

E. WHEN YOU RECEIVE THE GRANT AWARD

As the sponsor, you are responsible for project administration and program compliance. If other individuals are utilized to assist in project administration, DENR can only recognize the sponsor as the legal responsible party. All project correspondence, documentation, commitments and reimbursement requests must be made and submitted by the sponsor. All your application materials will be considered as supplemental documentation to your project agreement.

1. Read the project agreement carefully. It is a legally binding document and contains basic information about your project, the grant award, and your obligations to the grant program.

a) **The Project and Contract Numbers** are unique to your project and must be recorded on the reimbursement claims forms and used on all expenditure documentation for project accounting purposes. Also, these two numbers must be used on all correspondence to the DENR related to your project. Example: Project number - **PARTF # 2007-571** and Contract number – **PO8012**.

b) **The project scope** provides a narrative description of the acquisition and/or development items that you are obligated to complete. Any changes require advance DENR approval and a formal amendment.

c) **The Project Time Period** designates the dates between which project activities can occur. Projects are given a maximum time period of **3 years** to complete. Time extension requests will **not** be considered or approved unless extreme circumstances beyond the sponsor's control occur, such as a natural disaster. **Aside from the following exceptions, development project activities and land acquisitions are ineligible if they occur outside of the project time period.**

Exceptions:

1) For land acquisition projects - surveys, appraisals, title searches and attorney's fees used to determine the legal description and fair market value are eligible if incurred within two years of the PARTF application deadline. To be eligible, these costs must be documented in your application. Purchasing a property prior to the grant award is allowed only if DENR has approved the purchase and given you a letter of retroactivity. This approval must be obtained prior to the purchase.

2) For development projects - site plans, project costs development, pre-engineering and project design activities occurring within two years of the application deadline are the only pre-award planning activities eligible for reimbursement. Costs associated with these activities must be specifically identified in your application's project costs and in the project agreement. Invoices for these costs must have been submitted with your first reimbursement request.

d) **Grant Program Conditions.** The project agreement contains specific grant program conditions which you are agreeing to when you sign it. They describe such items as your responsibilities in acceptance of the grant; state bidding and contract requirements; land acquisition requirements; compliance with the Americans with Disabilities Act for accessibility; what happens if you fail to comply with the terms of the agreement; and retention/operation/maintenance and public use requirements.

e) **Attachment B – Scope of Work.** Attachment B of the project agreement accepts the information contained in your application, project costs and project narrative as part of the project agreement. Also, the project agreement is subject to applicable state and local laws, regulations, and permits, and to PARTF requirements and assurances associated with your project. As part of Attachment B of the project agreement, you must take into consideration all comments made by state agencies in the course of environmental review of your project under the provisions of the State Environmental Policy Act (SEPA).

During the project period, you may not transfer the rights, privileges or obligations of the agreement to any other organization without the written approval of the DENR contract administrator.

f) **Reimbursement.** PARTF assistance shall be on a matching basis up to a maximum of fifty (50) percent of the total project related allowable cost. Payment of PARTF funds is made on a cost-incurred, reimbursement basis. This means you must initially expend local moneys, which are then reimbursed, under the terms of the grant. Reimbursement claims may be submitted quarterly after a significant portion of work has been completed on a project element(s). Not more than 90% of the PARTF grant amount will be reimbursed until the project is completed. To obtain the total grant amount approved for the project, you must complete the project according to the project agreement and provide documentation showing 100% of eligible expenditures for the project.

2. Sign and return the four (4) project agreements within 45 days of receipt to the Contract Administrator for DENR. Upon receipt, the Contract Administrator will review and authorize execution of the project agreement by DENR. **Don't begin work on the project before your project agreement is fully executed (signed by the local sponsor and DENR) and you receive the executed project agreement for your file. The project agreement should be placed in a safe place and must be part of your PARTF project file.**

3. When Can We Begin the Project? Projects can start only after **all the following actions** take place:

- Approval by the Park and Recreation Authority for a PARTF grant; and
- Execution of project agreement between DENR and the sponsor.

Approved projects **may not do any of the following** until they have an executed project agreement:

- Initiate final negotiations for a land purchase;
- Solicit bids or begin the contractor selection process;
- Start site preparation work or incur any costs for which you intend to seek

reimbursement, other than approved pre-agreement or appraisal costs.

F. DURING THE PROJECT PERIOD

1. Carry Out the Project According to the Project Agreement. Depending on the type of project, terms of the project agreement, and the grant program, there may be special conditions on your project agreement that need to be fulfilled during your project. This might include obtaining permits, fulfilling contract and bidding requirements, getting approvals, or recording the deed for a land transaction with the required PARTF restrictive use language inserted. Read the manual sections on Acquisition Projects and Development Projects. **Important: Failure to fulfill grant conditions and the requirements in this manual can result in forfeiture of your grant award.**

2. Satisfactory Progress. You are responsible to ensure that your project is carried through with reasonable promptness to a stage of completion acceptable to DENR and in accordance with the project agreement. You have **one year** from the execution of the project agreement to begin substantial work (i.e. the award of contracts or to complete at least 25 percent of the work). Failure to maintain satisfactory progress or failure to complete the project according to the project agreement may result in forfeiture of your grant award.

3. Tracking Project Expenditures - Grant Accounting. As the sponsor of a PARTF public recreation grant you are responsible for maintaining fiscal controls and fund accounting procedures that are based on generally accepted accounting standards and principles. The following minimum requirements must be met:

- a) Establish a separate account and supporting documents for your grant. Use the grant's project numbers for coding all related expenditures.
- b) Itemize all supporting records/documents of project expenditures by "**project element**" as listed in your application's project costs and in the project scope of your project agreement. Records/documents must be in enough detail to show the exact nature of all expenditure, including matching expenditure for land donations.

* If it is necessary to have another entity which is not an official project sponsor handle the financial administration of your project (e.g. another municipality or other organization), you **must** discuss this with your regional consultant and receive **written DENR approval**. It may be permissible as long as you justify the need and provide documentation substantiating the relationship between the sponsor and the other entity. This should be in the form of an agreement or contract signed by both parties that clearly defines the role of the assisting entity. This agreement is critical to the eligibility of the project's accounting documentation and should be in effect prior to the start of the project. However, as the sponsor you are responsible for completing and submitting project reimbursement requests and the required documentation to your regional consultant. All PARTF reimbursement checks will be issued to the sponsor, not the other entity.

