



## LOCAL CAPITAL IMPROVEMENT PROGRAM (LoCIP) GRANTS FISCAL YEAR 2024 AND FORWARD

### GRANT GUIDELINES AND INSTRUCTIONS

[Public Act 23-124](#) modifies the Local Capital Improvement Project (LoCIP) program to provide direct grants to municipalities and boroughs for the fiscal years ending June 30, 2024, and forward. Grants will be processed through an annual certification process. Funds will be disbursed by June 30<sup>th</sup> and an annual expense report will be due from the municipality or borough by September 1<sup>st</sup>.

These guidelines and instructions have been prepared to assist municipalities in administering state aid grants under the Local Capital Improvement Program (LoCIP). Additional information can be found on the [LoCIP website](#).

LoCIP provides financial assistance to municipalities for eligible capital projects funded with State general obligation bonds. Annual grants are announced on March 1<sup>st</sup> of each year. Only capital projects which have been approved by the municipality's legislative body and which comport with program guidelines will be eligible.

#### **LoCIP Projects requirements include:**

- The municipality's legislative body has approved the project, and such approval is documented in certified minutes of the required municipal meeting(s);
- The project is included in the municipalities most recently approved Capital Improvement Plan (CIP), or an approved OPM Waiver has been issued;
- All LoCIP-funded projects are subject to all federal, state, and local laws, ordinances, regulations, and municipal bylaws;
- All required reviews, evaluations, permits and/or certifications have been secured prior to expenditure of LoCIP funds; and
- The project is an allowable project pursuant to the LoCIP Guidelines.

#### **LoCIP GRANT CALCULATION AND AVAILABILITY:**

- LoCIP grants are calculated using a statutory formula which factors in a combination of road mileage, population density, Adjusted Equalized Grand List Per Capita, and population. Unconsolidated cities and boroughs will receive a percentage of their associated municipality's allocation based on the total taxes levied. Each municipality's grant amount is determined by the municipality's current formula data and the total amount of funding authorized by the legislature.
- In order to receive your municipality's LoCIP funds the Chief Executive Officer must certify compliance prior to fund distribution by June 30<sup>th</sup>.

#### **MATCHING FUNDS / OTHER STATE GRANTS**

- The grant can be used toward the balance on projects receiving other assistance but **cannot be used to satisfy a local matching requirement for any state assistance program except for the Local Bridge Program** established under Sections 13a-175p to 13a-175u, Connecticut General Statutes.
- LoCIP funds may be used as a local match for Federal assistance as long as:
  - The project is eligible for LoCIP funding;
  - The conditions and terms of the Federal grant allow for such a match; AND

- No other state assistance program (other than the Local Bridge Program) is being used to fund the project.

#### **MUNICIPAL CAPITAL IMPROVEMENT PLAN (CIP):**

- A CIP is a multiyear plan (i.e.: five-year) prepared to show the general description, need, and estimated cost of each individual capital improvement, and the proposed funding source for each individual capital improvement in the first year of the plan. The CIP should be adopted by the applicant's legislative body having final annual budget approval (City Council, Board of Alderman, or Town Meeting) and should be updated annually. See [Chapter 108 Municipal Reserve Fund](#) of the Connecticut General Statutes.
- The municipality must certify that it has adopted a capital improvement plan and that the project is consistent with such plan. If, however, a particular project is not included in the local CIP because of a substantial change of circumstances, the municipality may request an emergency authorization prior to use of LoCIP funds. The Chief Executive Officer shall send an official letter to OPM identifying that the project is not in the current CIP and provide a reason/justification for the emergency authorization. Such requests will be considered on a case-by-case basis.
- Only CIP projects that fall under the approved LoCIP categories are considered eligible for LoCIP fund use.

