabilities (hereinafter referred to as "county boards") and nonprofit corporations for the purchase, renovation, and construction of facilities. The Ohio department of ~~mental retardation and~~ developmental disabilities (hereinafter referred to as "department") shall set priorities for the use of community capital assistance based upon the needs of the county boards.
- (2) The county boards or nonprofit corporations supported by the county board shall submit letters of intent to the department in August of each odd numbered year regarding construction or purchase/renovation needed in the next six years. Letters of intent shall detail the following:
  - (a) A description of the proposed project that includes information regarding the type of construction or purchase/renovation;
  - (b) The estimated construction or purchase/renovation costs;
  - (c) The impact on the local service delivery system; and
  - (d) A statement indicating the availability of local matching funds.

(B) Application

- (1) The department shall develop priorities and program guidelines based upon the needs of the counties and notify agencies that meet the priorities to submit an application for funds.
- (2) The department shall review and rank applications based upon following:
  - (a) Submission of a complete and accurate application;
  - (b) Projects that are programmatically acceptable;
  - (c) Impact on the local service delivery system; and

(d) Availability of local matching funds.

(C) Definitions

As used throughout this rule, the following definitions shall apply:

- (1) "Applicant" means any of the following who submit an application to the department for state construction assistance funds:
  - (a) A board of county commissioners;
  - (b) A county board of ~~mental retardation and~~ developmental disabilities; or
  - (c) A nonprofit corporation specifically chartered to provide a ~~mental retardation or~~ developmental disability service when such a service fulfills a public purpose as provided by section 154.20 of the Revised Code- and that is exempt from federal income taxation under section 501(c)(3) of the "Internal Revenue Code."
- (2) "Construction" means the construction of new buildings or renovation of existing buildings provided by section 154.01 of the Revised Code, except that renovation shall not include work that consists primarily of maintenance repairs and replacement due to normal use, wear and tear, or deterioration.
- (3) "Controlling board" means the board established by section 127.11 of the Revised Code.
- (4) "Director" means the ~~chief executive officer~~ director of the Ohio department of ~~mental retardation and~~ developmental disabilities or his or her designee.
- (5) "Project" means capital facilities as defined in section 154.01 of the Revised Code.
- (6) "Renovation" means work done to a building to restore it to an acceptable condition and to make it functional for the purpose(s) set forth in an application, including architectural and structural changes and the modernization of mechanical and electrical systems. Renovation does not include work that consists primarily of maintenance repairs and replacement due to normal use, wear and tear, or deterioration.

(D) Awarding of funds

- (1) County boards and nonprofit corporations shall be awarded funding based upon rank order established by the department once the appropriation is available. The director shall inform the applicant in writing of approval or disapproval of a project. If a project is approved, the letter shall indicate the amount of state funding approved, subject to favorable fund release action by the controlling board.
- (2) The applicant shall enter into an agreement with the department that assures the completion of the project in accordance with standards set forth by the department and other applicable federal, state, and local statutes. The agreement shall also assure operation of the facility in accordance with the agreement. The applicant agrees to use and maintain the project for the length of the agreement for the purposes stated in the application unless otherwise agreed to in writing by the department. If the project is not used for said purpose, the applicant shall pay to the department on a pro rata basis any state funds reimbursed to the applicant, or shall permit the department to operate or transfer the operation of the project, including the assignment of any contracts or other interests, to another approved organization for the balance of the agreement. The terms of the agreement shall expire as of the earlier of:
  - (a) Fifteen years from the date of the agreement; or
  - (b) The date when all capital bonds, any of the proceeds of which were expended for project costs, are no longer outstanding.
- (3) The department shall participate at a percentage level of the total project cost based upon a funding formula developed by the department.
- (4) The department, as a part of a construction or purchase and renovation project and contingent upon the availability of department funds, may consider and include in the development of the participation schedule the value of property purchased by an applicant and may use such value as part or all of the applicant's share of approved project costs under the following provisions:
  - (a) The director shall have final discretion to:
    - (i) Approve the use of the value of property and/or buildings thereon which are owned by an applicant as part or all of the local participation share in a project;
    - (ii) Determine the part or percentage of a building and/or property which may be used as local participation share; and

