



**CIRM Interim Grant Administration Policy
for
Major Facilities Grants
(RFA 07-03)**

*Agenda Item #4
Facilities WG Meeting October 2, 2007*

Preface

The California Institute for Regenerative Medicine (CIRM) has issued a Request for Applications (RFA) that will address facilities needs that are relevant to research activities supported by CIRM. The Major Facilities Grant Program RFA 07-03 was issued in August 2007, and it proposes to allocate up to \$227 million for new research facilities throughout the state.

In December 2006, CIRM's Independent Citizens Oversight Committee (ICOC) adopted the "Interim CIRM Grant Administration Policy for Academic and Non-Profit Institutions" (referred to hereafter as the CIRM Grant Administration Policy or GAP). These policies apply generally 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 specifically apply to the Major Facilities Grant Program under RFA 07-03.

The GAP and all amendments adopted by the ICOC in December 2006 pertinent to facilities grants are hereby adopted to apply to RFA 07-3. Where the guidelines or policy expressed herein conflict with the December 2006 GAP, the policies adopted in Chapter VIII will govern. CIRM intends to address and resolve any conflicts that may exist within the GAP in future amendments to this document. Grant recipients will be expected to comply with any amendments to the GAP. Therefore, any suggested changes to these policies to resolve or further clarify the application of these policies should be directed to CIRM at cirm.ca.gov.

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VIII. POLICIES FOR MAJOR FACILITIES GRANT PROGRAM (RFA 07-03)

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 approved under RFA 07-03.

2. **Eligibility for Facilities Grants.**

Eligibility for facilities grants is limited to not-for-profit entities as defined in the Glossary related to these policies (as amended by the ICOC at its June 2007 meeting).

3. **Preference for California Suppliers.**

Proposition 71 requires the ICOC to 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). 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. At the conclusion of the project, grantees will provide a final report indicating the participation achieved on the project.

B. *Construction Process--Prevailing rate of per diem wages on construction.*

Proposition 71 requires that the criteria, requirements, and standards for awarding facilities grants shall include the requirement that all workers employed on the new construction or construction modifications of a facility 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 on the new construction or construction modifications of a facility paid for with CIRM funds. 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.

C. *Provisions Applicable to Equipment Purchases*

(There is no CIRM funding for equipment under RFA 07-03). Depending on the action of the ICOC, however, CIRM may issue a supplement to this RFA for moveable equipment

D. *Matching Funds*

CIRM's Major Facilities Grant Program requires that applicants provide matching funds equal to a minimum of 20 percent of the CIRM amount. Health & Safety. Code, § 125290.65(b)(1)(G). This match cannot be expended on the project until the day after the ICOC approves the Part Two grant application for funding. Any funds expended prior to approval will not be treated as matching funds. As discussed in paragraph (E) however, funds expended prior to approval may be considered "project leverage"

E. *Project Leverage*

RFA 07-03 encourages applicants to commit additional funds to the CIRM-funded project beyond the minimum cash match. These funds are referred to as project leverage and will be a basis for competitive evaluation of grant applications in the technical review. Project leverage includes funds expended on the CIRM-funded project from other than CIRM or matching funds including: (1) funds used to purchase land and/or a building at the documented cost to the institution; (2) funds used or budgeted to purchase the initial complement of research equipment (Group 2 equipment) to be located in the CIRM-funded facility at the time it becomes operational; and (3) other capitalized project costs including funds expended at any time for planning, design or partial construction of the CIRM-funded project. When considering project leverage, the amount attributable to internal project overhead and architectural and engineering services (other than structural and seismic engineering services) in excess of 10 percent of the budgeted construction contract costs shall not be included. (See exhibit B for sample calculation.)

F. *Commitment to Use Space for Stem cell related research*

CIRM facilities grants are intended to house activities funded by CIRM research grants. Grantees must assign CIRM-funded facilities to stem cell related research for a minimum of 10 years

G. *Recognition of CIRM Funding*

1. *Ceremonies*

Grantees shall conduct ceremonies for groundbreaking and dedication of facilities funded under RFA 07-03 in recognition of the substantial contribution of the State of California in construction of new facilities for stem cell research. At such ceremonies, the Grantee shall provide the opportunity for recognition of the funding provided by CIRM with participation by CIRM leaders drawn from the ICOC, the Facilities Working Group and CIRM staff.