#### **FEDERAL, STATE, LOCAL REQUIREMENTS:**

- **All LoCIP-funded projects are subject to all federal, state, and local laws, ordinances, regulations, and municipal bylaws.** Depending on the nature of the project to be funded, certain projects may require additional reviews, evaluations, permits, approvals, and/or certifications, including but not limited to: Commission on Human Rights and Opportunities ([CHRO](#)), Connecticut Environmental Policy Act ([CEPA](#)) Evaluation, Environmental Impact Evaluation ([EIE](#)), Flood Management Certification ([FMC](#)); State Historic and Preservation Office ([SHPO](#)) review and determination; and/or Municipal Plan of Conservation and Development ([POCD](#)) provisions with regard to eligibility for discretionary state funding. It should be noted that such reviews, evaluations, permits and/or certifications could significantly impact project costs and timelines.
- **REQUIREMENTS FOR PROJECTS IN OR NEAR OR AFFECTING FLOOD PLAINS, IMPACTING NATURAL OR MAN-MADE STORM DRAINAGE FACILITIES, PEAK RUN-OFF RATES OR REGULATED FLOOD FLOWS, or impacts to STATE OWNED/CONTROLLED PROPERTY (including State rights-of-way such as state roads):** Certain project activities will require an approved Flood Management Certification (FMC). Be advised that failure to comply may result in an audit finding and other repercussions.
- **PROJECTS WHICH IMPACT HISTORICAL BUILDINGS OR AREAS:** Your project might require a review/determination from SHPO. We will contact you if additional action will be required on your part to satisfy SHPO requirements. Evidence of such review/determination will be required before OPM can approve your project. Be advised that failure to comply may result in an audit finding and other repercussions.

#### **LoCIP FUNDED LAND ACQUISITION PROJECTS:**

- When completing the annual report (due not later than September 1<sup>st</sup>), where costs are categorized as related to Land Acquisition, you will be required to certify that:
  - the property purchase was selected through an "arms -length" transaction;
  - if the property acquired is valued at less than \$100,000 one independent appraisal is required;
  - if the property acquired is valued at \$100,000 or more, two independent appraisals shall be required;
  - appraisals must be performed by a MAI-certified appraiser (Member of the Appraisal Institute) and must have been prepared within the previous 365 days of purchase;
  - the purchase price of the property did not exceed the highest appraised value; and
  - the property transaction is complete and recorded in the municipality's land records.

- **Appraisal costs are not eligible absent the requisite final transaction/conveyance recorded in the municipality's land records.** This will help to ensure that LoCIP funds are not used to pay for appraisals in the event that the property acquisition is not realized.

**ARCHITECTURAL/ ENGINEERING PLANNING AND DESIGN:**

- The cost of architectural/engineering planning and design services will be an eligible expense **ONLY:**
  - **after the funding for the construction phase of the project has been approved** by the municipality's legislative body, and
  - such approval is documented in certified minutes of the required municipal meeting(s).
- This certification is required to ensure that LoCIP funds are not used for expenditures related to projects which fail to progress to completion.

**AUDIT AND RECORDS RETENTION:**

- Both the entitlement and grant provisions of LoCIP have requirements under the [Connecticut State Single Audit Compliance Supplement](#).
- Pursuant to C.G.S. 7-536(h) each municipality receiving a Local Capital Improvement Project grant under this section shall retain detailed accounting records of all expenses incurred relative to the local capital improvement project for which a grant is received for a period of not less than three (3) years following the completion of such project. Additionally, under the authority granted by C.G.S. 11-8, 11-8a, 11-8b and 7-109, the Connecticut State Library has established retention schedules for municipal records which may require a retention period longer than prescribed in C.G.S. 7-536(h). Municipalities shall retain records for whichever retention period is longest.

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## ALLOWABLE LoCIP PROJECTS

LoCIP funds can only be used for municipal capital expenditure projects which are specifically categorized below (pursuant to C.G.S. §7-535 through 7-538). Please note that the use of LoCIP funds for school-related projects is strictly limited. School related project information is specifically addressed below. A LoCIP project may include repairs incidental to reconstruction and renovation but does not include ordinary repairs and maintenance of a routine or ongoing nature.

Eligible LoCIP projects are defined in the following major categories:

- **ROADS** - construction, renovation, repair, or resurfacing
- **SIDEWALK and PAVEMENT** - improvements
- **SEWAGE TREATMENT PLANTS, SANITARY OR STORM, WATER OR SEWER LINES** - construction, renovation, enlargement, or repair, including separation of lines
- **PUBLIC BUILDINGS OTHER THAN SCHOOLS** - construction, renovation, code compliance, energy conservation, and fire safety
- **DAMS/BRIDGES/FLOOD CONTROL** - construction, renovation, enlargement, or repair
- **WATER TREATMENT OR FILTRATION FACILITIES/MAINS** - construction, renovation, enlargement, or repair
- **SOLID WASTE FACILITIES** - construction, renovation, or enlargement
- **PUBLIC PARKS** - improvements
- **CAPITAL IMPROVEMENT PLANS** – costs associated with preparation or revision (only 1X/ten-year period)
- **EMERGENCY COMMUNICATIONS SYSTEMS, BUILDING SECURITY SYSTEMS, INCLUDING SCHOOLS** - improvements
- **PUBLIC HOUSING** - renovation/improvements, including energy conservation projects and development of additional public housing
- **VETERANS' MEMORIALS** - renovations or construction
- **THERMAL IMAGING SYSTEMS** – acquisition
- **BULKY WASTE/LANDFILL PROJECTS**
- **CONSERVATION & DEVELOPMENT PLANS** - preparation and revision (not more than 1x/10-year period)
- **AUTO EXTERNAL DEFIBRILLATORS** - acquisition
- **FLOODPLAIN MANAGEMENT AND HAZARD MITIGATION ACTIVITIES**
- **ON-BOARD OIL REFINING SYSTEMS\***
- **THE PLANNING OF A MUNICIPAL BROADBAND NETWORK\***
- **BIKEWAY AND GREENWAY** - establishment
- **LAND ACQUISITION** – including for open space, and costs involved in making land available for public uses
- **TECHNOLOGY (FOR SCHOOLS)** - acquisition related to the implementation of SDE's Common Core State Standards
- **TECHNOLOGY UPGRADES (NOT SCHOOLS)** - including for improvements to expand public access to government information through electronic portals and kiosks
- **HAZARDOUS TREE REMOVAL OR TRIMMING** for nonutility-related hazardous branches, limbs, and trees on municipal property or within a municipal right-of-way.