4. Retaining Financial and Administrative Records. Project documentation records, including the project agreement, amendments, application materials, accounting/contract documentation and correspondence must be maintained by the sponsor in a project file. ALL FINANCIAL RECORDS RELATED TO YOUR GRANT MUST BE RETAINED FOR POSSIBLE AUDIT A MINIMUM OF FIVE (5) YEARS FOLLOWING FINAL PAYMENT AND BE MADE READILY AVAILABLE FOR AUDIT (see the Manual section - When Your Project is Complete -Audit Procedures).

For acquisition projects, deed(s) or easement(s) with the PARTF restrictive clause, certified appraisals, surveys and project boundary maps, etc. must be maintained in the project file. During the project period, your regional RRS consultant will perform an annual site inspection and review your financial and administrative records for compliance.

5. Changes in Project Scope, Costs or Timeline - Amendments.

A. Project Scope -You are expected to complete your project as outlined in the original project agreement and Attachment B. All projects must be completed by the project agreement's expiration date. If you need to change or otherwise alter your project, please report and discuss any proposed changes to the project with your regional consultant. A project change is an alteration of the project as it was proposed in your approved application and project agreement. Any change that significantly affect the project scope items, as defined in the project agreement and further delineated in your application's project costs require prior approval by DENR. These changes include adding or deleting project scope items and making significant changes to the specifications of a project scope item, such as reducing the size of a recreation center. These types of changes usually result in the need to amend the project agreement. Different procedures for requesting and obtaining approval for changes are required, depending on the change, when the change is proposed and how it will alter the original purpose of your project's application and project agreement. We encourage you to discuss any type of proposed change with your regional consultant before submitting a written request.

Action Required -Your chief elected official or chief executive officer should submit a written request to your regional consultant at least **45 days** prior to any changes being made that describes the desired change, the reason for the change and the impacts on the project, along with (as appropriate) a set of revised site plans, revised project costs, etc., to reflect the proposed change accurately. Changes that involve a deletion or significant reduction to a scope item should include a discussion on the local sponsor's review and rejection of alternatives to this course of action. Two copies of each of the above items should be submitted with your request.

All requests for changes must be submitted in writing at least **60 days** prior to the end of the project agreement's expiration date. If your request is approved, you will receive a project amendment from DENR for signature and to return to DENR for execution.

Project scope changes will only be approved if the resulting changes ensure that the project would have been competitive for funding in the review in which it was approved by the Parks and Recreation Authority. Initiating a change in the project scope or project costs prior to notifying DENR could jeopardize being reimbursed for the expense. Also, you run the risk of

having to remove the changes, at your own expense, should the changes not be approved. Amendments to increase the grant amount will **not** be allowed. Project agreements cannot be extended or modified after they terminate (i.e. after the project period ends).

B. Project Cost Changes – You are expected to complete your PARTF project within the project costs approved in your application. You are required to notify your regional consultant for any changes to your project costs. Changes to your application’s approved project costs of more than 10% for any project element require prior DENR approval to ensure the project has not changed significantly from that proposed in your application. You are required to submit in writing a description of the change(s) and sound reasoning for the change(s). Also, two copies of a dated revised project costs that reflect your proposed cost changes by project element as identified in your project scope and application’s project costs must be submitted.

Project cost changes for less than 10% for any project element don’t require prior DENR approval and normally can be handled by using your contingency fund approved in your project costs. Please notify your regional consultant for any proposed cost changes. Also, note the cost change(s) in the “Comment” section in the Detailed Expenditure Report during your reimbursement request.

C. Time Extensions – You are expected to complete your PARTF project within the 3- year project period stated in your project agreement, however, there may be a time when, for various reasons beyond your control, this is not possible. In such cases, a sponsor may request a time extension. Factors we will consider in determining whether to grant an extension include how much progress has been made towards completion of the project and to what extent delays were outside of your control, such as natural disasters. Project period extensions always require an amendment to your project agreement and must be submitted at least **60 days** before your project agreement’s expiration date. Time extension requests are required to submit the following information in their written request to your regional consultant:

- 1) Brief summary of project elements’ accomplishments completed to date (% complete).
- 2) Account of expenditures to date by project element.
- 3) Sound justifications why additional time is needed.
- 4) Proposed new development timeline for the time extension period including proposed completion dates for each project element.
- 5) Proposed budget modifications, if applicable.

6. Inspections. During the project period, your regional consultant will make several site visits to make sure that work is progressing in accordance with the project as approved.

a) 6 Month Report - After the end of the first 6 months of your project, your regional consultant will contact you to determine if adequate financial/administrative procedures have been established; if development and/or acquisition has begun on your project; and if the project is on schedule or if not what steps will taken to get on schedule.

b) Annual Progress Inspections - near the end of each year of the project, your regional consultant will perform a site inspection to see if the project is being built according to the approved plans and specifications; that the project is on schedule; that the project’s

financial/administrative files are in order; and that requests for reimbursement accurately reflect work that has been done. You may or may not be notified in advance of these inspections. Please note that the day to day supervision of the project's construction is your responsibility.

c) Final Inspection - Prior to the release of your final reimbursement payment, your regional consultant will complete a final inspection of your project. The regional consultant will check to see that all work is completed according to approved plans, specifications and amendments to the project agreement; that all wiring is underground; that all PARTF-assisted facilities are accessible to persons with disabilities; and all accounting documentation is in order. A copy of the inspection report will be sent to you. **Deficiencies noted in the inspection report must be corrected and reported in writing to your regional consultant within 4 weeks of the inspection date. Your final reimbursement payment will be held until inspection deficiencies are corrected and approved by your regional consultant.**

If the location of any PARTF facility has changed from the original site plan submitted with your application and/or your project was amended to add or delete project element(s), you will be required to submit **two (2) updated as-built site plans** as part of the closeout process to DENR. The as-built site plan must be dated and labeled as "as-built." Please color-code all PARTF facilities on the as-built site plans in "light green." See Appendix A for as-built site plan instructions.