- (iii) Determine that the property and/or buildings thereon are suitable for the intended purpose both programmatically and economically.
  - (b) The property value to be used in the participation schedule for projects involving property owned by the applicant for less than one year shall be based on the purchase price or the appraised value, whichever is less. For projects involving property owned by the applicant for one year or more, the value to be used shall be based on the appraised value. The appraised value shall be determined by an appraisal made by an accredited appraiser. The appraisal shall be based on the fair market value of the property as determined by the appraisal. The appraisal fee shall be considered as an element or project cost eligible for state participation. Two appraisals are required if the value exceeds one hundred thousand dollars, and the appraisals must be descriptive narratives.
- (5) The applicant ~~must~~ shall verify that sufficient funds will be available to meet its share of project cost from project initiation through project completion.
- (6) The applicant has one year from the date of controlling board approval to begin the construction/renovation of the project. The director has the discretion to withdraw funds at anytime if the project is not proceeding in a timely manner.
- (E) Standards of construction, design criteria, site criteria, and reimbursement
- (1) The department shall ~~reimburse~~ pay the applicant for approved costs for an amount up to but not exceeding the maximum state share of project cost stated in the approved application. No additional funds will be approved over the maximum state share of project cost once the funds are released from the controlling board.
  - (2) The applicant shall hold the department harmless for any liability resulting from liens issued against the project by any contractors, subcontractors, ~~materialmen~~ material suppliers, or laborers.
  - (3) The applicant shall obtain the services of registered architects or engineers to perform any design work required for the project. The applicant agrees that if design fees for the project equal or exceed twenty-five thousand dollars, any architectural or engineering services shall meet the requirements of sections 153.65 to 153.70 of the Revised Code. The applicant shall provide and maintain competent and adequate architectural or engineering supervision and

observation at the construction site. On the basis of on-site observations as an architect, the architect shall keep the applicant informed of the progress and quality of the work, and shall endeavor to guard the applicant against defects and deficiencies in the work.

- (4) No funds for the project shall be used by the applicant for renovation, rehabilitation, or construction unless the mechanics, laborers, or workers are paid the prevailing wage rates as described in section 4115.04 of the Revised Code.
- (5) The applicant shall agree ~~that he shall~~ to solicit or cause to be solicited through a public solicitation or an invitation for bids, bids in accordance with federal, state, and local laws.
- (6) The applicant shall agree to complete a life cycle cost analysis when required by Chapter 123:4-1 of the Administrative Code.
- (7) The applicant shall agree to provide and maintain insurance or self-insurance against general liability for accidents or injuries that may occur on the premises of the project. The applicant shall also ensure that the facility design and construction conforms to all applicable building codes, standards, zoning, and licensing requirements.
- (8) The agreement between the department and the applicant shall include the following terms:
  - (a) That all contractors agree to comply with all applicable federal, state, and local ~~lays~~ laws in the conduct of the work hereunder. The contractors shall accept full responsibility for payment of all unemployment compensation, insurance premiums, ~~an~~ income tax deductions, social security deductions, and any and all other taxes or payroll deductions required for all employees engaged by contractors in the performance of the work authorized by this ~~contract~~ agreement.
  - (b) That the project is located upon, or will be located upon, real estate which the applicant owns in fee simple or in which it has a leasehold interest; the terms of lease are subject to the department's approval. The applicant further covenants that the premises are, and shall remain for the term of the ~~participation~~ agreement, free and clear of all liens, encumbrances, restrictions, and conditions, which prevent or interfere with the use of the project facilities, except such as may be imposed by zoning ordinances and regulations.

- (c) That requirements for approval of title on capital projects as approved by the office of the attorney general ~~must~~ shall include a current title insurance policy (no more than sixty days old) or current attorney opinion of title, a map outlining the project site, and a deed.
- (d) That if leased property is being used, the following is required:
- (i) The term of the lease shall be at least fifteen years.
  - (ii) The department shall have an opportunity to absolutely cure any default to avoid the reversion of the property to the lessor, and the department may at its option assume operation of the facility or ~~may~~ may transfer or assign the leasehold interest and the operation of the program in the facility, upon approval of the lessor, which approval shall not be unreasonably withheld, to a nonprofit corporation or other agency to provide substantially similar services in the facility for the remainder of the lease term.
  - (iii) The lease ~~must~~ shall state the exact location of the space being leased, if only a portion of the property is being leased.
  - (iv) Documentation ~~must~~ shall be submitted establishing who owns the underlying land ~~and/or~~ or building ~~copy deed from the county recorder's office~~. If the ~~county board~~ applicant is subleasing part of a building ~~from someone~~, a copy of the prime lease with a certification that the copy is a true copy as well as the document that gives the lessor permission to sublet the property must be provided.
  - (v) Proof ~~must~~ shall be submitted to the department that all leasehold ~~interest of three years or longer is~~ interests are recorded in the county recorder's office.
- (e) That a certified copy of a resolution with a secretary's certificate that the persons who signed the lease or sublease were authorized to do so must be provided.
- (f) That the lease provision is consistent with the series II lease agreements and attachment A of the agreement and clearly stated that the property is to be leased for a minimum of fifteen years.

