

Developmental Disabilities Resource Board

Capital Funding

Policy Origination: January 11, 2001

Revision Effective: July 1, 2010

Capital items are defined as items that are to be requested for reimbursement one-time. Requests are limited to the actual/direct cost of the item and cannot include allocation of indirect or administrative costs. Expenses incurred prior to DDRB approval will not be funded. Capital items are classified into one of the following 3 categories:

1. Program Support:

Items must cost at least \$500 and be for direct use of individuals with developmental disabilities or necessary to maintain a direct service program. Items must be necessary to achieve the targeted outcomes of the program.

DDRB Grants: up to 80% of actual item purchase cost. Up to \$100,000

Examples: -therapy equipment -furnishings
 -machinery -renovations necessary for program
 -computer/software direct use for individuals with developmental disabilities

2. Administration:

Items requested must cost at least \$500 and must improve the overall efficiency or effectiveness of the organization *as it relates to the program targets*.

DDRB Grants: up to 50% of the actual item purchase cost. Up to \$100,000

Examples: -management training -vehicle match
 -cost containment consultation

3. Equity Investment:

The DDRB offers an Equity Investment Program for the purchase of land, new construction or building renovation. The DDRB investment maximum is \$250,000 or 25% of the project cost, whichever is less, and must be secured with a Bank Letter of Credit (an instrument issued by a bank to an agency by which the bank substitutes its own credit for that of the agency), with the DDRB as beneficiary.

The DDRB will annually establish priorities and funds available for equity investment requests. Agencies must submit a letter of intent to request DDRB Equity Investment funds. The letter of intent must include a description of the investment, a statement of need, fit with the agency/program targets and the DDRB strategic plan, total cost, other funding partners and projected DDRB funds needed. The DDRB Finance Committee will review the letters of intent. If priorities are met and funds are available they will recommend a hearing with the full board.

A hearing will be held at a regularly scheduled Board meeting. Two weeks prior to the hearing, the agency must submit a business plan with 3-5 year financial projections (income and expenses) for operations and other relevant information not originally included in the letter of intent. (DDRB approval of equity investment funding does not guarantee DDRB operational funding in future years.)

Upon Board approval, the DDRB would designate funds for the project, pending bank approval of a Letter of Credit. Upon bank issuance of the Letter of Credit, the DDRB will release the designated funds, secured by the Letter of Credit. Conditions of the equity investment and for drawing under the Letter of Credit will include specific project targets for the investment. The DDRB can ONLY draw upon the Letter of Credit if the agency fails to perform stated criteria related to the project. Upon completion of the project targets, the Letter of Credit shall be released. Project targets will be time specific and may include, but not be limited to, construction milestones, capacity goals, and numbers of individuals served.

As a condition of the investment, the agency shall grant to the DDRB, by a contract secured by a Deed Restriction or Deed of Trust, the following rights in the real estate and improvements that are the subject of the investment:

- (1) Upon the cessation of use of the property for purposes to benefit St. Charles County citizens with developmental disabilities, the DDRB shall have the option to purchase the property at fair market value reduced by the amount of the investment, plus the Fair Market Value Adjustment*, or the agency will pay to the DDRB the sum of the amount of the investment, plus the Fair Market Value Adjustment*.
- (2) If the agency elects to sell the premises, the DDRB shall have the right of first refusal to purchase the property for the same sale price as any contract to buy the premises from a third party, reduced by the amount of the investment, plus the Fair Market Value Adjustment*, or the agency will pay to the DDRB the sum of the amount of the investment, plus the Fair Market Value Adjustment*.

- (3) If the agency elects to return the DDRB's investment, the DDRB shall have the option to purchase the property at fair market value reduced by the amount of the investment, plus the Fair market Value Adjustment*, or the agency will pay to the DDRB the sum of the amount of the investment, plus the Fair Market Value Adjustment*.

*Fair Market Value Adjustment for purposes of this section shall be defined as the principle amount of the investment multiplied by a percentage proportionate to the increase or decrease in the fair market value of the real estate and improvements from the date of the investment until a triggering event, including cessation of its use for the benefit of St. Charles County citizens with developmental disabilities, a sale of the property, or the election of the agency to return the investment to the DDRB. The percentage shall be calculated as the quotient where the numerator is the difference between the fair market value at the time of investment and the fair market value at the time of the triggering event, and the denominator is the fair market value at the time of investment. The adjustment is then determined by multiplying the principle amount of the investment by the change in fair market value percentage. Fair market value at the time of the investment for purposes of this calculation shall be stipulated in the contract at the time of the investment. A Missouri-certified appraiser, agreed upon by the parties, shall determine the fair market value at the time of the triggering event. If the parties cannot agree upon an appraiser, they shall each select one appraiser, and then the two appraisers shall select a third appraiser whose appraisal shall determine the fair market value.