2. Naming of Facilities

In recognition of the substantial contribution of the State of California in construction of new facilities for stem cell research, Grantees shall include CIRM in the naming of a building that was funded or partially funded under RFA 07-03 subject to approval of the ICOC. The naming may include recognition of other donors, honorees or contributors. Such naming shall remain in effect for the useful life of the facility for as long as it houses stem cell related research programs. Naming proposals shall be submitted to CIRM for approval by the ICOC prior to completion of the project.

H. Oversight and Payment Procedure

1. Payment of Construction Grant Funds.

a) For RFA 07-03, CIRM will disburse grant funds after the grantee's Chief Financial or Administrative Officer has certified that the grantee has spent all of its matching funds. The President of CIRM shall consult with the grantee regarding the manner of disbursement and shall then, based on negotiations approved by the President in his or her sole discretion, select one of the following methods of disbursement:

(1) CIRM funds may be disbursed in full within two weeks of CIRM's receipt of certification by the grantee's Chief Financial or Administrative Officer that the grantee has spent all of its matching funds, provided that the grantee agrees to pass on significant savings to CIRM resulting from the upfront payment and to comply with completion guarantee and non performance provisions, including reimbursement of CIRM's proportional share of any project savings and a penalty (as discussed in the following section) for any variance between the actual completion date and the completion date projected on Part Two of the application; or

(2) CIRM funds may be disbursed on a quarterly basis after CIRM's receipt of certification by the grantee's Chief Finance or Administrative Officer that the grantee has spent all of its matching funding; or

(3) CIRM funds may be disbursed as the last funds advanced after CIRM's receipt of certification by the grantee's Chief Finance or Administrative Officer that the grantee has spent its funding from all non-CIRM sources.

b) The disbursement of funds pursuant to paragraph (2) and (3) shall be based on submission of the actual expenditures incurred on the project. Documentation of expenditures shall be submitted to CIRM for processing on a quarterly basis (January 2, April 1, July 1, and October 1). This documentation shall include accounting records substantiating funds actually spent for project costs up to that point in time. The grantee's Chief Financial or Administrative Officer shall certify the accuracy of these records. CIRM will disburse funds based on the grant amount as approved by the ICOC. A grantee (under method 2 or 3) may not request payment of the final 10 percent of costs until after filing of the Notice of Completion. At that time, a grantee must submit additional information to substantiate: (a) the efforts made by the grantee to meet the California supplier goals of Proposition 71, and (b) final completion of the project. The final grant amount disbursed (or recovered from advances under method 1 above) may also be discounted by a penalty assessed for any variance between the actual completion date and the completion date projected on Part Two of the application, as discussed in the following section.

c) A grantee that receives its CIRM funds pursuant to paragraph (1) shall, on a quarterly basis (January 2, April 1, July 1, October 1), submit to CIRM accounting records substantiating funds actually spent for project costs up to that point in time. The grantee's Chief Financial or Administrative Officer shall certify the accuracy of these records. Upon filing of its Notice of Completion, the grantee shall submit additional information to substantiate (a) the efforts made by the grantee to meet the California supplier goals of Proposition 71, and (b) final completion of the project.

As part of the RFA 07-03 Part Two submission, applicants will provide a drawdown schedule detailing the anticipated source and disbursement of funds over the life of the project. (See appendix C). Prior to issuance of a Notice of Grant Award, CIRM will supplement this general description of oversight and payment procedures with more detailed information.

2. Provisions Related To On-Time Completion

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).

Where CIRM has awarded a grant based on an application that projects completion within two years from the date of Notice of Grant Award, the grantee must use best efforts to achieve the projected completion date. These efforts may include but are not limited to payment for premium time and overtime, expedited charges and shipping, contract completion

incentives and expedited resolution of any and all contractual or regulatory issues that might otherwise delay the project. At the completion of the project, the President of CIRM will review any delays and may assess a penalty if, the President, in his or her sole discretion, determines that the grantee did not use best efforts to complete the project within two years¹. The penalty for failure to use best efforts will be one (1) percent of the CIRM grant for each month of delayed project completion with a maximum penalty of 10 percent for a 10 month delay. The completion date projected in the application will be adjusted to account for the actual issuance date of the Notice of Grant Award.

