

CAPITAL FUNDING SEMINAR FY17



www.nyc.gov/culture

WHY WE ARE HERE

1. **Funding Basics**
2. **Capital Eligibility**
3. **FY17 Request Process**
4. **Key Dates**
5. **Question & Answers**



The new Whitney Museum

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



Staten Island Museum



St. Ann's Warehouse



Carnegie Hall

DCLA Fun Fact #1: Funding is limited



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

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**

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.

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

Recently Completed Capital Projects



Mind-Builders



Staten Island Zoo's carousel



Brooklyn Children's Museum



BBG's Discovery Garden



IATI Theater rehearsal space



Weeksville Heritage Center

DCLA fun fact #2: Pitching your project helps



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 not-for-profit 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 institutional or programmatic support from the Department of Cultural Affairs in one of the past three fiscal years, i.e. in FY2016, FY2015, and/or FY2014.
- Your organization guarantees that any capital funding received from the City will not be used to advance or support sectarian activity, including (but not limited to) religious worship, instruction or proselytizing.
- Your organization must demonstrate the capacity to take on the capital project for which funding is requested.

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

- Scope Development (3-9 months)
- Design (6-18 months depending on complexity)
- Procurement (3-9 months)
- Construction (9 months-4 years depending on scale)

Equipment Systems or Standalone Equipment Projects

- 18-24 months from Scope Development to Project Close

Vehicle Projects

- 18-24 months from Scope Development to Project Close

Scope Dvpt

Design

Procurement

Construction

DCLA Fun Fact #3: A City-funded project takes time



Do not expect the project to follow your preconceived timeline.

Capital Funding Basics

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 so-called **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>

DCLA Fun Fact #4: City funding is not a blank check



***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



Equipment

- Equipment systems (e.g. theatrical lighting) or
- standalone equipment (e.g. a piano or copier)
- Vehicles (10+ person capacity)



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

Minimum City Contribution

- Equipment = at least \$35,000
- Non-moveable equipment: at least \$250,000
- Construction/Renovation = at least \$500,000*

*for non-City owned property

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

Capital Eligibility - Financial requirements

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

- \$35k for equipment/\$250k for non-moveable equipment
- \$500k for construction/renovation

If your total project cost is less, your project is not eligible for capital funding.

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)

Again: A City-funded project takes time



There are and will be 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 **must** 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 DCA 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 cont.

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.) must 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 \$10M 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>

Preparing for your Capital Request

- [Read Directive 10](#) and familiarize yourself with the eligibility requirements.
- Clearly **define your capital project**. If possible, gather cost estimates.
- **Talk to your elected officials** (Borough President, City Council) and present your project to them
- If you plan to submit more than one project, clearly state your **priorities**.
- **Contact your DCLA Project Manager**. We can offer valuable feedback on eligibility, funding requirements, project scopes and budgets.



Fun Fact #5: Don't wait until the last minute



Capital Request Forms - Download

The FY17 Capital Request forms are available for download on DCLA's website:
http://www.nyc.gov/html/dcla/html/funding/capital_funding_request.shtml

- **As in FY16, all forms are fillable pdf documents.** To properly enter information, you need Adobe Acrobat Reader 2007 or more recent ([free download here](#)).
- Attachments have no file restrictions and may include WORD, EXCEL, PDF, Powerpoint or any other type.
- **Mac users only:** Open the forms in the 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.)
- **Character count in text boxes is limited.** Be as concise as possible in your answers.
- For funding amounts, make sure to **round to the nearest thousand**.

Capital Request Forms - Overview

The Capital Funding Request is asking for detailed information including organization history, project scope, budget, private contributions, operating projections etc. as relevant to your project. It consists of:

1.Introduction & Guidelines

2.Organization Section - Provides background information on your organization

3.Project Section – Provides detailed project information, you submit either

- Construction or Renovation (**Appendix A**)
- Moveable Property – Equipment System(s) (**Appendix C**) or
- Vehicle(s) (**Appendix D**)

4.Attachments – Provides additional information and documentation

- Cultural Data Project (CDP) Capital Report via Pew Charitable Trusts
- Demonstration and terms of site control
- Organization and Appendix Attachments, as required

Request forms - Introduction & Guidelines

Please read the Introduction & Guidelines section before 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)

FY17 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 2017" or "City FY 2017" mean the City's fiscal year beginning July 1, 2016, and ending June 30, 2017. **Incomplete submissions will not be considered.** 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 and must be downloaded and opened in the latest version of Adobe Acrobat Reader to be able to enter and save information properly into the form. 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. Scanned documents will not be accepted for review.