d) Self-Certification Inspections - At least once every five years during the 25-year maintain/operation requirement for PARTF-assisted facilities, you will be required to conduct a site inspection on behalf of DENR to ensure your PARTF-assisted facilities are well maintained and being operated for public recreation purposes, and that all applicable PARTF regulations are being met. Your assistance with these inspections is in keeping with the PARTF project agreement that you signed with DENR. DENR will send you the inspection report form and a copy of your site plan to assist with your inspection. The inspection report must be completed and returned to DENR within 60 days of its receipt.

e) Spot Inspections – Regional consultants will perform periodic formal and informal inspections of your project area and facilities to determine compliance with the sponsor's long-term obligations. You will be notified of any problems identified and will be asked to address them within a reasonable timeframe. **Failure to comply with long-term obligations is a violation of the terms of your project agreement and will require mitigation. In addition, failure to comply with long-term obligations will negatively impact your ability to compete for future recreation grants, including PARTF and the federal Land and Water Conservation Fund.**

Please Note - It is not uncommon for a park to receive grant assistance under a number of grant programs, including PARTF, LWCF, Clean Water Management Trust Fund, etc. therefore, the sponsor's long-term obligations at the park site may be governed by more than one project agreement. A sponsor should make sure they are aware of **all** grant obligations before implementing any changes at the park site.

Any questions regarding long-term obligations should be forwarded to your regional consultant for discussion.

7. Termination. Unforeseen circumstances may occur and make it impossible for the sponsor to start or complete a project according to the project agreement between DENR and the sponsor. Such circumstance may result in the need to terminate a project. The termination of a project means the cancellation of PARTF assistance, in whole or in part, for a project at any time prior to its date of completion.

a) **For Cause** - Project assistance may be terminated in whole or in part at any time within the project period whenever, in DENR's judgment, a sponsor has failed in a material respect to comply with the terms of the project agreement. Such action will be taken only as a last resort. DENR will promptly notify the sponsor in writing of the determination and the reasons for termination, together with the effective date. Payments made to the sponsor or recoveries by DENR under projects terminated for cause shall be in accord with the legal rights and liabilities of both DENR and the sponsor.

b) **For Convenience** - DENR may terminate a project in whole, or in part, when both DENR and the sponsor agree that the continuation of the project would not produce beneficial results commensurate with the further expenditure of funds. Both DENR and the sponsor shall agree upon the termination conditions, including the effective date and, in the case of partial termination, the portion of the project to be terminated. Termination for sponsor's convenience will require the sponsor to bring the project to a state of public recreational usefulness (i.e. a viable recreation area) agreed upon by DENR. Upon termination, the sponsor shall render to DENR an accounting pursuant to the policies and rules of the PARTF program. In those cases where termination is due, in the judgment of DENR, to be no fault of the sponsor, credit may be allowed for the eligible PARTF project expenditures incurred prior to the receipt of the notice of termination.

Actions Required – Termination for Convenience: The sponsor will be required to solicit public comments concerning the termination request via a public hearing or public meeting. A written termination request from the sponsor's chief elected official to DENR must address sound local circumstances for the termination request and the public comments received. A copy of this letter must be sent to the sponsor's legislative delegates. Records of the public hearing/meeting must be attached to the request letter. Your regional consultant and PARTF staff will review the request and make a recommendation to the Parks and Recreation Authority for consideration at their next quarterly meeting. If the Parks and Recreation Authority approve the termination request, DENR will amend the project agreement to reflect the conditions of the termination and send a copy to the sponsor for immediate action. After termination, the sponsor shall not incur new obligations for the terminated portion of the project and shall cancel as many outstanding project obligations as possible. Within 30 days of termination notification, the sponsor will be required to submit project accounting documentation pursuant to the policies and rules of the PARTF program to DENR for audit and determination of eligible costs incurred prior to project termination.

If the Parks and Recreation Authority reject the sponsor's termination request, the

sponsor will be required to complete specific performance of the project agreement or face a possible lawsuit by DENR for breach of contract.

Termination either for cause or convenience requires that 1) the project in question be brought to a state of recreational usefulness (i.e. a useable recreation area) agreed upon by DENR and the sponsor or 2) that all funds provided by DENR to the sponsor be returned.

8. Income Received From the Project. During development of the project within the project period, income earned by the sponsor from sources other than the intended recreational use of the project are encouraged to be added to funds committed to the project and be used to further eligible PARTF program objectives on the project site. Examples of income include the sale of timber, rental of land during the project period, and the deposition of any structures or improvements included in the project's acquisition costs associated with the agreement. This income may include materials salvaged from the demolition of a building.

G. PREPARE AND SUBMIT THE REIMBURSEMENT PAYMENT REQUEST

1. General Information - Grant payments are made on a cost-incurred, reimbursement basis. DENR does not provide up-front monies for approved projects. This means your local government must have local funds available to cover initial grant expenditures until reimbursement payments are made. You must submit reimbursement requests, accompanied by the required documentation, to receive grant funds. Reimbursement requests may be submitted "quarterly" according to billing schedule described in #5 below. For acquisition only projects, generally a single reimbursement request is made after the property is acquired.

Assuming all reimbursement documentation is in order, DENR will make every effort to process reimbursements promptly and to return checks within 45 days from the date the request was received in your regional consultant's office. The one exception occurs during the period of mid June and early July which corresponds with the close out of State government's fiscal year. Incomplete billing documentation is the most frequent cause for reimbursement delays.

Concern - Inability to spend funds in a timely manner is a growing concern of the PARTF program. It is important that you not only spend the funds authorized, but that you bill in a timely manner. Failure to do so could result in a loss of grant funds. Also, reimbursement requests that do not follow the correct format will be returned to the sponsor without being processed.

2. What Costs Does PARTF Cover? PARTF assistance is available to acquire land and/or develop/renovate park and recreation areas that serve the general public. Development costs include: a) the development of outdoor and indoor recreation facilities; b) support facilities, such as roads, parking areas, accessible routes, walkways, utilities; c) other infrastructure for public recreation facilities; and d) improvements of natural resource features - needed by the public for recreation use of the project site. Land acquisition includes the acquisition of land and water in fee title or by easement.