3. Progress Reports and Project Close-Out.

- a) A grantee must 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 projected in its grant application. All variances must be explained, and a revised completion date indicated.
- b) CIRM staff and members of the Facilities Working Group may 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.
- c) In submitting the final request for payment, Grantees shall provide a copy of the notice of completion. The President of CIRM will review all documentation and will authorize the final payment if the President determines that all requirements of the grant have been satisfied. If the President determines that all requirements have not be satisfied, the final payment will be postponed or the amount adjusted.

4. Post Audit.

CIRM reserves the right to conduct a post-completion audit of project expenditures to ensure that the grantee has complied with all applicable provisions of CIRM's grant administration policies.

¹ For purposes of this Chapter, "completion" shall mean that the facility is ready for operation or fixturization.

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:

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.

The general contractor and all sub tier subcontractors shall pay laborers, mechanics, and all other construction workers employed on new construction or construction modifications of a facility funded by CIRM 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 contract for the new construction or construction modifications of the Project contains language-requiring payment of at least the state prevailing wages pursuant to Section 1720 of the Labor Code.

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: _____

EXHIBIT B:

Sample of Leverage Calculation

LEVERAGE FUND CALCULATION	
Leverage Funds:	
total Leverage Funds from CIB Budget	\$ -
Amount budgeted for lines 4,5,&6	#VALUE!
Construction Amount x 10 percent	#VALUE!
et object"	
Amount Admin/design exceeds 10% (deduction)	#VALUE!

Line numbers 4,5 & 6 refer to categories used on Capital Improvement Budget (CIB):

CAPITAL BUDGET		CALIFORNIA INSTITUTE FOR REGENERATIVE			
CIRM Major Facilities Grant RFA 07-03		PROPOSAL:			
		(FOR CIRM			
Project Title:	Number:				
	Proposer's Reference #				
COSTS/FUNDING	CIRM	Matching	Leverage	Total	%
0-4 Construction				\$0	
5 Design Fees				\$0	
6 Project Management				\$0	
7 Surveys, Tests, & Inspection				\$0	
SUBTOTAL	\$0	\$0		\$0	
9 Contingency %				\$0	
TOTAL P_W_C	\$0	\$0		\$0	
Group 2 Equipment	\$0	\$0		\$0	
TOTAL PROJECT	\$0	\$0		\$0	
ANAYTICAL DATA					
Assignable square feet		ASF			
Gross square feet		OGSF			
Ratio (ASF Current / OGSF)	#DIV/0!	to 1.00			
Construction Cost Per ASF	#DIV/0!	/ASF			
Construction Cost Per OGSF	#DIV/0!	/OGSF			

Exhibit C Drawdown

DRAWDOWN SCHEDULE FOR RFA 07-03

Project Costs	\$ -	To be spent: Cirm amount:	\$ -
Spent to date	\$ -	Institutional Amount:	\$ -
Amount to Draw	\$ -		

Project Award Date 01-Sep-08

	percent draw	Monthly Draw	Cumulative Draw	Monthly CIRM Funds	Cumulative CIRM Funds	Monthly Institutional Funds
Spent to Date		\$ -	\$ -			
Sep-08		\$ -	\$ -	\$ -	\$ -	\$ -
Oct-08		\$ -	\$ -	\$ -	\$ -	\$ -
Nov-08		\$ -	\$ -	\$ -	\$ -	\$ -
Dec-08		\$ -	\$ -	\$ -	\$ -	\$ -
Jan-09		\$ -	\$ -	\$ -	\$ -	\$ -
Feb-09		\$ -	\$ -	\$ -	\$ -	\$ -
Mar-09		\$ -	\$ -	\$ -	\$ -	\$ -
Apr-09		\$ -	\$ -	\$ -	\$ -	\$ -
May-09		\$ -	\$ -	\$ -	\$ -	\$ -
Jun-09		\$ -	\$ -	\$ -	\$ -	\$ -
Jul-09		\$ -	\$ -	\$ -	\$ -	\$ -