- (g) That if a nonprofit corporation supported by the local county board submits an application to request community capital assistance funds, the nonprofit corporation ~~must~~ shall submit with the application, in addition to all other documents required by this rule, a copy of its articles of incorporation, code of regulations (bylaws or constitution), and a current list of all trustees, officers, and members.
- (i) The articles of incorporation must contain the following provisions in addition to those otherwise required by law:
- (a) A specific statement of purpose that the corporation will provide ~~services compatible with the plans and priorities of the department~~ a developmental disability service;
  - (b) A provision that upon dissolution of the corporation, if such dissolution occurs within the length of the participation agreement, the department or its successor shall be a party to any judicial proceeding or dissolution agreement and that the department or its successor may be distributee under such order or agreement to the extent of its participation and to the extent provided by ~~law~~ law or the ~~participation~~ agreement which originally set forth disbursement of funds to the corporation; and
  - (c) A nondiscrimination provision stating that services will neither be rendered nor denied on the basis of race, color, ~~handicap~~, religion, national origin, disability, age, or unless programmatically justifiable, ~~sex~~;
  - ~~(d) A provision stating that the corporation will not discriminate or otherwise decide any matter regarding employment, appointment or election to the board of trustees or as an officer, or to be a member of the corporation, on the basis of race, color, handicap, national origin, ancestry, religion, or sex; and~~
  - ~~(e) A provision which will place the corporation in a tax-exempt status pursuant to federal internal revenue service statutes and regulations, section 501 of the Internal Revenue Code, as amended.~~
- (ii) The code of regulations or bylaws, as applicable, shall contain the following provisions in addition to those specifically provided by

law:

- (a) A provision limiting the number and length of term of office for trustees and officers and prohibiting an employee or officer of the corporation from being a trustee;
  - (b) A provision stating that the board of trustees shall include representatives of the geographic community to be served;
  - (c) A provision that no persons related by ~~consanguinity~~ blood or marriage (to a degree of first cousin) shall constitute a majority of the board of trustees; and
  - (d) ~~A provision to require the abstention of a trustee in a vote on a matter affecting persons employed or to be employed by the corporation and related to the trustee by consanguinity or marriage. A conflict of interest provision to require disclosure of any conflict of interest, including requiring the abstention of a trustee in a vote on a matter affecting persons employed or to be employed by the corporation and related to the trustee by blood or marriage, and procedures for the resolution of conflicts.~~
- (9) The department may participate in the cost or value of real property to be used for ~~mental retardation and~~ developmental disability facilities. Such property may include land only or land with existing buildings thereon which is to be purchased.
- (a) All real property proposed as a project site shall be evaluated by the department as applicable to cost adaptability for renovation, programmatic suitability, economic suitability, and ability or potential to meet applicable building and fire codes, licensure, and department or other governmental requirements. The department shall evaluate and approve or disapprove all proposed project sites. Approval or disapproval of all project sites shall also be based on consideration, without limitation thereto, of the following criteria:
    - (i) Location, including sociological and demographic considerations of area and access to site;
    - (ii) Program needs;

- (iii) Cost of property, including comparison of similar property in the area;
- (iv) Size, including needs for future expansion;
- (v) Zoning, transportation, and utilities, including gas, electric, water, and sewerage;
- (vi) Configuration, topography, and the economical feasibility of development of property; and suitability for construction; and
- (vii) Environmental assessment that includes, but is not limited to, asbestos, ~~PVC's~~ polyvinyl chlorides, and chemical contaminants that may be present on the site.

(b) Property value determination

- (i) The value of real property proposed for a project shall be based on a descriptive narrative appraisal made by a qualified appraiser. The appraised value shall be based on the fair market value of the property as determined by the appraisal and approved by the ~~bureau of real estate, department of administrative services~~ department.
- (ii) Department participation in real property shall be based on the purchase price or approved appraised value, whichever is the lesser.

(c) Existing buildings

- (i) In addition to all other provisions of this rule, for projects involving the purchase or purchase and renovation of existing buildings, the department shall determine the maximum approved renovation/acquisition cost excluding land. This maximum approved renovation/acquisition cost plus land cost shall be the basis upon which maximum state participation is calculated.
- (ii) To reflect the fact that older buildings generally are less suitable than newer buildings, the maximum approved project cost shall in all cases be less than one hundred per cent of the cost of new construction. This percentage shall be eighty-five per cent less

one per cent for each year of age of the existing building. For buildings which have had additions, the age shall be the weighted average age of the various portions of the building. For existing buildings fifteen years old or older, the maximum percentage shall be seventy per cent.