PARTF will only cover costs associated with work completed during the project period for project elements as described in the project agreement. The only exceptions are for approved pre-agreement planning/incidental costs directly associated with preparing your application and for DENR approved waivers to acquire land prior to the project period beginning.

Eligible land acquisition costs are determined by the fair market value as established by one or two appraisals in your application that were reviewed and approved by the State Property Office.

3. What Costs Doesn't PARTF Cover? PARTF will not cover:

- cost prior to or after the project period (see exceptions noted above);
- cost to cover items that are not included in the project scope of the agreement or in the application's cost estimates;
- state and local sales tax (a refund of sales and use taxes paid by local governments is authorized under G.S. 105-164.14(c) and should be used)
- cost for sports equipment (balls, bats, boats, paddles, etc.);
- construction equipment such as hammers, ladders, saws or drills;
- materials and services purchased for the operation and maintenance of the project site;
- office equipment, indoor furniture and kitchen or concession stand equipment;
- financing costs associated with the project;
- cost incurred by a sponsor because of a contractor's breach of contract;
- overhead costs;
- cost overruns;
- donated or in-kind labor, equipment usage or materials;
- cost not documented by an invoice or with other conclusive proof of payment; and
- legal fees.

When in doubt concerning the eligibility of an item, contact your regional consultant.

4. Using Donated Land as Match - Using the value of donated land from a private organization or individual as all or part of your local match for project development in lieu of cash is an excellent way for sponsors to reduce the amount of cash they need to raise for a project. The donated land must be an essential part of an approved project and the property becomes subject to PARTF restrictions in perpetuity. Donated land must be clearly identified in your application and its value determined by PARTF appraisal requirements and State Property Office's review.

For full land donations, the appraised value of the land may be used as local match for development of the approved project site or to acquire additional land adjacent to the project site as described in the project agreement and your application.

Where a landowner is willing to sell land to the sponsor for less than the appraised value (i.e. bargain sell), the amount of the donation that can be used as local match is the difference between the appraised value and the amount to be paid by the sponsor.

Examples:

1) Full Donation - Land valued at \$100,000 is donated to the sponsor as part or all of the PARTF project site and the donated land value will be used as local match for \$100,000 in development costs for the project site. The total project is therefore \$200,000. The sponsor is eligible for a PARTF grant of \$100,000. PARTF will reimburse 100% of development costs up to \$100,000.

2) Bargain Sale Donation - Land valued at \$100,000 is sold to the sponsor for \$50,000. Therefore, the donated land value that can be used as local match for developing the project site is \$50,000. The sponsor has budgeted an additional \$100,000 for project development. The total project is therefore \$200,000. The sponsor is eligible for a PARTF grant of \$100,000. PARTF will reimburse 100% of the first \$50,000 in development costs. Then PARTF will reimburse the sponsor 50% of the next \$100,000 in development costs or \$50,000.

5. How to Request a Grant Payment.

a) Schedule for Requesting Payments (on a quarterly basis) - In any program where reimbursement is requested for a portion of the project costs, substantive accounting documentation and records are essential. There must be definite supporting evidence for each item of cost claimed – **estimates are not sufficient.**

Once substantial work has begun (at least \$2,500 in expenses), a sponsor may bill DENR on a “quarterly” basis for work completed during the quarters as follows:

By **April 30** for the quarter beginning January 1 and ending March 31;

By **July 31** for the quarter beginning April 1 and ending June 30;

By **October 31** for the quarter beginning July 1 and ending September 30; and

By **January 31** for the quarter beginning October 1 and ending December 31.

Reimbursement to you is calculated at the 50% rate for specified project elements and is based on project costs contained in your application and stipulated in the project agreement. Once a grant amount is approved, the upper limit is fixed for each project element and cost overruns are solely your responsibility. For land acquisition – if the negotiated purchase price is greater than the land value approved by the State Property Office and contained in the project agreement, the sponsor **must pay the additional land cost.**

Reimbursement will be limited to up to 90% of the eligible grant amount until the project is satisfactorily completed. Ten percent (10%) of the total reimbursement due for a development project will be withheld pending a final site inspection/audit by DENR or any irregularities discovered as result of a final inspections or audit have been resolved.

Normally sponsors with land acquisition only projects will not be submitting quarterly billings, but will submit only one billing after acquisition of the land and the new deed with the PARTF

restrictive clause has been executed.

b) How to Document Project Costs (see Appendix A for details):

1. Development Costs – The sponsor must complete, sign and date the “PARTF Request for Reimbursement” form; complete the “PARTF Detailed Expenditure Report” and provide **1** copy of each invoice that references costs for specific PARTF project elements.

2. Land Acquisition Costs – The sponsor must complete, sign and date the “PARTF Acquisition Reimbursement Request” form and submit **2** copies of the following documents (see Appendix A for c and d documents noted below):

- a. Deed and/or easement for each parcel acquired. Deed or easement must contain the PARTF restrictive clause (see Manual Section I).
- b. Evidence of title for each parcel acquired (letter from the county or city legal officer, or certificate from the Title Guaranty Company).
- c. Statement of Just Compensation **or** Offer to Acquire with Land Donation/Waiver of Just Compensation for each parcel acquired.
- d. Written offer to purchase.
- e. Proof of payment. Copy of the canceled check(s) for land purchases (front and back copy)

c) Instructions for Completing Payment Forms

Depending on the project type (acquisition, development or development with acquisition), different forms need to be submitted. A pre-printed “PARTF Request for Reimbursement” form and “PARTF Detailed Expenditure Report” form will be provided to the sponsor with the executed project agreement. These forms may be reproduced as necessary. The forms are also available in WORD and/or EXCEL format and may be e-mailed to you or downloaded from the PARTF website at <http://www.partf.net>. Detailed instructions on how to complete the forms are provided in Appendix A. In lieu of the PARTF Detailed Expenditure Report form, the sponsor may use a similar detailed accounting ledger organized by project elements or a contractor’s AIA form if the entire contract is only for PARTF work.

Important: PARTF reimbursement request forms are required to be signed by the sponsor’s chief elected official, top administrator (city or county manager) or finance director, unless the sponsor authorizes, in writing to DENR, another staff person to have signature authority for the financial matters dealing with your project agreement.

