

**Date:** September 12, 2016  
**To:** All Municipal Chief Executive Officers & Chief Fiscal Officers  
**From:** W. David LeVasseur  
Office of Policy and Management  
**RE:** Notice of LoCIP Program Update

This notice includes:

- I. **Important Process Change: [Separate Forms Now Required for Project Authorizations and for Reimbursements](#)**
- II. New Project Authorization Request Form and Instructions
- III. New Reimbursement Request Form & Instructions, and Records Retention Reminder
- IV. Supplemental Guidance:
  - a. Allowable LoCIP projects
  - b. Examples of Allowable LoCIP costs (*please note the new requirement associated with land acquisition*)
  - c. Examples of Unallowable LoCIP costs
  - d. Limited Allowable LoCIP costs for school-related projects

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**I. Important Process Change: [Separate Forms Now Required for Project Authorizations and for Reimbursements](#)**

OPM is planning to conduct all LoCIP transactions via an on-line user portal within the next year. In order to prepare for this transition, please be advised that LoCIP project authorizations and reimbursements must now be submitted on separate forms. You may still request project authorization and reimbursement at the same time, however you will need to submit the two new separate forms. The new forms are easy to complete, and will allow us to further streamline our current administrative process which will make it easier when it comes time to transition to an online platform. Both of these forms are attached and are also available on the [LoCIP website](#).

**II. New Project Authorization Request Form and Instructions**

The new LoCIP [Project Authorization Request form](#) is attached. It looks similar to the old form with just the reimbursement section removed. ***As of October 1, 2016, all Project Authorization Requests must be submitted on the new form.*** Additionally, backup documentation related to the list in the certification section of the form ***does not*** need to be submitted with your Project Authorization Request. However, the town must maintain such documentation on file to support the certifications for the prescribed retention period and make such documentation available upon request by the state or auditors. ***As of October 1, 2016, any Project Authorization Requests submitted on the old form, or which include extraneous backup documentation, will not be processed and will be returned to the town.***

### III. New LoCIP Reimbursement Request Form and Instructions, and Records Retention Reminder

Please be advised that pursuant to current LoCIP Guidelines, municipalities are **not** required to submit copies of checks and invoices with their reimbursement requests unless expressly requested to do so by OPM. In an effort to be compliant with Municipal Paperwork Reduction requirements, when seeking reimbursement, you are required to submit **only**:

- A completed and signed [LoCIP Reimbursement Request Form](#). This new form will take the place of the reimbursement request portion of the previous A/E (Authorization/Expenditure) form.

**Please DO NOT submit invoices and copies of checks with your reimbursement requests. As of October 1, 2016, any reimbursement requests submitted with anything more than the requisite Reimbursement Request form, will not be processed and will be returned to the town.**

On occasion, municipalities may be asked to provide detailed invoices and copies of checks in order for OPM to conduct periodic reimbursement audits.

Municipalities are reminded that they are still responsible for keeping detailed records associated with any LoCIP grants. 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 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 are advised to retain records for whichever retention period is longest.

### IV. SUPPLEMENTAL GUIDANCE

This supplemental guidance should be read in conjunction with the [LoCIP Guidelines](#). This guidance is being provided to assist grantees in further identifying:

- A. Allowable LoCIP projects
- B. Examples of Allowable LoCIP costs
- C. Examples of Unallowable LoCIP costs
- D. Limited Allowable LoCIP costs for school-related projects

The examples provided in this guidance are not an exhaustive list and should be interpreted as “including but not limited to.” If at any time you would like to confirm the eligibility of a project or project component, please contact OPM for further guidance.

#### A. ALLOWABLE LoCIP PROJECTS

LoCIP funds can only be used for municipal capital expenditure projects **specifically** categorized in Section 1 (A through W) of the [LoCIP Guidelines](#) (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. Please read Section D of this supplement and the [LoCIP Guidelines](#) for the most comprehensive information about the limitations on the use of LoCIP funds for schools.

## B. EXAMPLES OF ALLOWABLE LoCIP COSTS

Project costs eligible for LoCIP reimbursement include:

- Acquisition of land for open space or public use. (***New Requirement:*** 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 to be acquired is valued at less than \$100,000 one independent appraisal is to be prepared and submitted when seeking reimbursement. For property valued at \$100,000 or more, two independent appraisals shall be prepared and submitted when seeking reimbursement. Appraisals must be performed by a MAI-certified appraiser (Member of the Appraisal Institute) and must have been prepared within the previous 365 days. The purchase price of the property must not exceed the highest appraised value.) The acquisition cost and the cost of the appraisal(s) are reimbursable.
- Procurement and installation of permanently fixed equipment. (Examples: HVAC roof top units, central air units, permanently installed generator, hot water heater, elevator, chair lifts, etc.)
- Engineering services
- Architectural services
- Contracted services needed to complete the project (or the portion thereof being funded with LoCIP funds) (Examples: contracted services related to roadwork, construction, 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 (Section W of Guidelines): Network equipment, servers, associated wiring, and software\* (**\*only initial software** that renders the hardware operational is reimbursable.)
- 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.

## C. EXAMPLES OF UNALLOWABLE LoCIP COSTS

LoCIP funds may **NOT** be used to pay for:

- Operating costs
- Program costs
- Preliminary planning or feasibility studies
- 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.)

### *Examples of Unallowable costs, continued*

- 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 desks, chairs, appliances, tables, bookcases, shelving, cabinets, or partitions.)
- 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 4 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 in Section D of this supplement.

#### **D. 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 within school buildings are costs associated with:

- Emergency communications systems improvements and building security systems
- Acquisition of technology related to the implementation of SDE'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.

Other allowable LoCIP expenditures on school property:

- Sidewalk and pavement improvements.
- Outdoor athletic field / court improvements.
- Stand-alone structures (not attached to school building) related to the athletic field/court. (Example: Snack hut, restrooms.)