THE CITY OF NEW YORK

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

FISCAL YEAR 2017

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 of 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).

Appropriations and distributions of funding for Projects are made only after an applicant organization demonstrates the capacity to comply fully with all legal requirements in connection with such funding including, but not limited to, the restriction on the use of the Project to a City

Request Form - Organization Section

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 signed by the Chief Executive Officer (or equivalent) of the Organization.

If you have any questions or concerns about these three forms, please call MOCS on 212 788 0010.

Only one Organization Section is required, even if you submit multiple projects.

Request Form - Organization Section cont.

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 hard numbers for Fiscal Years 15-19. 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.

Fun Fact #6: In FY16, chances of getting funded were ..



\$165 million was funded ***out of \$376 million*** in capital funding requested;
Or, ***44%*** of the total requested funding

124 projects were funded ***out of 163 requested projects***;
Or, ***76%*** of all requested projects

(Note: That means the majority of projects were funded at less than the total request)

Request Form - Project Section

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

- We strongly suggest prioritizing your requests as funding will be extremely limited.
- We strongly suggest you consider phasing larger projects so that you can begin a discrete scope even if you do not receive the full amount of your request.
- Each project should be a separate Appendix, e.g. two equipment systems (audiovisual and lighting systems) 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 not increase chances in receiving funding.

Request Form – Project Section cont.

DCLA requires the following ATTACHMENTS to be submitted in the Project Section for each project additional to Appendix A, C or D:

Appendix A – Construction or Renovation Project:

Scope of Work & Project Cost Estimate

Operating Budget Impact

Current Certificate of Occupancy

If applicable: Proof of site control, e.g. lease documentation

Appendix C – Equipment Project

Moveable Property List

Operating Budget Impact

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

Appendix D – Vehicle Project

Vehicle List

Vehicle Specifications

Operating Budget Impact

Request Form Upload - Process

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

- You are required to [register at CapGrants](#) regardless of whether you registered in previous fiscal years.
- You should use the organization-specific NYC ID user name that is assigned when you register for your submission .
- The CapGrants website allows for multiple users to work on the same submission.
- You can ATTACH various files to your submission as you finish each document. You can UPLOAD your application only once.
- Once all required and completed documents are attached to your submission, you may upload your request to the City's secure server.

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

Request Form Upload - Submission

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

- Successful submissions will receive a Submission Code
- DO NOT wait until the last day to complete and upload your request
- DO NOT submit duplicate information in lieu of required attachments
- DO NOT submit a scan from a printed pdf.
- DO submit the completed pdf form(s) in its original format.

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

KEY DATES

Request Form

Since December 21, 2015

Available for download/upload (=Forms available/CapGrants accepting submissions)

Borough President (BP)

February 12, 2016, 5pm*

Submission deadline for all BP Funding Requests, i.e. BP funds **only** or BP and DCLA/CC

If your request is to all three sources, the deadline is February 12, 2016.

City Council (CC) & DCLA

March 25, 2016, 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.

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 FY17 Capital Funding Request](#)

NYC Comptroller – for [Accounting Directive 10 and related documents](#)

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/html/members/members.shtml>

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

• DCLA Fun Fact #7: We care for your projects

Questions? Talk to us!



Andrew Burmeister
Assistant Commissioner
(212) 513-9333
aburmeister@culture.nyc.gov

Maj-Britt Jungjohann
Associate Director
(212) 513-9330
mjungjohann@culture.nyc.gov

Victor Metoyer
Deputy Director
(212) 513-9332
vmetoyer@culture.nyc.gov

Sei Young Kim
Capital Equipment Manager
(212) 513-9314
skim@culture.nyc.gov

David Loewy
Capital Budget Analyst
(212) 513-9335
dloewy@culture.nyc.gov

Angela Blocker
Director of Capital Projects
(212) 513-9337
ablocker@culture.nyc.gov

David Bryant
Capital Project Manager
(212) 513-9334
dbryant@culture.nyc.gov

Carolyn Sarkis
Capital Project Manager
(212) 513-9360
csarkis@culture.nyc.gov