

PRE-DEVELOPMENT GRANT ADMINISTRATION GUIDE



March 19, 2024

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Roles and responsibilities

Who is the grantee?

Minnesota statute limits Livable Communities (LCA) grants to cities, counties and their housing or development authorities. Developers, contractors, sub-contractors and consultants cannot be LCA grantees. This means that while we are happy to work with developers and contractors in support of their projects, the formal grantee has the pivotal role in communications and certain grant-related actions.

What is the grantee's role?

- Serve as the primary grant contact. The Met Met Council will not initiate direct contact with developers or other project partners to ensure that the grantee has all the information they need to administer the grant. Similarly, developers, contractors and consultants should direct their project-related communications through the grantee rather than contacting the Met Met Council directly. We are always willing to include developers and contractors in communication and meetings regarding the grant project.
- Understand all the requirements in the grant agreement and ensure developers and contractors comply with the requirements that flow through to them.
- Monitor the project and ensure grant deliverables are met.
- Notify the Met Met Council Authorized Agent of any changes to the project. Pre-development grants have a specific development or redevelopment project associated with them, as well as several pre-development deliverables. The Met Met Council must be notified if any changes have occurred to the project or activities for which the award was competitively scored.
- Submit status reports. Status reports are required twice each year and often require information to be gathered from project partners to complete.
- Review and submit payment requests according to the approved budget. The grantee may work closely with project partners to prepare a draw request, but the grantee must review all documentation to ensure grant funds are spent properly and aligned with approved budget line items. Only the grantee may formally submit payment requests through WebGrants.
- Close-out. Grantees are expected to comply with all reporting and close-out requirements as noted in the grant agreement.

What is the Met Met Council's role?

- Provide technical assistance to grantees, including answering questions about cost eligibility and other program requirements.
- Work with the grantees' developers or contractors at the request of the grantee.
- Process payment requests upon receipt and work with grantees to resolve any payment questions.
- Monitor project progress.
- Process amendment requests.
- Remind grantees of impending grant expiration six months in advance of the grant expiration date.
- Work with grantees as necessary after the final grant payment to close out the grant.

General information

Met Met Council Authorized Agent

Grantees should direct any grant-related questions to the Met Met Council Authorized Agent listed in their grant agreement. Unless otherwise state in the agreement, the contact information for the Met Met Council Authorized Agent is below:

<u>Name</u>	<u>Title</u>	<u>Contact information</u>
Sam Johnson	Senior Grants Administrator	651-602-1757 Samuel.Johnson@metc.state.mn.us

Using WebGrants

WebGrants is the Met Met Council's online grant management system. WebGrants is used for both applying for grants and administering grants once they have been awarded. You can access WebGrants here: www.metrocouncilgrants.org. See Appendix 2 for instructions on how to use WebGrants.

What activity must be conducted through the system?

- **Payment requests.** All grant draw requests must be made through the online system. The system allows you to upload files up to 50MB in size and allows you to upload as many files as necessary.
- **Status reports (also known as semi-annual reports).** See Appendix 2 for more detail.

Who can access your grant via the system?

Individuals who can access your grant(s) must be registered in WebGrants and approved by the grantee to have access to each specific grant. This requires a bit of interaction with the Met Council to set up. The process is described online at <http://metrocouncil.org/Communities/Services/Livable-Communities-Grants/LCA/Collaborating-in-WebGrants.aspx>.

Grantees should consider whom they will allow to present status reports and payment requests on their behalf to the Met Council. Some grantees will want to restrict access to their own staff for active grants, even if consultants or developers assisted the grantee in the application phase. Other grantees may want their developers or contractors to assist the grantee by having access during reporting and the draw process. **Access is completely under the grantee's control.** The Met Council recommends that grantees carefully consider who has access on their behalf, and then set the access accordingly. Note that there are restrictions on who may *certify* a payment request, but anyone the grantee selects may *submit* the payment request.

Assignment

LCA grants are not assignable to any entity, public or private or at any tier sub-recipient. For example, a general partner may not assign a grant to a limited partnership.

