

10A NCAC 27A .0204 DIVISION FUNDS FOR CAPITAL PROJECTS

(a) When capital funds are specifically appropriated by the General Assembly, the Division shall allocate funds for area program capital projects. Such allocations shall be in accordance with the language and intent of the appropriation. Instructions for capital applications and payment of funds shall be issued by the division subsequent to any such specific appropriation.

(b) An area program may request to use state non-unit cost reimbursement (UCR) funds, Willie M. or Thomas S. funds, or to transfer state operating funds outside the regular, Willie M. and Thomas S. unit cost reimbursement systems for capital costs for itself, its non-profit contract agency, or another governmental entity. The following procedures shall be followed:

- (1) Approval for purchase, alteration, improvement or rehabilitation of real estate held in the name of the area program or purchase, alteration, improvement, or rehabilitation of real estate or lump sum down payment or periodic payments on a real property mortgage in the name of a private, non-profit corporation or another governmental entity under contract to the area program, which cost under five thousand dollars (\$5,000) is delegated to the area director.
- (2) Approval for purchase, alteration, improvement or rehabilitation of real estate held in the name of the area program or purchase, alteration, improvement, or rehabilitation of real estate or lump sum down payment or periodic payments on a real property mortgage in the name of a private, non-profit corporation or another governmental entity under contract to the area program which costs five thousand dollars (\$5,000) or over shall be based upon submission of an application by the area program to the Division Director or designee. Such application shall be in a format prescribed by the Division and may include the following:
 - (A) name of applicant;
 - (B) address of applicant;
 - (C) the name and type of proposed or existing facility and its location;
 - (D) the purpose of request, whether new construction, purchase of an existing structure, alteration, improvement or rehabilitation of an existing facility;
 - (E) a statement of the need for the facility or alteration, improvement or rehabilitation;
 - (F) description of the programs conducted or to be conducted in the facility;
 - (G) target date for project completion;
 - (H) an estimated construction budget and projected revenue sources;
 - (I) a statement indicating whether or not additional Division funds will be required for operating costs. If this question is answered yes, the application shall indicate the estimated additional operating funds required and the proposed funding source;
 - (J) the name and telephone number of the area program representative designated as contact for the application; and
 - (K) two property appraisals completed by licensed property appraisers for costs associated with the purchase of an existing building, lump sum down payments and period payments on the mortgage of real property.
- (3) Funds approved for capital projects under Paragraph (b) of this Rule shall be paid in the following manner:
 - (A) Funds approved under Subparagraph (b)(1) of this Rule shall be requested by the area program using regular fund request procedures as funds are needed.
 - (B) Funds approved under Subparagraph (b)(2) of this Rule shall be requested in the following manner:
 - (i) if funds are to be utilized for the purchase of a facility, the necessary funds may be requested within 30 days from when they are needed via a written request from the Area Director to the Division Director or designee. The request shall specify the amount of funds needed and the projected closing date of the purchase.
 - (ii) if funds are to be utilized for the construction of a new facility or renovation, rehabilitation or alteration of an existing facility, funds will be disbursed based upon written requests from the Area Director to the Division Director or designee certifying project completion at the following intervals: 10%, 25%, 50%, 75% and 100%. Upon receipt of such billings, the Division shall issue payment consistent with the percentage completed.
- (4) All aspects of any capital project shall be completed in accordance with all applicable federal, State and local regulations. Such compliance shall include, but not be limited to, G.S. 159 requirements, Division of Health Service Regulation licensure regulations, and local building ordinances.

- (5) The area program shall maintain a perpetual inventory of all facilities purchased, constructed, altered, renovated or rehabilitated in accordance with this Rule. This inventory shall document the history cost of the facility plus subsequent improvements and the percentage of Division participation in the total cost.
- (6) Should the facility cease to be used for the purpose of serving clients of the Division, or, more specifically for the purpose of serving Willie M. or Thomas S. clients if the purchase, construction, rehabilitation, alteration or improvement was funded from those specific funding sources, the Division shall be contacted immediately for disposition instructions. If the Division so directs, the facility shall be sold at the current fair market value in accordance with G.S. 153A-176 and G.S. 160A-266. After the sale, the Division shall be reimbursed the Division's pro-rata share of the proceeds from the sale based on the percent of contribution made by the Division for the purchase, construction, alteration, improvement or rehabilitation of the sold facility, If an area program or its contract provider wishes to maintain ownership of a facility that was constructed, purchased, altered, improved or rehabilitated using Division funds, the area program or non-profit contract provider may, if authorized by the Division, pay to the Division the Division's pro-rata share of the current fair market value of the facility as determined by two independent appraisals acceptable to the Division.

*History Note: Authority G.S. 122C-112; 122C-113;
Eff. November 1, 1977;
Amended Eff. February 1, 1996; April 1, 1990; July 1, 1980; April 25, 1979;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.*