Invoices – An AIA or legible copies of invoices for costs incurred are necessary to serve as proof of expenses and payment. The AIA or invoices should provide an accurate and itemized listing of material and/or services rendered. At minimum, the invoice must include the following items:

- 1) name and address of the vendor,
- 2) quantity of item(s) purchased,
- 3) description of item(s) purchased.
- 4) unit price,

5) total amount of each line item

If the items on the invoices are not readily identifiable, please write in the item name. For instance, a part number is not acceptable; please write the name of the item on the line it pertains to.

Please note that statements and vouchers are not acceptable if they only reflect the amount due. On each invoice, note the project name and which portion of the project (i.e. project element(s)) the expenditure should be attributed to.

Special Attention - Two instances require special attention. First, the sponsor will probably have some invoices that include materials or services not included in the PARTF project. In this case, the sponsor must identify on the invoice(s) only those items that are being charged against the PARTF project (highlight PARTF costs on the invoice in “yellow”).

Second, vendor statements are acceptable (for example - price list or quotes) as cost documentation only in those instances when an invoice cannot be obtained from the vendor.

Some vendors do not use invoices. In such an instance, identify on the vendor’s statement the actual items that are related to the PARTF project. Enter the total amount of the project related purchases from each invoice (or statement) on the PARTF Detailed Expenditure Report.

For construction contracts – Prior to advertising for competitive bids, make sure to incorporate into your project’s specifications for the contractors to provide their schedule of values for proposed work to coincide with the specific project elements listed in your project agreement. This effort will greatly assist the contractor, sponsor and DENR in documenting/accounting for eligible project costs and in expediting your reimbursement payments.

d) Submitting a Payment Request - In order to receive reimbursement, the items in the billing forms must be correct, completed, well documented, and within the limits of fund assistance. **If all forms and documents are acceptable, the sponsor can usually expect reimbursement with 45 days.** To avoid delays, contact your regional consultant if you do not understand a billing procedure. Please remember, DENR processes reimbursement requests on a quarterly basis.

e) How a Payment Request is Reviewed – Your regional consultant will perform an initial review/audit of the accounting documentation submitted by the sponsor with their reimbursement request. Any audit concerns or exceptions found by the regional consultant will be submitted in writing to the sponsor and must be addressed by the sponsor to the satisfaction of the regional consultant. After audit concerns are addressed, the regional consultant will approve, sign and date the reimbursement request form and send it to the PARTF central office. PARTF central office staff will perform a 2nd review/audit the accounting documentation.

f) Receiving a Grant Payment – After audit approval by the PARTF central office staff, a PARTF reimbursement payment request will be made to the DENR Controller’s Office. The Controller’s Office will issue a check and send it to the sponsor. Some local sponsors have been approved by the State Controller’s Office to receive their reimbursement from DENR

electronically.

3. When Your PARTF Project is Complete

a) Requesting a Final Payment – Final reimbursement should be marked as “final” and submitted once all land acquisition and/or construction has been completed and all payments to contractors and supplies have been made and documented, but no later than the date specified in your project agreement (**45 days** after the end of the project period). By submitting the final reimbursement request, you are certifying to DENR that the project is complete. Completed projects will be inspected by your regional consultant and audited before a final payment is made. **If your project does not pass the final inspection by your regional consultant, you will receive a letter stating the problem(s) and recommendations for correcting the problem(s). Your final reimbursement payment will not be processed until all inspection problems have been remedied and approved by your regional consultant.**

b) Audit Procedures & Retaining Financial Records – Your regional RRS consultant will check your reimbursement request to ensure the reimbursement forms and documentation submitted are complete and mathematically correct, and that you have satisfied major program requirements – i.e., costs claimed were incurred within the project period. For development projects, the regional RRS consultant will inspect the completed project for compliance with the terms of the project agreement. The State Auditor’s Office staff will periodically review in detail samples of projects within a grant program for compliance with the program’s reimbursement requirements and procedures. This may include contacting you for additional details about the administration of your grant project or requesting that you have your project documentation files organized and available for a detailed financial audit. For development projects, the State Auditor’s Office might review a contract for compliance with advertisement and bidding procedures and to compare scope and cost details to invoice and payment documentation.

For PARTF, the sponsor shall retain all books, records, documents, data and other materials relevant to the project agreement and project for **at least 5 years** after completion of the project. These records shall be subject at all reasonable times to inspecting, reviewing, copying or audit by personnel duly authorized by DENR and the State. The records must support all project costs and billings submitted to DENR.

If an auditor’s inspection of records discloses any improper or incorrectly claimed reimbursement, DENR shall issue a management decision on a proposed corrective action within two months after receipt of this report. If any litigation, claim or audit is started before the expiration of the five-year period for record retention, the records shall be retained until audit findings have been resolved.

7. Non-compliance with Project Agreement - If DENR finds that a project has not been satisfactorily completed by the end of the project period or that the sponsor has violated a term of the project agreement, DENR may terminate the grant and seek reimbursement of the State’s share or a portion of the State’s share previously paid to the sponsor.

H. OPERATION AND COMPLIANCE RESPONSIBILITIES

1. Self-Certification Inspections - At least once every **five years** during the 25-year maintain/operation requirement for PARTF-assisted facilities, you will be required to conduct a site inspection on behalf of DENR to ensure your PARTF-assisted facilities are well maintained and being operated for public recreation purposes, and that all applicable PARTF regulations are being met. These inspections are in keeping with the PARTF project agreement you signed with DENR. DENR will send you the inspection report form and a copy of your site plan to assist with your inspection.

2. Operation and Maintain Responsibilities

Your obligations under your project agreement do not end with final reimbursement and close-out of the financial portion of the grant. Sponsors have long-term obligations that pertain to both facilities/areas developed with PARTF assistance and land acquired with PARTF assistance. Your obligations regarding PARTF facilities and areas endure for 25 years. The sponsor agrees to maintain and operate PARTF assisted facilities/areas at the project site for public recreation use for a minimum of 25 years after project completion.