Source of funds

There are no federal funds in LCA grants.

Compliance requirements

Fair Housing Policy

If you had not already done so, the grantee's governing board must adopt a Fair Housing Policy prior to funds being released for the grant. This requirement only applies to your grant if the project has a housing component. Please see the grant agreement for more detailed information.

Acknowledging LCA contributions to a project

The grant agreement requires grantees to acknowledge the financial assistance provided by the Met Council **in all construction signage, promotional materials, press releases, reports and publications relating to the project activities**. Please use the full formal name, *i.e.*, "Metropolitan Council," not "Met Council" or "Metro Council."

Specifically, the agreement requires that you acknowledge our assistance in "promotional materials, press releases, reports, and publications relating the project activities that are funded in whole or in part with the grant funds." All such acknowledgements should contain the following language:

Financing for this project was provided by the Metropolitan Council Metropolitan Livable Communities Fund.

What kind of acknowledgement is expected?

- If your project will have signage at the project site that acknowledges any funders, we expect similar acknowledgement on that signage. For example, if the signage displays the logos of other funding partners, we expect our logo to be displayed, too. If there are statements regarding funding, we expect the above statement to be included.
- When issuing press releases, reports or publications that address funding in any way, we expect to be included in any discussion of funding partners.
- We will provide to you with an electronic version of the Met Council logo.
- If you are inviting funding partners to a ceremony, such as a ground-breaking or grand opening, please consider inviting Metropolitan Met Council Member who represents the district in which the project is located. Contact information for Met Council members is available online at <http://www.metroMet Council.org/about/members.htm>.

If you have questions about what sort of acknowledgements are appropriate, please contact the grant administrator.

Initial grant setup

You just received an LCA grant. What happens next? Here are the primary steps you need to take to process the grant agreement and get started with your grant.

Grant agreement

- A grant agreement will be provided to you electronically.
- Read the entire agreement and project summary (Attachment A) carefully. Contact the Met Council authorized representative if you have any questions about the terms of the agreement or about the details in the project summary.
- Route the agreement for signature according to your internal guidelines. Often, it makes sense to route the Designation of Signing Authority form (see Appendix 3, below) for signature at the same time.
- Scan and send the partially executed agreement to the Met Council authorized representative via email. Include the Designation of Signing Authority form (if available.)
- A fully executed version of the agreement will be sent to you via email as soon as it has been signed.

Needed prior to releasing payment

Several requirements need to be checked off before payment will be released.

- Grant agreement needs to be fully executed.
- Designation of Signing Authority form needs to be provided.
- Fair Housing Policy needs to be adopted by the grantees governing body. (Note: It only applies if one has not already been adopted and the grant project includes a housing component.)

Reporting requirements

Grant reporting is a means to illustrate achievements and progress made toward program goals and to ensure accountability and transparency in the use of public funds. For LCDA Pre-Development and TOD Pre-Development grants, the following reports are required.

Status reports (semi-annual reports)

Grantees are required to report on the status of grant activities twice annually. Reports should be submitted by January 31 and July 31 each year until the completion of the grant. To complete the status report, you will need to provide updates on the following covering each reporting period:

- Grant funded activities that occurred
- Issues that arose, and how they were addressed
- Possible changes required to the grant scope or budget
- Organizational or staff changes related to the grant
- Cash flow estimates for when future grant draws will occur and in what amounts

See instructions in Appendix 2 on how to submit status reports.

Final report

This form is due before the final payment has been made or the grant has been closed for any reason. The Met Council authorized representative will email this form to you.

Payment requests

Payments are made on a reimbursement or cost-incurred basis. Grantees may also request up to 50% of the grant as pre-payment. Details below. Grantees must supply adequate supporting documentation to substantiate each individual line item on the payment claim and must clearly tie that documentation to the claim line item. This packet provides a sample payment request and instructions for completing the request successfully. Lack of clear information and supporting documentation may delay payment processing or cause the payment request to be returned to the grantee for further clarification.

Submitting payment requests

Grant costs may be incurred immediately after the grant is awarded but grant funds will not be paid out until the grant agreement has been executed. Subsequent requests may be submitted at the discretion of the grantee.

