



# **Department of Commerce**

## **2017-2019 Early Learning Facilities Eligible Organizations Program Grant Guidelines**

**June 2018**



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## 2017-2019 Early Learning Facilities

### Eligible Organizations Program Grant Guidelines

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Welcome to our 2017-2019 Early Learning Facilities Grant Program.

#### PROGRAM BACKGROUND AND PURPOSE

The Early Learning Facilities program supports Washington's commitment of developing additional high quality early learning opportunities for low-income children. The goal of this program is to enable Early Childhood Education Assistance Program (ECEAP) contractors and childcare providers to expand, remodel, purchase, or construct early learning facilities and classrooms necessary to support state-funded early learning opportunities for low-income children.

Commerce's Early Learning Facilities Grant program consists of four parts:

- Direct appropriations from the legislature
- A loan program operated by a Community Development Financial Institution (CDFI)
- A competitive grant program
- A K-12 school program
  - This is for any project that is located at a school district site

Commerce has developed these guidelines to help you understand our program - the application, the scoring process, contracting and invoicing/payment. **These guidelines only apply to the competitive grant program for eligible organizations.** Guidelines for direct appropriations, the CDFI loan program, and the K-12 school program will be provided separately.

Engrossed Second Substitute House Bill 1777, Chapter 12, Laws of 2017, 65<sup>th</sup> Legislature, 2017 Third Special Session, and Engrossed Substitute Senate Bill 6095, Section 1005, as passed by the 65<sup>th</sup> Legislature, 2018 Regular Session. [Here](#) is the link to the first legislation. And [here](#) is the link to the second legislation.

Commerce has \$15,500,000 for an early learning facility grant and loan program.

The appropriation includes:

- \$10,996,000 for competitive grants and loans
- \$4,504,000 for direct appropriation awarded grants



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## PROGRAM ELIGIBILITY

The Early Learning Facilities program is open to the eligible organizations below as defined in [RCW 43.31.575](#).

- Early Childhood Education and Assistance Program (ECEAP) provider
- Working Connections Child Care (WCCC) providers who are eligible to receive state subsidies
  - This also includes family home providers and centers not currently participating in WCCC, but intend to do so
  - Early learning providers or centers that currently or intend to receive childcare subsidy payments under WCCC must be licensed, certified or contracted
- Licensed early learning centers not currently participating in ECEAP, but intend to do so
  - This also includes family home providers in addition to centers, not currently participating in ECEAP, but intend do so
  - Early learning providers or centers that currently or intend to receive childcare subsidy payments under WCCC must be licensed, certified or contracted
- Developers of housing and community facilities
- Community and technical colleges
- Educational Service Districts
- Local governments
- Federally recognized tribes in the state
- Religiously affiliated entities.

All applicants applying for Commerce grants must be or intend to be an active participant in good standing with the [Early Achievers program](#). In addition, applicants must have a Washington State business license to provide early learning services.

The program's legislation describes in more detail eligible organizations and criteria for receiving Commerce's capital funds. Please review [RCW 43.31.565](#) through [RCW 43.31.583](#).

## GRANT CATEGORIES AND AMOUNTS

The Commerce 2017 – 2019 Early Learning Facilities program has four competitive grants available for Eligible Organizations:

- Facilities pre-design - maximum grant amount is \$10,000  
These grants allow applicants to secure professional services to assess the feasibility of developing an early learning project; receive technical assistance to design and develop projects for construction funding.



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- Minor renovation or repair of existing early learning facilities – maximum grant amount is \$100,000

These grants allow applicants to do minor renovations or repairs to existing early learning facilities. Examples of minor renovations or repairs include rehabbing an unused space for classroom purposes, creating an additional bathroom, new windows, new HVAC equipment, painting, or new kitchen or playground equipment.

- Purchasing facilities – maximum grant amount is \$800,000

These grants allow applicants to purchase buildings, but **not** land only.

**Note:** The cost of **land only** can be used towards match and total project costs but these grant funds cannot be used to pay for the cost of land only.

- New Construction or Major Renovation – maximum grant amount is \$800,000

These grants allow applicants to do either new construction or major renovation of existing facilities. Examples of major renovation include new electrical, plumbing or earthquake work or constructing new classrooms or play areas.

Applicants may only apply for one grant per early learning facility project. If your project received a direct appropriation in the 2017-2019 state capital budget and/or the 2018 state capital supplemental budget, you may still apply for a competitive grant, but **not** for the **same project** that received direct appropriation in either budget.