The sponsor agrees to:

- 1) Maintenance of the facilities/areas, so they are attractive, inviting and safe to the public.
- 2) Compliance of the area and facilities with all applicable laws and regulations.
- 3) Keeping the project area/facilities open and accessible for public use at all appropriate times, based on the type of facilities. Full or partial closure of the project area or facilities to public use is a significant violation of the sponsor's obligations under the project agreement. Extended, temporary closures for renovation or other purposes may be acceptable, but should be approved by DENR before being implemented.
- 4) No instituting membership or annual permit systems without offering a daily use fee for non-members. Differences in admission and other fees may be instituted on the basis of residence, but non-resident fees cannot exceed twice the amount charged to residents.
- 5) For PARTF land acquisition, keeping the project site in **public recreation use in perpetuity**. Adding **any** non-recreation facility or uses to the project area, including any government buildings (such as town hall, civic center, fire stations), utility structures (including water, communication and cellular towers), streets/highways and landfill or storm debris uses are considered a **conversion** of the project area to non-recreation use. **Conversion of park areas acquired with PARTF assistance is strongly discouraged and is a very time consuming and costly mitigation process for the sponsor.**

Conversions require prior DENR approval and the implementation of specific mitigation measures as approved by DENR. Mitigation measures normally include a requirement to replace the parkland with new parkland of equivalent recreational or natural resource value and of equal or greater monetary value at the time of the conversion. Contact your regional consultant to discuss any potential conversion situations long before the sponsor considers taking action.

- 6) Obtain DENR approval to discontinue operation of any PARTF assisted facility or area prior to the end of the 25- year period required for public recreation operation.

If the project is rendered unusable for any reasons whatsoever, the sponsor agrees to immediately notify your regional consultant of said conditions and to make repairs, at its own expense, in order to restore use and enjoyment of the project site by the public.

The sponsor agrees not to discriminate against any person on the basis of race, sex, color, national origin, age, residency or ability in the use of any property or facility acquired or developed with PARTF assistance.

Your obligation for land acquired by PARTF, either in the form of fee simple acquisition, easement, bargain sale or donation, endure in perpetuity. The land must be used in perpetuity for only public recreation purposes. For easement, no amendment will be allowed that is inconsistent with the purposes of the public recreation use/conservation easement or affects the perpetual duration and use of the property for public recreation.

3. Modifications to PARTF Site. Your project area is defined by the legal description (deed or lease) and site plan submitted with your application or the as-built site plan submitted with your final reimbursement request. All project scope items constructed or purchased as part of your PARTF project must be located within the project area. Any changes to PARTF facilities/areas in the project area will require an amendment to your project agreement and will require DENR approval. Requests for project area changes should be submitted in writing to your regional consultant and must include a site map of the proposed change, the reason and justification for the change, and a discussion of the expected impacts of the change on the project as originally proposed and funded by PARTF.

I. ACQUISITION PROJECTS

For PARTF, the term “land acquisition” refers to not just fee title acquisition, but also to acquisition of less-than-fee rights in the form of a permanent easement to the property. To define the two types of land acquisition, think of property ownership as a bundle of rights: the right to use the property for particular purposes; to lease, sell or give it away; to protect its natural features or develop it; and the right to exercise all or none of these rights.

1. Types of PARTF Land Acquisition:

a) Fee Title Acquisition – Fee title acquisition is the outright purchase of land including the transfer of title to the property and all the rights associated with ownership as defined above. Another way of stating this is that an absolute or fee-simple estate is one in which the owner is entitled to the entire property (i.e. the entire bundle of rights).

b) Public Use/Conservation Easement - A Public Use/Conservation Easement provides protection from land use that could damage or destroy the property’s scenic, recreational, ecological or natural resource values. Each easement is tailored to fit the natural characteristics of the land, the personal needs of the landowner, and the objectives of the PARTF program. The easement is a permanent, recorded deed restriction which conveys some of the land rights associated with ownership of property to another party (i.e. the sponsor). The easement stays with the property permanently and is binding on all future land owners. For PARTF, it is a voluntary legal agreement between a land owner and sponsor that conveys specific rights and permanently limits specified current and future uses. Generally, the purpose of a public recreation use and conservation easement is to protect/conservate the habitat or natural resources while allowing some form(s) of public access and recreation use of the property. As with other easements, the landowner still retains ownership and many uses of the property.

Since public PARTF funds are being used, the easement must allow public access and recreation use of the property in perpetuity. Public access may permit a wide variety of recreational uses, or it could be limited to specific recreational uses such as hiking or equestrian trail. Other recreational uses may include, but are not limited to: fishing, swimming, boating, canoe/kayaking, picnicking, camping, wildlife observation, etc. Easements typically specify that the sponsor is responsible for managing and maintaining the recreation use by the public on the site. Also, the easement will set forth limitations on the public’s use of the site, for example forbidding motorized vehicles, alcohol, and/or use after dark. To protect the landowner, the easement can specify that the sponsor pay for and erect whatever barriers are necessary to keep trespassers out, including signs, landscaping and fences. The easement agreement should specify that payment of money damages by the landowner is not an adequate remedy for violations of the easement’s restrictions and that “equitable” remedies that require the landowner to fix or reverse violations are more appropriate.

Once the sponsor and landowner have negotiated the easement document which lists mutually agreed-upon use and development restrictions and specifies which parcels (or portions of parcels) are covered by those restrictions and uses, the sponsor is required to submit a copy of the easement to your regional consultant to review for compliance with PARTF’s public

recreation use requirements. The regional consultant will review the easement and submit comments and the easement to DENR for review and approval by DENR's legal counsel. If the landowner or future owner violates the easement – perhaps by building a structure that the easement does not permit or using the area as a dump site – the easement holder (sponsor) will be required to work with the landowner to have the violation corrected, in court if necessary.

2. If You Purchased the Property Prior to the Grant Award - Retroactivity

If the Parks and Recreation Authority approved a waiver of retroactivity to allow you to purchase the property to protect your acquisition's eligibility before receiving a grant award, then upon execution of the project agreement you may file your reimbursement claim for the project's acquisition costs. You must submit the waiver approval letter along with all required land acquisition documentation as noted in this manual with your first reimbursement request.

3. Before You Purchase

- a) Familiarize yourself with the PARTF program requirements contained in your project agreement.
- b) Make sure you understand PARTF's land acquisition guidelines and requirements. Consult with your legal counsel to ensure you are in compliance with these requirements.