Please make your draw requests on a timely basis. Draws tend to become overcomplicated if you include too broad a date period. The requests may be made at your discretion, but we would prefer frequent, smaller requests rather than large, complicated requests.

All payment requests must be submitted via the Met Council's online grant management system, with the exception that voluminous supporting documents may, with the Met Council's prior approval, be submitted in hard copy or made available for download at an FTP site.

An official payment request form is required for each payment request, which is uploaded to WebGrants along with other supporting documentation. Please do not substitute other reporting formats for any portion of the payment request form, and do not alter the form except to complete the required areas.

The Met Council will not accept a payment request that is unsigned or that has been signed by anyone other than the grantee's authorized signatory, as documented by the *Designation of Signing Authority* form. An electronic version of this form will be included with the files sent to the grantee after orientation.

General cost eligibility guidelines

A general list of allowable costs are included in the Program Details dropdown on the LCA Pre-Dev webpage. In order to be an eligible, however, cost for your project activities must be explicitly allowed in the project summary of your grant agreement.

To be eligible for payment, costs must be incurred within the grant period stated on the grant agreement and must not exceed the total grant amount awarded.

- No reimbursements will be made for costs incurred prior to the date of award – which can be found on the first page of the grant agreement – unless your grant agreement specifically calls out activities conducted prior to the date of award that may be eligible. Please call us if you have questions.
- Absolutely no reimbursements will be made for costs incurred after the grant expiration date, including any extensions to the grant agreement.

Prepayment guidelines

The Met Council will disburse up to \$50,000 and no more than fifty 50% of the grant amount to the grantee within 35 days after:

- The grantee has submitted an executed copy of the agreement that dictates the costs for goods or services. To be acceptable, the scope of work or description of the goods or services

must include grant-eligible activities approved by the Met Council named in the project summary.

- Invoice for pre-payment funding showing work to be completed.

The agreement must unambiguously identify the name of the service provider, date the contract was entered into, and a description of grant-funded activities, including cost per hour or unit, total cost of service, quantity of service, the kind of service rendered or products provided, and other relevant details.

The Met Council will disburse the remaining 50% of the grant amount on a reimbursement or cost-incurred basis.

Supporting documentation

Every cost claimed must be documented. **Supporting documents may include contractor and/or subcontractor invoices, pay applications and their continuation sheets, a copy of a contract or signed waivers or lien statements.**

An executed copy of each contract for goods or services must be provided to the Met Council before any costs will be approved against that contract, including the scope of work and all change orders that affect the scope.

Please note:

- If there is no signed contract, provide the agreement that dictates the costs of goods or services, such as a bid, proposal, purchase order, etc. To be acceptable, the scope or work or description of the goods or services must be included, along with change orders.
- Supporting documents must unambiguously identify the name of the service provider, refer to the contract or other cost agreement or project number, cost per hour or unit, total cost of service, quantity of service, the kind of service rendered or products provided. They must unambiguously relate to a specific grant-funded activity. Payment requests with unclear claims will be declined. The Met Council will not accept invoices “for professional services rendered” unless those services are itemized.
- When submitting a signed copy of the **Certificate of Payment** along with a **Continuation Sheet or AIA Sheet**, provide clear identification of the claimed costs – highlight, mark or otherwise note the line items being claimed. It is your responsibility to fully identify the claimed costs. If you are claiming less than the total line item, you must indicate what portion of the line item is being claimed and the rationale for arriving at that number. **If the item claimed is not visible on the invoice/continuation sheet or referenced by line item on the payment request, the Met Council will not approve the costs.**
- If costs from subcontractors are claimed, a copy of the **subcontractor’s invoice(s) must be provided**. Make sure you exclude ineligible costs by marking them on the subcontractor’s invoice.
- Payment requests that include costs for soil remediation must include copies of the load tickets and manifests to support hauling and disposal charges, along with an electronic summary in sortable format, preferably in Excel.
- Land acquisition costs must be supported by a copy of the purchase agreement with the payment request followed up with a settlement statement after closing.