Guidelines:

Approval of expenditures for capital items is dependent upon availability of funds and fit with the DDRB strategic plan and Board designated priorities for the funding cycle. These funds are available to any agency providing supports to St. Charles County residents with developmental disabilities. Agencies are encouraged to explore other funding sources prior to making a request to the DDRB. The Agency match may include items/services donated when the value is established and documented. Discounted rates do not qualify toward the matching percentage. For equipment that will be shared with customers who live outside of the St. Charles County area or shared with individuals without disabilities, the DDRB will adjust the base cost of the expenditure to reflect the percentage of St. Charles County citizens with developmental disabilities who will be supported. For program items, funding will not exceed 80% of the adjusted cost. For administrative items, funding will not exceed 50% of the adjusted cost. For equity Investments, funding will not exceed \$250,000 or 25% of the adjusted cost, whichever is less.

Shifting Funds

1. Agencies may shift funds within a category (program, administration) and within the original intent of the application, informing the Program Manager.
2. Shifting of funds between categories will require DDRB Board approval.
3. Shifting funds outside the original intent of the application will only be considered for emergency requests and will require DDRB Board approval.
4. Any change in equity investment will require DDRB Board approval.

Timelines

Capital funding applications will only be open for consideration during the annual application process. Exceptions may be made by the DDRB in cases of emergencies. (See policy on Emergencies)

How to Make Formal Request

As part of the Annual Application in the Program Narrative, the agency will describe the general capital needs for each Program for the fiscal year. Describe how the capital needs will meet the intended targets for each program.

Requests to the Board should describe how the capital funding supports the program that provides a controlled work environment, or is designed toward enabling an eligible person to progress toward normal living, or to develop his or her capacity, performance, or relationships with other persons, or provide services related to a place of residence or social centers for eligible persons, or is connected or associated with vocational training, vocational teaching, vocational activities, vocational workshops, and/or residential facilities.

General capital needs for Administration should describe how the capital needs relate to the targets for programs and described in the program narrative. A Board Resolution for a not-to-exceed amount must also be included. For new projects, agencies may be requested to complete a business/marketing plan as part of the request.

Agencies not currently funded by the Board are required to schedule an appointment with the DDRB Program Manager to review the request, prior to formal and final submission of the request. In addition, agencies are required to have on file with the DDRB the agency's Corporate Information.

Board Ownership

If the AGENCY ceases to be funded by the DDRB or ceases to provide programs and services for St. Charles County citizens with developmental disabilities, all capital equipment, materials and buildings purchased with DDRB funds shall be returned to the DDRB in compliance with the Capital Funding Policy or unless so otherwise approved by a majority vote of the DDRB. In addition, if the agency no longer uses capital equipment, materials, and buildings purchased with DDRB funds for its original intent, the agency will need DDRB approval to re-direct its use.

If an agency chooses not to contract annually with the DDRB all capital equipment purchased with DDRB funds will be reviewed for remaining useful life. If the remaining useful life of the equipment will continue to be used to serve individuals with developmental disabilities it will remain with the agency otherwise it is to be returned to the DDRB.

Bid Requirements

An item or purchase exceeding \$5,000 requires at least three written bids be obtained by the agency. Copies of bids must be kept until the next DDRB financial review of the agency.

Payment

Reimbursement for items \$10,000 and over is calculated as a percentage of the actual vendor invoice (per category guidelines) or up to the amount approved by the DDRB. DDRB can pay our portion directly to the vendor prior to Agency payment once the capital item(s) has been received.

Reimbursement for items \$9,999 and under is calculated as a percentage of the paid invoice or cancelled check (per category guidelines) or up to the amount approved by the DDRB.

Invoicing/Reporting Timelines and Fiscal Year End Deadlines:

Outlined in the current fiscal year Contract and Funding Policies.

**Developmental Disabilities Resource Board
FY11 Capital Funding Request**

Agency Name _____

Classification	Total Cost	DDRB %	Max 80%	DDRB \$ Requested
Program				
				-
				-
				-
				-
				-
				-
				-
				-
				-
				-
Administration			Max 50%	
				-
				-
				-
				-
				-
Accreditation			100%	
				-
Equity Investment			Max 80%	
				-
TOTAL	\$0			\$0

Instructions:

Classification: applicable program or agency as a whole

Total Cost: total dollars for capital items in this program

DDRB %: % of usage by DDRB consumer/program

Max %: % of cost the DDRB is to fund (NOTE MAXIMUMS in each category)

DDRB \$ Requested: multiply total cost by DDRB %