**Note:** Commerce reserves the right to modify grant request amounts based on application demand levels. Additionally, final awards may take into account fair and equitable geographical distribution and the applicant's access to other sources of funds necessary to complete the project.

## Eligible Project Costs

Commerce's capital budget funds may generally be used to pay for the following construction-related expenses below, incurred by the grantee as far back as July 1, 2017:

- Real property (buildings only), and costs directly associated with such purchase, when purchased or acquired solely for the purposes of the project;
- Planning for the feasibility of the early learning project;
- Technical assistance to design and develop projects for construction funding;
- Design, engineering, architectural, and planning;
- Construction management and observation (from external sources only);
- Construction costs including, but not limited to, the following:
  - Site preparation and improvements;
  - Permits and fees;
  - Labor and materials;
  - Taxes on Project goods and services;
  - Capitalized equipment (such as kitchen and playground)



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- Information technology infrastructure (cables and wiring); and
- Landscaping

## **Ineligible Project Costs**

All of our grants are intended to fund bricks and mortar. This is why the following costs below are not eligible for reimbursement and cannot be used to match state funds:

- Internal administrative costs, in-house labor, or activities
- Computers or office equipment (Furnishings and equipment are considered eligible costs as long as the average useful life of the item purchased is 13 years or more)
- Rolling stock (such as vehicles)
- Lease payments for rental of equipment or facilities
- Any maintenance or operating costs or the moving of equipment, furniture, etc., between facilities
- Land Only

**Note:** The cost of **land only** can be used towards match and total project costs, but these grant funds cannot be used to pay for the cost of land only.

## **Matching Funds**

It is the intent of the Early Learning Facilities legislation that state funds be matched by private or local government funding and that an effort be made to maximize the amount of non-state resources leveraged.

Commerce has the following program **GOAL for all other eligible organizations:**

- Commerce early learning facilities grants are to constitute 75 percent or less of the total project cost (leverage ratio of 1:3 – for every \$1 the applicant provides, Commerce will provide \$3)

**Note:** Applicants applying for a facility pre-design grant (\$10,000 maximum grant amount) are not required to provide matching funds.

We encourage applicants to maximize the amount of non-state funds in their project. Applicants providing more than 25 percent of the total project costs will receive additional scoring points.

State funds for construction, purchase or renovation of early learning facilities may be given only after private or public match funds are committed. Non-state matching funds may consist of the following:

- Cash on hand
- Documented pledge commitments
- The value of land acquired for the project

**Note:** The value of land used must be supported by a current appraisal performed by a certified professional appraiser or a county assessment



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- Buildings

**Note:** The value of a building acquired must be supported by a current appraisal performed by a certified professional appraiser or a county assessment.

- In-kind donations can be used towards an applicant's match requirement as long as their value can be properly assessed and documented. These include the following:
  - Labor (except when donated by an applicant's paid staff)
  - Materials
  - Equipment

**Note:** Commerce treats in-kind professional and nonprofessional labor differently. Professional labor is calculated at the rate a volunteer would normally charge for his or her services (this must be documented with invoices). Nonprofessional labor is calculated at \$15 per hour. This can be documented with a memo itemizing the type of work done and the number of hours worked by your volunteers. Commerce reserves the right to make the final determination regarding the acceptability of in-kind contributions and their estimated value.

The following sources of funds cannot be used as match:

- Any funds that originated as an appropriation from the Legislature are considered state funds. State funds cannot match other state funds.

## FUNDING AVAILABILITY AND TIMING

Commerce uses a competitive process to distribute grants. We will be holding only one round of competition for the 2017-2019 funds. There is \$5,666,120 available.

All applications must be submitted through ZoomGrants, an online system.

- Applications will be **open** on June 15, 2018.
- The applications **deadline** is August 15, 2018 at 5:00 p.m.

The online application may be accessed on June 15 through a link on the Commerce 2017 - 2019 Early Learning Facilities Grant program website found [here](#).

## Scoring

All Commerce early learning facilities grants are awarded through a competitive process.

Applications will be scored on the following criteria below. In your application responses please be as thorough as possible. Do not assume the person reading and scoring the application knows anything about your project(s).



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- Projects that maximize resources available from the state with funding from other public and private organizations, including the use of state lands or facilities.
- Projects that provide more access to children eligible for ECEAP and WCCC as a ratio of the children eligible to participate.
- Projects that benefit low income and other at-risk children.
- Projects that add ECEAP or WCCC slots in low-income neighborhoods.
- Projects that add ECEAP or WCCC slots in rural locations with eligible, unserved children.
- Project readiness.
- Projects that support cultural responsiveness.
- Projects that include new or renovated kitchen facilities equipped to support the use of from scratch, modified scratch (i.e. – store bought pasta and homemade sauce) or other cooking methods that enhance overall student nutrition.
- Projects that are mixed use. Mixed use is defined as a combination of commercial and residential development.