Dealing with ineligible costs

Because of the nature of the LCA grant program, there are some valid project costs that we cannot cover, including common activities such as permits, travel, mileage, postage or administrative overhead. An invoice may also include costs that are being submitted to another grantor. All such charges must be clearly identified on the face of the supporting invoices and deducted from the invoice total. The net amount claimed must be indicated on the face of each invoice.

When these charges are submitted, it is the grantee’s responsibility to identify them and exclude them from payment requests to the Met Council. We will not approve the invoice if we cannot readily determine how you arrived at your net amount claimed. .

0000000011	Excavate, Transport & Dispose Cont. Soil	\$804,000.00	\$457,367.52	\$5,961.12	0	\$0.00	\$463,328.64	57.628	\$340,671.36	\$0.00
	\$24.00 PER TON	33500.000	19056.980	248.380	0		19305.360		14194.840	0
0000000012	Excavate & Backfill On-Site Soil	\$63,798.00	\$82,348.00	\$0.00	0	\$0.00	\$82,348.00	129.076	(\$18,550.00)	\$0.00
	\$14.00 PER CY	4557.000	5882.000	0	0		5882.000		-1325.000	0
0000000013	Demo, Crushing & Backfill of Crushed Aggregate	\$225,600.00	\$335,450.75	\$0.00	0	\$0.00	\$335,450.75	148.693	(\$109,850.75)	\$0.00
	\$23.50 PER CY	9600.000	14274.500	0	0		14274.500		-4674.500	0
0000000014	Select Granular Material	\$418,500.00	\$259,995.62	\$1,712.21	0	\$0.00	\$261,707.83	62.535	\$156,792.17	\$0.00
	\$6.75 PER TON	62000.000	38517.870	253.660	0		38771.530		23228.470	0
0000000015	Class 7 Aggregate	\$1,200.00	\$24,639.72	\$16,113.84	0	\$0.00	\$40,753.56	3396.130	(\$39,553.56)	\$0.00
	\$12.00 PER TON	100.000	2053.310	1342.820	0		3396.130		-3296.130	0
0000000016	Change Order # 1	\$16,861.00	\$16,861.00	\$0.00	0	\$0.00	\$16,861.00	100.000	\$0.00	\$0.00
0000000017	Change Order # 2	(\$307,384.45)	\$0.00	\$0.00	0	\$0.00	\$0.00	0	(\$307,384.45)	\$0.00
		\$1,354,844.55	\$1,318,614.53	\$23,787.17	0	\$0.00	\$1,342,401.70	99.08%	\$12,442.85	\$0.00

Line 11 Contam Soil
 \$5,961.12
 - 298.06 Ret.
 \$5,663.06
 TBR4
 (DEED match)

Line 14 Backfill \$1,712.21 - 85.61 Ret. = \$1,626.60
 Line 15 Backfill \$16,113.84 - 905.69 Ret. = \$15,308.15
 TBR4 \$22,597.81
 TBR4
 (DEED match)

The example above illustrates how an AIA continuation sheet should be annotated. Notice that the

retainage amounts are clearly indicated so the net amounts claimed are understandable and that the line items claimed are highlighted.

Project	23271264.01	Work Order 2	Invoice	24
Subconsultants				
7/11/2014	[Redacted]			583.00
Subtotal Subconsultant				583.00
Expense Charges				
Materials / Equipment				
6/30/2014	[Redacted]			187.73
Travel				
7/11/2014	[Redacted]			16.24
Subtotal expenses				203.97
Unit Charges				
Vehicle - 2WD Field 1.0 day @ 50.00 50.00				
Photoionization Detector 10.6eV Lamp 0.5 days @ 110.00 55.00				
Vehicle (Mileage) 128.0 miles @ 0.56 71.68				
Subtotal Unit Charges				176.68
Task Subtotal				58,621.15
				\$ 8,604.71
Task:	003	Grant Assistance	<i>Ineligible</i>	
Labor Charges				
		Hours	Rate	Amount
Consultant / Advisor				
	[Redacted]	12.10	185.00	2,238.50
Engineer / Scientist / Specialist II				
	[Redacted]	1.30	100.00	130.00
	[Redacted]	13.40		2,368.50
Subtotal Labor				2,368.50
Unit Charges				
Postage 5.74 ea @ 1.00 5.74				
Subtotal Unit Charges				5.74
Task Subtotal				\$2,374.24
Job Subtotal				\$10,995.39
Total this Invoice				\$10,995.39
Invoiced to Date				
	Current	Prior	Total	
	10,995.39	720,251.22	731,246.61	

