Congratulations!

BHCIP Round 3: Launch Ready
Conditional Award Kick-off

WEBINAR POLICIES & QUESTIONS

Please submit all questions related to the today's content via the Q&A. We will respond to as many as possible at the end of the presentation.

If your question is not answered today, please submit it here and we will be happy to respond.

We have dropped our webinar policies and chat policy into the chat box for you now. Please keep these in mind during the webinar.

This webinar is being recorded and will be posted on the BHCIP webpage.

COMMUNITY CARE
EXPANSION PROGRAM

PRESENTERS

Patrick Gauthier (AHP)

Co-Director, AHP Center for Technical Assistance, Training, and Consulting (CTTAC)

Marlies Perez (DHCS)

Chief, Community Services Division

Brian Jones (AHP)

Senior Manager of Real Estate Acquisitions and Development

Advocates for Human Potential, Inc.

Consulting and research firm with over 35 years experience improving health and human services systems.

Administrative entity for BHCIP:
- Provides technical assistance (TA) with our real estate and community development financial institution partner, Capital Impact Partners.
- Provides system, program development, workforce and resource development and dissemination.
- Provides pre-application consultations and technical assistance (TA) to BHCIP applicants, as well as training and TA throughout the life of the projects.

Presentation Agenda

01 Congratulations from Marlies Perez

02 Conditional Award Process

03 Sponsor's Responsibilities

04 Key Players and Next Steps

Conditional Award Process

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CONGRATULATIONS!

From Marlies Perez

Conditional Award Process – Sponsor's Responsibilities

1) Confirm project details in confirmation survey

      - Emailed June 24, 2022

      - Due **July 8, 2022**

2) Attend conditional award webinar series:

      - Prevailing Wages

      - Funding and Draw Process

      - Construction Management

      - Contracting and Scope of Work

3) Complete one-on-one project review with AHP

4) Confirm match amounts

Conditional Award Process – Sponsor's Responsibilities

5) Confirm prevailing wages in project budget: Certification #1 in survey

6) Confirm no conflicts with lending institutions or landlords

7) Confirm post-award compliance

      a) Contract & Agreements

      b) Prevailing Wage Compliance

      c) DIR compliance

      d) Performance deed of trust

      e) Service use restriction of 20-30 years

Conditional Award - Confirmation Survey

- Survey <u>sent on 6/24/22</u> to all Round 3 BHCIP conditional awardees.

- Survey must be <u>returned to AHP by</u> **7/8/22.**

- Scope of Work <u>may not</u> be expanded.

- Please <u>confirm the accuracy of your budget</u> information and all grant funding line items.

- Please include accurate estimates for <u>project-specific</u> **<u>builder's risk insurance and general liability.</u>**

- Budgets need to be adjusted to <u>exclude</u> grant funding for <u>marketing and furniture</u>.

- Confirm you have included <u>prevailing wages</u> in your construction labor costs.

- <u>Execute Certification #1</u>, confirmation of prevailing wages, in your budget.

- <u>All budget changes</u> must be <u>justified in narrative form</u> within the budget revision template.
  - - Please see the instructions on the revised budget template, attached to the survey.

Example Budget Narrative Line-Item Revisions

NARRATIVE OF BUDGET CHANGES				
#	Line-Item Description/Name	Original Budget Amount	Revised Budget Amount	Justification of Revision
1	26 / MEP Engineer	$50,000	$37,000	Cheaper design method through design-build firm; this cost has been reduced
2	109 / Builder's Risk Insurance	$0	$220,000	This cost was not included in the original budget
3	58/ Hard Costs	$73,000	$129,000	Failed to include prevailing wages in original figure; now adjusted
4	65 / Signage	$4,000	$0	Originally included marketing costs; this figure has been removed

In this example from the Narrative of Budget Changes tab, the revision is clearly noted with a simple and direct explanation of the change, with the relevant line item referenced, along with the original and revised values.

1. Kickoff : Sponsor's Responsibilities
   a) Post-award process compliance
   b) DIR compliance
   c) Performance deed of trust
      compliance
   d) Development team management

2. Prevailing Wages
   a) DIR required compliance
   b) General contractor compliance

3. Construction Management
   a) Development team
   b) Cost and scope

4. Funding and Draw Requests
   a) QuickDraw fund control
   b) Draw requests on 30-day cycle

5. Funding Contract and SOW

Sponsor's Responsibilities

1

Project sponsors are responsible <u>for complying with AHP's post-award process</u> and managing their facility design-build with best practices and guidelines set forth by AHP and DHCS.

2

Prevailing wage compliance, per DIR (Dept of Industrial Relations). <u>www.dir.ca.gov</u>. Project owner must register project now. General contractor must be registered with DIR in order to bid on your job. GC must register at start of construction.