Your application will also be evaluated (but not scored) on the following criteria:

- Geographic disbursement of projects relative to statewide need.
- Projects that add or intend to add additional ECEAP or WCCC slots in areas with the highest unmet need

## **CONTRACTING SPECIFICS**

All Grantees are required to have a signed executed contract with Commerce for their project. Generally, contracts can take up to three weeks to execute once all required information is provided to Commerce. It can take longer if a Grantee wishes to request any change to state-approved contract language. Any contract language change must be reviewed and agreed upon by the assistant attorney general for Commerce.

Grantees receiving awards from the 2017-2019 state capital budget have until June 30, 2019 to expend these funds. Washington operates under a biennial (two-year) budget and each appropriation in the 2017 - 2019 Capital Budget, must, by law, lapse at the close of the biennium (June 30, 2019). Since projects may take more than two years to complete, Commerce will request a reappropriation of any unspent funds as of that date. However, we cannot guarantee that the Legislature will agree to extend funding, nor can we legally obligate funds from one biennium to the next.





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## **Governor Executive Order 05-05 (Archaeology and Cultural Resources Review)**

Some projects may need to be reviewed for archaeological and cultural resources. This is required of projects not undergoing a federal Section 106 review under the National Historic Preservation Act if the project:

- acquires property,
- disturbs ground, and/or
- involves structures more than 50 years old.

If your project falls into any of these categories, please contact the [Washington Department of Archeology and Historic Preservation](#).

If your project has already begun or is finished and falls under the 05-05 criteria, your project will still be required to follow Executive Order 05-05 requirements as part of the application process.

## **Deed of Trust and Title Insurance**

Projects performed by **for-profit businesses and nonprofit organizations** for construction, acquisition and renovation that are \$500,000 or more in state funds must provide property title insurance and list Commerce on a recorded deed of trust or leasehold deed of trust and a promissory note. All projects must provide certification of liability insurance for the project. The deed of trust or leasehold deed of trust must be recorded before reimbursement begins. Commerce will provide you with more detailed information on these requirements.

## **Binding Agreements with Contractors**

All grant awards are contingent on Grantees reaching binding agreements with their contractors.

## **Prevailing Wages**

As a result of a court ruling, construction projects (including landscaping) that receive any of our grants are required to pay state prevailing wages beginning January 19, 2018. Acquisition-only projects are exempt from state prevailing wage law ([RCW 39.12](#)). Note that these projects must result in a usable facility.

If your project receives any federal funds then you are required to pay whichever wage class rate is higher, either the Davis–Bacon Act federal wage scale or state prevailing wage requirements.

If you need technical information about prevailing wages, please contact Jim Christensen at the state Department of Labor and Industries. He can be reached at 360.902.5330 or [chrj235@Lni.wa.gov](mailto:chrj235@Lni.wa.gov)

## **Public Works Statutes**

All projects awarded to public entities (i.e. cities, counties, public hospitals, special purpose districts, etc.) must comply with public works statutes (RCW 39.80 and 39.04 that cover ordinary



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public works contracting). Apprenticeships are required on all construction costs over \$1 million.

## **Minority/Women Business Enterprises (M/WBE)**

Commerce does not require that a percentage of the project work be given to small businesses or M/WBE companies. However, if your local jurisdiction has such laws they must be followed.

Commerce does require you to submit a "Diverse Spend" form that enumerates subcontractors and sub-subcontractors and if they are M/WBE. Commerce will provide you with this form when you receive your contract.

## **Lead Based Paint Requirements - Washington Administrative Code (WAC 365-3230)**

If a project includes remodeling, repairing, or painting a residential property, or child occupied facility built before 1978, the project must employ a Certified Lead Renovation Firm, who must assign an Individual Certified Lead Renovator to lead the activities.

Option 1: The Grantee needs to ensure that they hire someone fully certified with Firm, and Individual Certifications (ask to see the contractor's certifications).

Option 2: The Grantee can have their own Certified Lead Renovation Firm, and Individual Certified Lead Renovator assigned to lead their project. (Reasonable cost of approx. \$275 complete).