The example at left illustrates how we would like invoices annotated. Notice that ineligible items are not only clearly excluded, but the net amount claimed is also easily discerned.

Important note: This invoice included costs from two sub-vendors (see the red arrows). To be eligible for reimbursement, copies of these invoices must be included in the payment request document set. It is very helpful if the invoices are grouped, as well, so we can quickly ascertain that all necessary invoices are present.

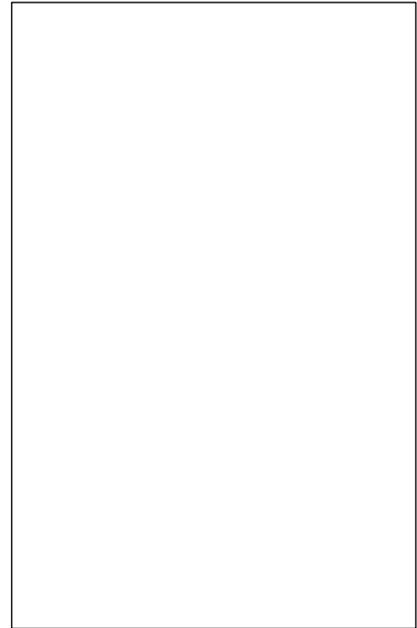
In addition, invoices for “services rendered” must clearly state what those services are. We prefer that the staff time charges are tied to a line item on the contract/bid.

Instructions for completing the payment request

An Excel spreadsheet is used with the online grants management system to provide the necessary documentation for payment requests.

- The online system segregates your costs by budget line item and decrements the amount available on your grant.
- The Excel spreadsheet and its supporting items document the eligible costs and reports on the progress of the project. You must complete the areas marked in yellow.

- Include copies of every invoice or pay application that you are claiming. If the invoice includes costs from subcontractors, sub consultants or other contributing factors, you must document every one of these by providing a copy. If your subcontractors have subcontractors, we will need copies of those invoices, too. Just like the saying goes about turtles, we need copies of the invoices “all the way down.”
- Please render your documentation as succinctly as possible. Do not list or provide copies of any unclaimed costs that you are not claiming or that are not presented as matching costs (unless they are essential to understanding the context of claimed costs). We do not need copies of lien waivers, insurance, checks, etc.
- Documentation of matching costs is required only for TBRA Site Investigation, TBRA Pilot Site Investigation. and Pre-Development grants.



#2: Payment request						
Do NOT combine invoices - list one per row, and list each invoice only ONCE						
Budget #	Vendor	Invoice # or Pay App #	Invoice date	Total Invoice Amount	Requested Amount	Note

Specific instructions:

- Enter only invoices from prime contractors (i.e., entities to whom the developer or grantee made direct payments – in other words, do not list invoices from contributing vendors such as subcontractors).
- If your grant agreement has separate budget line items, list the line item in the “Budget #” column. Leave this blank for grants without separate line items.
- List enough of the vendor’s name to adequately distinguish each vendor.
- List the entire invoice number or pay application number.
- Enter the actual invoice date.
- List the **total invoice amount** and list it only once. Do not decrease the invoice amount in this column for any reason.
- For each invoice, enter the amount you are claiming as grant eligible.

An easily understood payment request is a quickly paid payment request.