3

Performance Deed of Trust shall be recorded against the property immediately following the recordation of the deed restriction service agreement, like a bank loan, that requires 100% completion of your project and 20–30-year service, or else there will be significant **consequences including reversion of your property to the state and required repayment of grant funds.**

Prevailing Wage Compliance

DIR (Department of Industrial Relations)

www.dir.ca.gov

1) Project sponsor <u>must</u> register project now.

2) General Contractor <u>must</u> be signed up with DIR **to bid on your job**.

3) GC <u>must</u> register at start of construction. Plans and specs must specify the project is subject to compliance and monitoring and enforcement of DIR and is subject to the skilled and trained workforce.

4) GC <u>must</u> comply with DIR requirements or project may be shut down and fines levied against project owner and GC.

Performance Deed of Trust

- Just like a construction loan. Project sponsor has responsibility to complete 100% of the project **before December 31, 2026.**

- Project sponsor must successfully manage **budget**, **scope,** and **schedule.**

- Sponsors who fall behind schedule or exceed their budgets will be issued a "**Notice to Cure**."

- If the project is not cured within stated timeline, project owner may be in **"default"** and remedies may be taken by AHP or DHCS.

Sponsors are responsible for delivering 100% complete projects

01 Project sponsors are responsible for managing and leading the process of delivering a fully functional and operational facility **before December 31, 2026.**

02 Sponsors are responsible for **following the "post award process"** as defined by AHP and state guidelines.

03 Sponsors are responsible for **managing costs, scope, and schedules.**

04 Sponsors are responsible for **sourcing, negotiating with, and hiring their development teams.**

05 Sponsors are responsible for **paying their design-build team from their single-purpose individual development bank account (IDBA) on 30-day cycle with monthly draw requests.**

06 Sponsors are responsible for complying with **CA Labor Code and prevailing wage requirements.**

Sponsors are responsible for delivering 100% complete projects

07 **Sponsors are responsible for following the draw request process for funding.**

08 Sponsors are responsible for **hiring a General Contractor** who is **"bondable," licensed, insured, and registered** with the DIR (Department of Industrial Relations—www.dir.ca.gov).

09 **Sponsors are responsible for paying for project cost overruns.**

10 Sponsors are responsible for **avoiding "waste, fraud, and abuse" of funds.**

11 **Sponsors will face consequences if they are noncompliant or in default on their responsibilities.**

12 **The State of California can take back property under the performance deed of trust and can require you to pay back grant monies for default.**

Sponsor's Responsibilities: Deliver the project on budget before 12/31/2026

- Project sponsors are **responsible for successfully managing their** project.

- **Start today:** search for a qualified, licensed, bondable, **DIR-registered general contractor**

- The general contractor and development team should stay **vigilant to keep scope and budget in line** with grant funding.

- **Construction must be completed by December 31, 2026.**

- Do **not exceed** the grant budget.

- Project sponsors are **responsible for cost overruns.**

- Talk with general contractors about a **"design-build methodology"** that will allow the general contractor to control costs, scope and schedule.

Capital Impact Partners

Candace Robinson, Director of Healthy Communities

www.capitalimpact.org

As a Community Development Financial Institution, our mission is to break down the barriers that communities experiencing historical disinvestment and systemic racism find between themselves and their goals. Knowing the barriers these issues create, Capital Impact continually focuses on integrating equity more deeply within our strategy, as well as the very framework of our organization.

Quickdraw Fund Control

www.quickdrawfundcontrol.com

Construction fund control is a process where a third party verifies the construction budget, draw documentation, and work progress to help lenders and project sponsors accurately manage the construction loan draw process.

Process: Following construction industry standards, QuickDraw Fund Control will receive monthly draw requests from project sponsors for work completed and invoices submitted every 30-days thru a secure web-based portal. Project sponsors are required to submit complete and accurate draw request to QDFC in order to received monthly funds from AHP with which sponsors are required to pay their development team in a timely manner.

Tobi Nieland, CEO

Ongoing TA ("Technical Assistance")

01

Multiple points of **support, education, training and technical assistance,** but your development team and your real estate attorney are your first line of reference, action and solutions

02

A strong development team should be able to navigate all the requirements and processes of the development.

03

AHP will provide initial "conditional-award consultation" to review the specifics of your project's needs and requirements and will be available for ongoing TA for the post- award process.

04

PowerPoint presentations, handouts, and instructional videos:
- Funding process
- Draw requests
- Prevailing wage requirements
- Design-build methodologies
- Construction management
- Certification of milestones

Questions and Answers

Have a question for the team? Submit it here. Questions will be compiled into an FAQ and made available to grantees as they navigate the post-award process.

Submit a Question / Request Assistance