Questions? Contact: The Lead-Based Paint Program at Department of Commerce, [lbinfo@commerce.wa.gov](mailto:lbinfo@commerce.wa.gov) or call: 360.586.5323

## **LEED – Leadership in Energy and Environmental Design**

The 2005 Washington State Legislature passed a law that may require our grant recipients to comply with what has been termed "high performance" or "green" building standards ([RCW 39.35D](#)).

The legislation's goal is for major capital facilities projects receiving state dollars to be built to the LEED silver standard where "practicable." LEED (which stands for Leadership in Energy and Environmental Design) is a certification program run by the U.S. Green Building Council.

These building principles offer the most savings when incorporated early in the design process. That is why ***we strong encourage you to talk with your architect as soon as possible.***

The first issue you may wish to explore is whether your project is required to meet the LEED silver standard. The law offers two types of exemptions.

### **Exemption 1: Facility types**

The following types of facility are exempt:

- Acquisition only, does not include construction or renovation



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- New construction less than 5,000 gross square feet of occupied or conditioned space as defined by the State Energy Code
- Renovation projects whose costs are less than 50 percent of the facility's assess value and are less than 5,000 gross square feet of occupied or conditioned space
- Facilities such as hospitals; research facilities primarily used for laboratory experimentation, research, or training in research methods; or similar building types.

## **Exemption 2: "Not practicable"**

Renovation projects that involve a new addition to an existing building may not be required for LEED Certification. We are not permitted to offer this exemption because of cost or timing-related issues.

## **Pre-application exemption requests**

You don't need to wait until you turn in a grant application to find out if your project will be exempted. Please contact us and we quickly assess your project.

## **Site Control and Use of Facility Requirements**

Grantees receiving grants of **less than \$200,000** for construction, purchase or renovation of facilities must provide written evidence of site control for a **minimum of 10 years** after final grant payment, either through outright ownership of the subject property or a long-term lease. Grant recipients must commit to using the facility for the purposes of providing ECEAP/or WCCC for a minimum of 10 years.

Grantees receiving grants of **\$200,000 or more** for construction, purchase or renovation of facilities must provide written evidence of site control for a **minimum of 20 years** after final grant payment, either through outright ownership of the subject property or a long-term lease. Grant recipients must commit to using the facility for the purposes of providing ECEAP/or WCCC for a minimum of 20 years.

## **Contract Amendments**

If the project's scope of work changes (due to unforeseen circumstances) an amendment to the Grantees' contract with Commerce is required.

## **Costs, Invoicing and Payment**

Funds are available once a contract is executed. Funds are available on a reimbursement basis only, and cannot be advanced under **any** circumstances. Reimbursement costs are those the grantee has already incurred and paid.

If the funds are used to purchase real property, please contact us.

We may reimburse Grantee costs (included in the applicant's scope of work) incurred prior to the date a contract is executed, back to July 1, 2017. Project costs incurred after July 1, 2017 can be reimbursed with appropriate backup once a fully executed contract is in place.



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Grantees may draw down funds as frequently as once a month. If the Grantee prefers, they may be paid quarterly, or at the end of the project. Requests for reimbursement must be submitted on an A-19 form supplied by Commerce. An individual authorized by the grantee organization must sign each A-19 submitted. Copies of invoices and proof of payments that clearly document the expenses claimed must accompany all requests for payment.

You may submit your A-19 form and the back-up information electronically. Only one contracted project can be submitted on an A-19.

Funds are electronically transferred using a **Statewide Vendor Account (SWV)** number you provide to us. If you need to set up a SWV account number, please review the Department of Enterprise Services [State Vendor Registration Instructions](#) to learn how to create an account. This process may take a couple of weeks, so please make sure you have this information available for us in time for the application.

To review an excellent FAQ regarding the SWV program go [here](#).

After the contract is executed, you will receive instructions on how to submit a reimbursement request. Incomplete or improperly prepared submissions may result in payment delays.

Grantees are responsible for maintaining clear and accurate project records, and making them accessible to Commerce and the State Auditor. Site visits during construction and after completion may be scheduled.

## **Photos**

We want to see photographic evidence of you project at 0%, 50% and 100% completion.

## **Rescinding Awards**

The grant you receive may be rescinded under the following conditions:

- If the project's scope of work changes significantly and does not match the information stated in the application
- If the Grantee does not have funding to complete the project
- If the Grantee cannot demonstrate sufficient operating funding for the project



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## PROGRAM CONTACT INFORMATION

**Mail/Street Address:**

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**Web:** <http://www.commerce.wa.gov/building-infrastructure/capital-facilities/early-learning-program/>

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