(10) Payment schedule

- (a) "Approved project costs" ~~mean~~ means total costs of capital facilities as defined in section 154.01 of the Revised Code, and includes, without limitation thereto, site acquisition, design and project administration fees paid to an outside consultant, construction costs, costs of permits and inspections, bid advertising, ~~reproduction~~ construction document printing costs, and equipping the proposed facility to accommodate the approved program. The applicant must obtain written approval from the department on costs other than those items listed in this paragraph.
- (b) Once the project has been bid and the contractors have been awarded their contracts, the applicant shall notify the department of the contract amount and also certify that the construction contractor(s) selected was the lowest best bid. An initial award installment that equals fifteen per cent of the total project costs shall be forwarded to the applicant at that point. Additional installments shall be made to the applicant in accordance with project completion levels as follows:

Percentage of construction completion	Amount of payment	Total paid
.0%	15%	15%
12.5%	10%	25%
25.0%	10%	35%
37.5%	10%	45%
50.0%	10%	55%
62.5%	10%	65%
75.0%	10%	75%
87.5%	10%	85%
100.0%	10%	95%
After receipt of close-out documents	5%	

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100%	100%

- (c) The schedule in paragraph (E)(10)(b) of this rule may be adjusted if written justification is provided by the applicant.
- (d) The applicant shall keep records of all receipts and expenditures for a project in a separate account which shall be available for inspection or audit by the department. The applicant shall submit paid receipts to the department when requesting the next installment. The department, after appropriate audit or required documentation is received and a determination is made of the percentage level of project completion, shall promptly take necessary action to forward the next installment.
- (e) The department reserves the right to withhold an installment for any project.
- (11) The final submission of receipts for payment shall include a letter from the contractor(s) certifying that the work has been completed in accordance with the approved application, the drawings and specifications, and contract documents; that prevailing wages have been paid during the project; and that affidavits of release of liens from all prime contractors on the project have been obtained. The applicant shall certify that it or its agent has inspected the work and that it complies with the approved application, the drawings and specifications, and all other contract documents.
- (12) All contracts awarded by the applicant for the project shall contain provisions by which:
- (a) The contractor agrees that in the hiring of employees for the performance of work under ~~this the~~ contract or any ~~subcontractor subcontract~~, no contractor, subcontractor, or any person acting on his or her behalf shall by reason of race, creed, sex, ~~handicap~~ disability or military status as defined in section 4112.01 of the Revised Code, or color, discriminate against any citizen of the state of Ohio in the employment of labor or workers who are qualified and available to perform the work to which the employment relates.
- (b) The contractor agrees that no contractor, subcontractor, nor any person acting on his or her behalf shall in any manner discriminate against or intimidate any ~~employees~~ employee hired for the performance of work under ~~this the~~ contract on account of race, creed, sex, ~~handicap~~

disability or military status as defined in section 4112.01 of the Revised Code, or color.

- (13) The applicant shall ensure that the contractor(s) provide for an affirmative action program for the employment and effective utilization of disadvantaged persons whose ~~disadvantages~~ disadvantage may arise from cultural, racial, or ethnic background, or other similar cause, including ~~without limitation, race, religion, sex, handicap, national origin, or ancestry~~ but not limited to, race, religion, sex, disability or military status as defined in section 4112.01 of the Revised Code, national origin, or ancestry.
- (14) In awarding contracts for the project, the applicant shall ensure that equal consideration is given to contractors, subcontractors, or joint venturers who qualify as a minority business enterprise as defined in section 122.71 of the Revised Code.
- (15) The applicant shall keep all financial records in a manner consistent with generally accepted accounting procedures. Documentation to support each action shall be filed in a manner allowing it to be readily located. Such documentation shall be maintained by the applicant until bond debt is retired.
- (16) The department reserves the right to audit.

Effective: 02/14/2011

R.C. 119.032 review dates: 11/30/2010 and 02/14/2016

CERTIFIED ELECTRONICALLY

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Certification

02/04/2011

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Date

Promulgated Under: 119.03  
Statutory Authority: 5123.04, 5123.351, 5123.36  
Rule Amplifies: 5123.04, 5123.351, 5123.36  
Prior Effective Dates: 01/01/1977, 08/11/1980, 09/30/1983, 10/31/1985,  
09/13/1987, 05/06/1993, 06/25/1993 (Emer.),  
09/02/1993, 08/03/1995