*\*See specific statutory details, below, for more information related to these items.*

#### LIMITED ALLOWABLE LoCIP COSTS FOR SCHOOL-RELATED Projects:

Pursuant to LoCIP Guidelines and C.G.S. §7-535 to 7-538, the only allowable LoCIP expenditures for capital projects associated with schools are costs associated with:

- Emergency communications systems improvements and building security systems.
- Acquisition of technology related to the implementation of State Department of Education's Common Core State Standard. "Technology" is defined as technology-related equipment and technology infrastructure, including network equipment, servers, PCs, printers, other peripherals, and devices.
- Sidewalk and pavement improvements.

#### EXAMPLES OF ALLOWABLE LoCIP COSTS

- **Acquisition of land for open space or public use.** All recipients of State financial assistance that have a need to acquire land with state bond proceeds (LoCIP and other various bond funded State grants) should demonstrate that the property proposed for purchase was selected through an "arms-length" transaction. If the property acquired is valued at less than \$100,000 one independent appraisal is required. For property valued at \$100,000 or more, two independent appraisals are required. Appraisals must be performed by a MAI-certified appraiser (Member of the Appraisal Institute) and must have been prepared within the previous 365 days of purchase. The purchase price of the property must not exceed the highest appraised value. The acquisition cost and the cost of the appraisal(s) are permitted (up to the municipality's available LoCIP funds). The cost of the appraisal(s) will only be permitted provided the required appraisal(s) comport with the guidelines and the property transaction is complete and recorded in the municipality's land records. **Appraisal costs will not be permitted absent the requisite final transaction/conveyance recorded in the municipality's land records.** This will help to ensure that LoCIP funds are not used to pay for appraisals in the event that the property acquisition is not realized.
- **Procurement and installation of permanently fixed equipment.** (Examples: HVAC roof top units, central air units, permanently installed generator, hot water heater, furnace, boiler, elevator, chair lifts, etc.)
- **Architectural/engineering planning and design costs only after the funding for the construction phase of the project has been approved by the municipality's legislative body, and such approval is documented in certified minutes of the required municipal meeting(s).** This will help to ensure that LoCIP funds are not used for expenditures related to projects which fail to progress to completion.
- **Contracted services needed to complete the project** (or the portion thereof being funded with LoCIP funds) (Examples: contracted services related to roadwork, construction, hazardous non-utility related tree removal/trimming, renovation or improvement, engineering and or architectural services.)
- **Materials and project components not in excess of what is needed to complete the project** (or the portion thereof being funded with LoCIP funds). (Examples: materials associated with roadwork, construction, renovation, or improvement.)
- **Short term large equipment lease for equipment necessary to complete project.** (Example: short term rental of an asphalt paver.)
- **Technology upgrades:** Network equipment, servers, associated wiring, and software\*/licensing\* (**\*only initial software/licensing that renders the hardware operational is allowed**)
- **Municipal labor** - ONLY when such labor is performed OUTSIDE the course of the employee's regular duties and/or OUTSIDE the employee's regular work schedule.
- **Hazardous Tree/Limb/Branch** -removal or trimming of non-utility related trees on municipal property or within the municipal right-of-way.

## EXAMPLES OF TYPES OF PERMITTED SERVICES AND DELIVERABLES

This is not a comprehensive list, but rather a list that is meant to illustrate the level of detail should be maintained for audit.

