



Review and Approval Draft CIRM Interim Grant Administration Policy for Facilities And Equipment Grants (RFA 07-01)

Preface

The California Institute for Regenerative Medicine (CIRM) intends to issue grant applications that address facilities needs that are relevant to research activities promoted by CIRM. The initial facilities grant proposal is contained in RFA 07-01: CIRM Shared Research Laboratory Grant Program and Stem Cell Techniques Course. At its December 2006 meeting, the CIRM's Independent Citizen's Oversight Committee (ICOC) adopted the "Interim CIRM Administration Policy for Academic and Non-Profit Institutions" (referred to hereafter as the CIRM Grants Administrative Policy or GAP). These policies generally apply to science and medical research grant funding of program costs, and do not specifically address facilities costs. Thus, this update of the GAP provides guidance and conditions that apply to grants involving construction, renovations and/or equipment proposed in a CIRM facilities grant.

The GAP and all appendices adopted by the ICOC in December 2006 are hereby adopted to apply to facilities grants. Where the guidelines or policy expressed herein may conflict with the December 2006 GAP, these policies (FGAP) will govern facilities grants. THE GAP will continue to govern science and medical research grants and training grants. CIRM intends to resolve any such conflicts in future amendments to this document. Therefore, any suggested changes to these policies to resolve or further clarify the application of these policies may be directed to CIRM at CIRM.CA.GOV.

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VII. POLICIES FOR FACILITIES GRANTS

A. General Policies applicable to Facilities Grants Under Proposition 71

1. Authority to award grants and loans for buildings, building leases and capital equipment.

Proposition 71 authorizes CIRM to make both grants and loans for buildings, building leases, and capital equipment (“facilities,” as defined in the facilities addendum to the Glossary). Health & Saf. Code, § 125290.65(b)((1). This Chapter addresses the provisions of law and administrative procedures that will govern the administration of facilities grants. Provisions governing loan funds will be issued if and when CIRM undertakes a program of facilities loans.

2. Eligibility for Facilities Grants.

Eligibility for facilities grants is limited to not-for-profit entities (as defined in the facilities addendum to the Glossary).

3. Priority for applications that provide facilities within two years of grant.

Proposition 71 specifies that the criteria, requirements, and standards for awarding facilities grants shall include “Priority for applicants that provide for facilities that will be available for research no more than two years after the grant award.” Health & Saf. Code, § 125290.65(b)(1)(B). Therefore, applicants are encouraged to consider all opportunities for expediting renovations or construction so that research activities may commence quickly, including the use of interim space while renovations are underway. Facilities grant applications may include a funding plan that will allocate a portion of the grant to pay for interim measures, such as leasing of space, in order to accommodate research activities prior to completion of the main facility funded by the grant.

4. Preference for California Suppliers.

Proposition 71 specifies that the ICOC establish standards to ensure that grantees purchase goods and services from California suppliers to the extent reasonably possible, in a good faith effort to achieve a goal of more than 50 percent of such purchases from California suppliers. Health & Saf. Code, § 125290.30(i). Pending adoption of these standards, applicants are required to show how they propose to achieve the stated goal with respect to any award of a facilities or equipment grant including associated matching funds.

B. Construction/Procurement Process

1. Prevailing rate of per diem wages on construction.

Proposition 71 specifies that the criteria, requirements, and standards for awarding facilities grants shall include the requirement that all workers employed on projects funded by a CIRM facilities grant receive the prevailing wage. Health & Saf. Code, § 125290.65(b)(1)(E). This requirement applies generally to California state agencies. Private non-profit entities that are facilities grant recipients will be required to certify compliance with prevailing wage requirements for work undertaken using CIRM funds. See Labor Code, § 1720 et seq. CIRM will not release construction funds until the grantee and its general contractor complete this certification in the form attached as Appendix A.

2. Cost standards (buildings, leases, other).

Proposition 71 specifies that the criteria, requirements, and standards for awarding facilities grants shall include the requirement that grantees comply with reimbursable building cost standards, competitive building leasing standards, capital equipment cost standards, and reimbursement standards and terms recommended by the Facilities Working Group and adopted by the ICOC. Health & Saf. Code, § 125290.65(b)(1)(D). Pending adoption of these standards, the Facilities Working Group has adopted Interim Procedures directing that these standards be incorporated where appropriate into the Shared Research Laboratory Request for Application (RFA 07-01). Under RFA 07-01, CIRM has established a maximum building cost reimbursement of \$10.50 per gross square foot per year for operation and maintenance of space devoted to CIRM grant activities where CIRM also has funded improvements to the space. In evaluating applications submitted under RFA 07-01, CIRM will consider whether or not the application meets the generally accepted standards currently in use in the community as part of its cost assessment. For example, the cost of specific items of equipment should be within the range of costs that are generally available within the market for a particular item of equipment. Where the cost of equipment items appear to be outside the usual and customary range to accommodate convenience, customization or sole source acquisitions, the application will receive a lower score.

C. Provisions Applicable to Equipment Purchases-- Shared use of equipment and reimbursement

For equipment to be purchased with CIRM and matching funds, applicants may propose cost sharing of equipment based on shared use with other programs within the host institution, provided this cost sharing maintains the "NIH-free" conditions that CIRM is seeking under this program.

D. Matching Funds

Applications for CIRM shared laboratory and stem cell techniques course facilities grants carry a minimum 20 percent matching requirement. Health & Saf. Code, § 125290.65(b)(1)(G). This matching requirement can be met in one of two ways:

1. Cash Match.

The applicant can match CIRM funds with a minimum of 20 percent from applicant sources provided on a cash basis. [CIRM funds provided to the applicant through another CIRM grant will not qualify.] . Health & Saf. Code, § 125290.65(b)(1)(G)(i).