Marking the invoices:

- On **every** invoice, note the amount claimed. If you are claiming the total, circle it. Otherwise, write the claimed amount near the “total amount due” portion of the invoice.
- **YOU ARE RESPONSIBLE FOR EXCLUDING ALL INELIGIBLE ITEMS, CLEARLY MARKING THEM AS EXCLUDED AND DEDUCTING THEM FROM YOUR CLAIM.** If you are uncertain about the eligibility of any item, please call the grant administrator. We will be happy to review your proposed costs with you.
- **On each invoice from a contributing vendor/subcontractor**, write the invoice number for the prime contractor.
- On **every invoice for which you are claiming LESS than the total**, you must demonstrate how you arrived at the the amount claimed. For example, if an invoice includes mileage, which is always ineligible for Livable Communities grant payments, you could highlight it, strike it, or use the common editing mark for a deletion, etc. You must make clear which costs (if any) you are not claiming and then summarize them at the totals line on the invoice to show how you arrived at your claimed amount. If Met Council staff cannot determine which costs are claimed or how you arrived at your totals, we will ask you to correct the invoice package, which will delay your payment.

Section 5: Certify the request. Only an authorized employee of the grantee – not a developer, contractor or other entity – may sign the payment request form. The grantee’s signature certifies for audit purposes that the information presented is true and correct and that the funds are being spent on appropriate activities. Each grantee will be provided with an Microsoft Word version of the *Designation of Signature Authority Form*, and one or two people may be authorized to certify the payment request for each grant.

“Nice-to-have” aspects.

- If possible, please scan the invoices in the order in which they are shown on the payment request.
- Color copies of your invoices are not necessary unless meaning is conveyed via color.
- Please reduce the file size as much as possible. Please compress the scanned PDF if you can.
- Please orient all pages so they are immediately readable (i.e., orient the pages so the top of the legible page is at the top of the screen).

Payments schedule

We will pay within 35 days of a complete payment request. You will be notified within 10 business days if errors are discovered in the payment request that would prevent staff from approving it. The 35-day payment period resets after notification of any errors to the day the claim is re-submitted.

The Met Council requires that all grant payments be made via electronic funds transfer. For those grantees that have not yet set up a funds-transfer relationship, a form to register for electronic payments will be sent to you via email. The setup process takes about two weeks to complete, so be sure to return the form well in advance of the first requested payment

Amendments

The terms of the grant agreement may be adjusted under certain circumstances. Smaller adjustments to the budget may be made by the grantee with prior written approval of the Met Council authorized representative. Significant changes to the development project may require approval by our Community Development Committee.

Timeline and amendment procedure

- Amendment requests must be received three months prior to the expiration date.
- Amendments must be fully executed prior to expiration.
- The criteria used to review amendments can be found in Appendix 3.

Budget change

- The grantee may reallocate up to 20% of the grant budget among the listed line items. You must obtain the written permission of the Met Council in advance, but no formal amendment is necessary. A request to reallocate the budget may be submitted via email to the Met Council authorized representative.
- If you need a change of more than 20% of the total grant budget, you must request a formal amendment request, and the change requires the approval of the Met Council's Community Development Committee.
- The total grant amount cannot be increased.

Project change

- Grantees are required to notify the Met Council authorized representative if the development project associated with their grant changes. This applies even if the activities for which funding was awarded remain the same.
- Significant changes to the project may trigger a review as outlined in Section VI of the LCA Amendment Procedure. If the project change is significant, the grantee will be asked to provide detail on the new project. Significant changes require approval by our Community Development Committee, and the Met Council reserves the right to reduce or rescind the grant and to recover grant funds already paid out.

Extensions

- An extension may be needed if both the grant-funded activities and the deliverable cannot be completed during the grant term.
- The grant may be extended for a maximum of one year.

Closing a grant

Grants are closed when grant funds are completely drawn down or if the grantee cancels any balance on a grant. You have 120 days after the grant expiration date to submit your final payment requests. Any unspent funds will revert back to the Met Council. Prior to closing the grant, the following must be submitted with the final payment request.

Deliverables

Specific grant-funded activities have deliverables that must be provided once they are available. These should be provided with the final payment and the grant will remain open until these are provided. Deliverables will be listed in Attachment A to the grant agreement.

Final report

A final report must be provided with the final payment request. The payment will not be approved without this report. It will be provided to the grantee upon request.