Eligible reimbursement for land acquisition is determined by the fair market value as established by one to two appraisals reviewed and approved by the State Property Office. For acquisition projects, closing costs cannot be incurred until the project agreement has been executed, due diligence and due care actions (if applicable) have been completed. The only exception is for waivers noted above.

4. Basis For Calculating the Grant Award

Since the transfer of ownership in real property can be a protracted process which differs under various state laws and procedures, the relationship of acquisition costs to project period is separated into two elements: a) the date when the acquisition cost is incurred and, b) the date when the cost is eligible for PARTF reimbursement.

Acquisition costs are incurred on the date when the earliest of any of the following transactions takes place:

- a) The sponsor accepts deed or other appropriate conveyance, such as an easement;
- b) The sponsor makes full payment for the property;
- c) The sponsor makes first payment in a series of space or time payments;
- d) The sponsor makes the first or full payment as stipulated in an option agreement;
- e) The sponsor makes first partial or full payment to an escrow agent.

The above transactions will be used to determine whether an acquisition cost is incurred within the project period. Eligible acquisition costs will be reimbursed only after the sponsor has made payment and received satisfactory title and support documentation for the property.

5. Eligible Acquisition Costs - Include reasonable costs for the following items related to the purchase of property and are eligible for 50% reimbursement if these costs are identified up front in your application's project costs and are included in your project agreement:

- a) Costs of surveys of land proposed for purchase.
- b) Cost of appraisals as submitted with your application.
- c) Other legal fees associated with the proposed purchase of land.
- d) Purchase of fee simple title to the property as defined in the approved appraisal by the State Property Office.
- e) Relocation payments, if applicable.*
- f) Recording fees.
- g) Title evidence.
- h) Required historical and cultural assessments.
- i) Environmental inspections and assessments

* Relocation is a program mandated by state law that protects landowners and tenants displaced by projects that receive government funding. Very generally, the law requires that when a land purchase causes a displacement of a landowner or tenant from his/her home, farm or business, that person may be eligible for certain services and financial assistance from the buyer. If applicable, sponsors are required to comply with state relocation procedure laws.

6. Ineligible Acquisition Costs include:

- a) Costs for administration of the project by the sponsor or a consultant.
- b) Brokerage fees paid by the buyer.
- c) Real estate transfer fees/taxes.
- d) Environmental clean up costs.
- e) Back taxes on the land owed by the previous landowner.
- f) Other costs not listed as eligible under #5 above.

7. Eligible Sources of Sponsor's Match include:

- a) Cash from the project sponsor.
- b) Cash donated by a third party (foundations, organizations, businesses and individuals) to the project sponsor.
- c) Donation of land from a private organization or individual. The donated land value can only be used as local match for PARTF development on said property.
- d) Funds from the federal government (such as the Land and Water Conservation Fund).*
- e) Funds from other DENR and state administered grant programs.*

* For (d) and (e), the local matching share of an approved PARTF project may consist of other federal and state financial assistance only where the statutory provisions of the subsequent grant programs explicitly allow recipients to use such assistance to match state funds.

8. Donation of Land as Sponsor's Match - Rules surrounding property donations can be confusing at first glance so discuss your particular situation with your regional RRS consultant to confirm how your grant's reimbursement will be calculated. A sponsor can use the appraised value of donated land as all or as part of the 50% local match for the project. The donated value of the land is considered a financial contribution and can only be used as local match for proposed development in your project. The value of the donated contribution is determined by either: a) for fee simple donation – the appraised value of the property as approved by the State Property Office, or b) for bargain sales – the difference between the appraised value approved by the State Property Office and the actual cash purchase price for the land.

For the donated land to be eligible, the following conditions must be met:

- a) Donor of the land must be a private organization or individual who has owned the property for at least 5 years;
- b) Donated land will be all or part of the project area to be developed with your PARTF grant;
- c) A commitment of the donation was included in your application and the donation will be made after the project agreement is executed (except for approved waivers);
- d) Donated land does not include restrictions or limitations that are inconsistent with PARTF requirements;
- e) Land donation must be part of your application and not be previously dedicated through platting or re-zoning to public recreation use. Lands obtained through a subdivision parkland dedication ordinance or required by other local ordinances are not eligible for PARTF donation purposes.

Concern: If it is found that a project sponsor has received 100% of project costs from a combination of government sources, DENR will seek a legal remedy (i.e., refund of PARTF funds, declaration of ineligibility for future grants, and other remedies permitted by law).

9. Recording the Deed Restriction

As part of the acquisition process, the deed for each parcel acquired must be recorded with restrictive language that recognizes the state's interest in the property and the property's perpetuity use for public recreation only. The deed must contain the PARTF conversion protection restrictive clause listed below which is required by your project agreement:

“This property was acquired with State financial assistance from the N.C. Parks and Recreation Trust Fund, and pursuant to a contractual requirement this property may not be converted to other than public recreation use (whether by transfer, sale or in any other manner) without approval of DENR.”

10. Documents to be Kept in the Project File by Sponsor –

- a) Survey(s)
- b) Appraisal(s)
- c) Deed and/or Easement for each parcel acquired.
- d) Evidence of title for each parcel acquired (letter from the county or city legal officer, or certificate from the Title Guaranty Company).
- e) Statement of Just Compensation or Offer to Acquire with Land Donation/Waiver of Just Compensation for each parcel acquired. (See Appendix A)
- f) Written offer to purchase. (See Appendix A)
- g) Proof of payment. Copy of the canceled check(s) for land purchases (front and back copy)
- h) If applicable, relocation documentation.
- i) If applicable, required historical and cultural assessments applicable, environmental inspections and assessments
- j) If applicable, delayed development plan.

11. Land Acquisition with Delayed Development – North Carolina taxpayers should get their money’s worth from the expenditure of PARTF funds. When PARTF funds are used to acquire land for public recreation use, the use should begin as soon as possible – within a few months of its acquisition. The same holds true for planned development projects on land being acquired with PARTF funds – they should begin as soon as possible. We recognize that for a variety of reasons there are instances when public recreation use of the land must be accomplished in phases or delayed for a few years. Delayed development for up to **5 years** from the date of acquisition is permissible if explained in your application and approved by DENR. In the **interim** prior to development, it is important that the property be **open to the public** to the greatest extent possible for those recreation uses the land is capable of supporting with a minimum of public investment. Agricultural use of the land in the interim may be permissible with approval by DENR. Rental of the land for non-agricultural purposes is not allowed. To preserve your project’s eligibility, contact your regional RRS consultant to discuss your plans if you anticipate delaying development and those plans were not a part of your PARTF application.