2. Equity Match.

RFA 07-01 provides that renovations and equipment purchases undertaken after January 2005 for hESC facilities will qualify as matching CIRM funds. Applicants that choose this option to match will be required to provide documentation that demonstrates: (1) the capital investments and equipment purchases used for the match relate specifically to construction and equipment used for “NIH-free” space; and (2) the source of funds for the construction or equipment identified as matching. Proposition 71 specifies that matching funds must be from sources other than CIRM. Health & Saf. Code, § 125290.65(b)(1)(G)(i).

E. Oversight and Payment Procedures

1. Payment of Construction Grant Funds.

- a.** For RFA 07-01, CIRM will disburse grant funds as follows: 10% of the construction grant funds at the time of acceptance by the grantee of the Notice of Grant Award; 80% of the construction grant funds upon receipt of bids and certification from the grantee that sufficient funds will be available to award a contract based on the approved project budget plus any augmentation from institutional sources; and 10% of the construction grant funds at the time that the “Notice of Completion” has been filed for the project. CIRM reserves the right to request information from the grantee on the actual final costs and funding sources.
- b.** For future projects over \$5 million, CIRM will provide progress payments based on the percentage of completion that has been achieved. When issued, the RFA for such facilities grants will detail the milestones and amounts for progress payments..

2. Funds for Equipment.

CIRM will reimburse applicants for the cost of equipment based on actual costs after payment has been made. Applicants may request reimbursement for items of equipment on a phased basis as items are procured.

3. No Transfer of Equipment.

Notwithstanding the provisions of Section V, subsection E, of these guidelines, grantees may not transfer to any other institution equipment purchased under RFA 07-01 in support of Shared Laboratory Renovations and Stem Cell Techniques Course.

4. Progress Reports.

Applicants are required to provide a progress report to CIRM every three months after issuance of the Notice of Grant Award. This progress report must compare the grantee's actual progress to date with the schedule in the grant application. All variances must be explained, and a revised completion date indicated.

A grantee's success in timely completing a facilities project funded under RFA 07-01 will be a factor considered in evaluating future grant requests from the same institution.

CIRM staff may periodically visit the site of CIRM funded facilities projects to review progress. Grantees shall provide access to CIRM or its designated representative as requested by CIRM.

5. Project Close Out.

On completion of CIRM-funded facility, a Notice of Completion shall be prepared indicating that the contracted work has been completed. The Notice of Completion may be preceded by a Notice of Beneficial Occupancy that grants access to the facility under renovation pending final resolution of any remaining contract performance issues.

6. Post Audit.

CIRM reserves the right to conduct a post-completion audit of project expenditures to ensure that the grantee has complied with CIRM's grant administration policies. The final payment of facilities grant funds may be adjusted if CIRM determines an adjustment is warranted.

7. Initiation of Research Grant Funding.

Funding of research grants approved under RFA 07-01 will be effective upon completion of the renovations/development of the Shared Research Laboratory or Stem Cell Techniques Course space. In the event interim space has been used to launch these activities that are funded under Part One of the RFA, the grantee can request reimbursement for the interim use within the funding limits of the approved grant.

F. Additional Glossary of Terms

In addition to the terms defined in the GAP approved December 7, 2006, the following additional terms are defined for purposes of interpreting the meaning and intent of this Chapter.

Not-for-profit and Nonprofit	Means or refers to either: (1) a governmental entity of the state of California; (2) a legal entity that is tax exempt under Internal Revenue Code section 501(c)(3) and California Revenue & Taxation Code section 23701d; or (3) an entity that is a combination of other entities, if each constituent is also an entity described under (1) or (2) and the joint entity has filed for a section 501(c)(3) determination from the IRS.
O&M	“Operations and Maintenance” means the ongoing costs of operating a building consisting of maintenance, custodial services and utilities. See Federal OMB Circular A-21 for a more detailed definition.
Facility or Facilities	Buildings, building leases, or capital equipment eligible for funding under Proposition 71.

**Exhibit A
Facilities GAP**

Statement of Assurances Relating to State Prevailing Wage Compliance

Project Name: _____

Grant No.: _____

Construction Start Date: _____

Pursuant to the requirements of Health and Safety Code, section 125290.65, subdivision (b) (1) (D) (2), Grantee and contractor hereby assure and certify as follows:

1. The Grantee, as the body awarding the contract, shall perform the duties associated with the "awarding body" that are enumerated in the Labor Code, Sections 1720, et seq. Duties include obtaining the prevailing wage rate in the locality for each covered worker from the Director of the Department of Industrial Relations. The Grantee shall insure that the general construction contractor will maintain labor records as required by the Labor Code and shall require such records be made available to any enforcement agency upon request.
2. The general contractor and all sub tier subcontractors shall pay laborers, mechanics, and all other construction workers associated with the Project at least the state prevailing wages, in accordance with the requirements of Chapter 1 (commencing with Section 1720) of the Labor Code, for all construction work. The construction contract provides sufficient funds to comply with this requirement. The Grantee shall also insure that the construction contract for the development of the Project contains language-requiring payment of at least the state prevailing wages pursuant to Section 1720 of the Labor Code.
3. The undersigned acknowledges that the availability of grant funds from the California Institute for Regenerative Medicine is expressly made upon reliance to the representations made in these assurances and certification.

GRANTEE: GENERAL CONTRACTOR:

By: _____ By: _____

Name: _____ Name: _____

Title: _____ Title: _____

Date Signed: _____ License #: _____ Date signed: _____