- Equipment - list equipment, such as: rooftop AC unit, permanently installed generator, network servers, hot water heater, AED, on-board oil refining system, thermal imaging systems.
- Contracted services - list type of contracted services, then deliverables, such as: paving work: asphalt, catch basins, line paint; or construction work: building materials, roofing materials, doors, windows, plumbing materials, contractor labor.
- Materials only - list building materials such as roofing materials, flooring, windows, doors, plumbing materials, fencing.
- Municipality Employee Labor - under the description, please just list "employee labor." Employee labor is allowable ONLY when such labor is performed OUTSIDE the course of the employee's regular duties and/or OUTSIDE the employee's regular work schedule.
- Short Term Lease of Large Construction Equipment: list type of equipment and length of lease (lease cannot exceed time it takes to complete project) example: Asphalt Paver - Lease term: 2 months.
- Technology Upgrades - list costs such as: network servers, network wiring, software\*and contractor labor\*\* (if applicable)
  - \*Only software that renders the hardware operational is reimbursable. Version software upgrades are not reimbursable.
  - \*\*Contractor labor for service/support beyond installation period is not reimbursable.
- Local CIP - list the costs associated with the preparation and revision of Local CIP
- Plan of C&D - list the costs associated with the preparation and revision of the Plan of C&D
- Architectural services - list associated costs such as: land survey, architectural plans/blueprints \*only permitted when funding for construction phase has been approved by the municipality's legislative body and documented in the minutes of the required municipality meeting(s).
- Engineering services - list associated costs such as: sewer plans, bridge design, etc. \*only allowed when funding for construction phase has been approved by the municipality's legislative body and documented in the minutes of the required municipality meeting(s).
- Real Property Acquisition - list costs associated with acquisition (including, but not limited to property appraisals, surveys, legal fees, recording fees, purchase price paid)

## EXAMPLES OF UNALLOWABLE LoCIP COSTS - LoCIP funds may NOT be used to pay for:

- Operating costs
- Program costs
- Preliminary planning or feasibility studies
- Appraisal costs which do not comport with requirements as outlined in the program guidelines, or appraisals costs absent the requisite final transaction/conveyance recorded in the municipality's land records.
- Land acquisition costs absent proper appraisals or absent the requisite final transaction/conveyance recorded in the municipality's land records.
- Architectural/Engineering planning and design costs absent municipal legislative body's approval of funding for construction phase of the project.
- Service and or support costs beyond those associated with the original project installation, implementation, or construction. (Example: costs to install a permanent generator are allowed, costs for ordinary repair or regular maintenance of the generator are not allowed. Costs to install new computer servers are allowed, costs for IT support or ancillary service(s) after the installation is complete are not allowed.)
- Ancillary supplies, parts and or components in excess of what is necessary to complete the project (or portion thereof being funded with LoCIP funds). (Example: the cost for the filter that is in the HVAC unit when it is installed is an allowable cost. The cost for filters beyond what is in the machine at the time of installation is not allowable.

Other items that are not allowable: supplies such as light bulbs, batteries, cleaning supplies.)

- Municipal salaries that would otherwise be paid within the course of the employee's performance of regular duties during the employee's regular work schedule are not allowed.
- Costs associated with maintenance, which is defined as service, support or repair of a routine, recurring nature. (Example: lawn mowing, street sweeping, catch basin cleaning.)
- The purchase or rental of hand tools (small equipment). (Example: hammers, drills, wrenches, saws, screwdrivers, etc.)
- Machinery or equipment not permanently affixed to a facility. (Example: refrigerator, copier, stove, microwave, portable generator, lawn mowers, snow blowers, plow attachments.)
- Furniture, fixtures, and equipment (FF&E) are not reimbursable. FF&E includes movable furniture, fixtures or other equipment that have no permanent connection to the structure of a building or utilities. (Examples of FF&E include, but are not limited to desks, chairs, appliances, tables, bookcases, shelving, cabinets, partitions, office equipment)
- Vehicles or vehicle accessories (example: cars, trucks, plows, vans, buses, ambulances, motorcycles, ATVs.)
- Meals, mileage, airfare, car rental, hotel and/or other travel related costs. (Example: a contractor is flying in to install a new computer server and it will take four days. While the cost of his labor and the cost of equipment and project related materials are allowable, the costs associated with travel, lodging and meals, are not allowable.)
- Temporary repairs. (Example: temporary bridge repair.)
- Dues, fees, subscriptions, licenses, or service/maintenance contracts.
- Projects within or physically connected to school buildings, other than those listed as allowable.
- New floor covering, painting, trim work or other work done strictly for esthetic reasons that is not directly incidental to construction.