J. Development Projects

1. Pre-agreement Planning Costs – Planning costs required for completing your application are eligible if they are incurred within two (2) years before your application was submitted. These planning costs include: site planning, preparing project costs and environmental site information

2. Before You Start the Project -

a) Familiarize Yourself with Program Requirements – such as,

ADA Compliance - All PARTF assisted facilities and areas must comply with the Americans with Disabilities Act. ADA requires that all aspects of each project be accessible or “barrier free”. There are some fundamental differences in how accessibility in the outdoors is accommodated compared to the indoors or the built environment. While restrooms, picnic shelters, community centers, and parking lots, for example, need to follow detailed ADAAG requirements, other improvements such as trails, boat landings and swimming beach areas, for example, do not necessarily need to follow indoor or built environment ramp grades or surfacing requirements.

A good rule of thumb to follow is a person with a disability must be able to travel from a designated accessible parking space to each and every PARTF assisted facility (both recreational and support facilities) and they must be able to do this unassisted. Go to www.access-board.gov for guidelines on designs that are accessible.

Electrical lines – All PARTF assisted electrical or communication lines must be installed underground. Existing lines should be buried, removed or relocated as necessary. Future lines need to be underground.

Playgrounds – For projects including a playground, sponsors are encouraged to adhere to ADAAG requirements and the guidelines established by the U.S. Consumer Product Safety Commission’s Handbook for Public Playground Safety (Publication #325). CPSC’s publication is available at www.cpsc.gov.

Only new, commercial grade equipment, constructed of materials that have proven durable in all types of weather and can withstand heavy public use should be used. Areas under playground equipment must be surfaced with an impact adsorbing material (such as poured-in-place, tiles and loose-fill material) and accessible for children with disabilities.

b) Understand and Follow Bidding Laws and Contract Requirements

Sponsors of PARTF grants must comply with the general provisions of the project agreement and applicable local and state bidding/contracting requirements. Although contracting and bidding procedures may be complicated, they are easily satisfied if the sponsor is knowledgeable of the requirements at the time bidding documents are being prepared. Failure to comply with them may jeopardize your ability to receive reimbursement payments. Sponsors need to consult

with their attorneys to ensure that they are complying with all bidding and contracting requirements. Sponsors may also want to contact the N.C. League of Municipalities. The main competitive bidding requirements for local governments are contained in Article 8 of Chapter 143 of the North Carolina General Statutes (G.S.). Most of the formal bidding requirements are set forth in G.S. 143-129 and the informal requirements can be found in G.S. 143-131. These statutes apply to the expenditure of public money within established dollar limits and on certain types of contracts. Also, the Local Government Budget and Fiscal Control Act (G.S. 159-7 through 159-42) imposes a number of requirements that must be observed in the contracting process. UNC's School of Government provides an overview of local government's contracting and purchasing requirements at <http://ncinfo.io.gov.unc.edu/pubs/electronicversions/pdfs/purch.pdf>

Since DENR audits conducted after project completion may require paybacks due to improper contracting or bidding procedures, it is most important that the procedures be followed.

The following documentation must be retained in your project file for at least 5 years for all development projects where construction contracts are involved:

- 1) Bid advertisements
- 2) Bid specifications and construction plans
- 3) Summary of Bids
- 4) Bid Proposal
- 5) Executed Construction Contracts
- 6) Contractor's Invoices
- 7) Contract Change Orders
- 8) Proof of Payment

c) Permits Required – DENR's primary responsibility is the lead stewardship agency for the preservation and protection of North Carolina's outstanding natural resources. In doing so, the department regulates all activities that may impact the state's natural resources and environment through the administration of its environmental permitting programs. Depending on the extensive of your project's development and the site's natural resources, various state and local permits will be required prior to development beginning on your project. Some typical permits may include: erosion and sedimentation control; storm water; 401 water quality wetlands certification; non-discharge; water quality stream determination; and CAMA permit for the 20 coastal counties. It is the sponsor's responsibility to obtain all the necessary permits required for your project.

3) Eligible Development/Renovation Project Costs

Materials and services in the project scope of the project agreement and identified in the application's project costs may be credited as eligible PARTF expenditures. Examples of materials/services purchases include: bid advertisements; design/engineering/architectural services and contractor services directly related to and required for completing the project; permitting and environmental reviews; demolition; site preparation; lumber; sand/gravel; hardware; paint; landscape materials; rental of equipment in completing the project; signs and equipment (fixed, physically attached and permanent improvement such as soccer, football and

basketball goals, backstops, playground equipment, tennis posts and nets, etc.)

4) Ineligible Development Costs

Only costs identified in the application's project costs and in the project agreement are eligible for PARTF reimbursement. The costs of construction tools (such as hammers, shovels, ladders, saws, drill bits, etc.); sports equipment not affixed to the ground (such as balls, bats, boats, paddles, batting machines, etc.); maintenance equipment; office equipment, kitchen equipment and indoor furniture **aren't** eligible as PARTF expenditures. Donated or in-kind (sponsor's) services including labor, equipment usage or materials **aren't** eligible for PARTF reimbursement. The exception is that portable bleachers are eligible.

5) Eligible Sources of Sponsor's Local Match include:

- f) Cash from the project sponsor.
- g) Cash donated by a third party (foundations, organizations, businesses and individuals) to the project sponsor.
- h) Donations of land from a private organization or individual. The donated land value can only be used as local match for PARTF development on said property.
- i) Funds from the federal government (such as the Land and Water Conservation Fund). Funds from other DENR and state administered grant programs).

6) Documenting Materials and Services with Invoices

Development costs are first incurred at the start of actual physical work on the project site (such as clearing the land, the beginning of construction of a building, or the delivery of material to the site), and continue through the period the work is completed. Costs are not incurred at some earlier time when contracts are signed, funds obligated, or purchase orders issued, or at a later time when the ensuing bills are paid.