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## LOCALLY FUNDED INITIATIVES POLICY AND MEMORANDUM OF UNDERSTANDING

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**Subject:** Locally Funded Initiatives Procedure  
**Approval:** Executive Staff  
**Code Section/Reference:** ORC 133.061  
**Owner:** Projects

**Policy Number:** PR-03  
**Originally Issued:** May 2004  
**Revised:** December 2017

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### APPLIES TO

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CFAP, ENP, ELPP, and Accelerated Urban Programs

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Content:

- A. Policy and Procedure Memorandum
- B. Form Agreement
- C. LFI – Funding Plan (Form A-102)
- D. LFI – Funding Verification (Form A-103)

A School District may choose to add to the scope of a classroom facilities project and separately fund a scope of work (“Local Initiative”). A Local Initiative will fall into one of three categories:

1. Additional square footage in a new facility or addition, such as board offices or additional classrooms.
2. Improvements associated with a renovation project beyond the scope of work funded by the Commission.
3. Material or scope upgrade, such as adding additional casework to a classroom, seating in a gym, or a special feature of the facility or need for the site.

Whenever a Local Initiative will be purchased through contracts that are subject to the Commission’s approval, a Memorandum of Understanding (MOU) will be executed by the School District and the Commission, setting forth specific terms and conditions. A separate MOU should be executed for each building. A preliminary MOU should be signed early in the design stage of a project, and revised before bidding in situations where contracts are subject to a percentage formula (base bid work versus alternate bid work). In no case shall contracts for construction be approved unless a MOU is executed by the School District and the Commission.

In managing costs for Local Initiatives, the following principles shall be followed. Whenever the Local Initiative involves the construction of additional square footage in a new facility or addition, the square footage cost of a Local Initiative portion of a building will be the average square footage cost of the rest

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of the building and include a contingency reserve consistent with the contingency reserve percentage for the OFCC project.

If the additional square footage is for space that is not similar to spaces provided in the Design Manual (i.e., auditorium or natatorium), a special cost estimate will be required by the Commission to determine the cost per square foot, as it will exceed the average cost per square foot of the remainder of the facility. This type of space shall be bid as integral with the classroom facilities project, with the assignment of costs being higher than the average cost per square foot.

Whenever the Local Initiative involves improvements associated with a renovation project beyond the scope of work funded by the Commission, a special cost estimate will be required by the Commission to determine the cost per square foot. The cost estimate is to be a comprehensive estimate for all costs, and not an estimate of the marginal cost of the additional labor and material for the work. This type of Local Initiative work will be included in the base bid work, with the estimate determining the fixed percentage of construction contracts that will be assigned as the Local Initiative cost.

The MOU shall list all the Local Initiatives in each of the following categories:

1. Additional Square Footage Local Initiatives and Renovation Project Improvements shall be defined as a fixed percentage of construction contracts. The fixed percentage will apply to all costs and specify that the cost of change orders shall be split according to the listed percentage.
2. Material or Scope Upgrade Local Initiatives shall be defined as a specific dollar amount. These shall be bid as an add alternate to the OFCC base bid contracts. The project team shall review all change orders and assign to the School District all costs related to the material or scope upgrade local initiative.

The School District will assume all the financial responsibility for the Local Initiative and establish a Local Initiative Fund or special cost center in a fund other than fund 010 to account for the local resources supporting the Local Initiative. The School District will transfer the required money prior to certification of availability of funds.

For districts in the Expedited Local Partnership Program, the District's contracts for Architects and other professional services should specify the portion of the contract to be paid as a Local Initiative. The Commission may reduce the amount of the Architect and other professional services fees in the project credit to account for that portion of the fees that are due to the Local Initiative.

For school districts in CFAP, ENP and Accelerated Urban Program, if the District elects to utilize the Architect or Construction Manager under contract for the Commission funded project, the School District will prepare an appropriate Amendment for the Architect's services for Commission approval and the Commission will prepare an appropriate Amendment for the Construction Manager's services. The services provided under such Amendments are to be paid directly by the School District from the Local Initiative fund. The evaluation of invoices for services performed by the Architect and Construction Manager are not subject to the approval of the Commission. However, the Construction Manager's invoices are subject to review by the Commission.

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The contracts for the Architects and other professional services should be executed as soon as possible after the identification of the Local Initiative scope, but no later than the approval of construction contract(s).

**OHIO FACILITIES CONSTRUCTION COMMISSION**

**FORM AGREEMENT LOCAL FUNDED INITIATIVES (LFI)**

POR     
  SD     
  DD     
  CD     
  **Revised Post Bid**

School District:		
County Name:		
Building Name:		
OFCC Scope of Work:		
Local Initiative Scope of Work and Project Name:		
Local Initiative Budget ( <i>Total, Contingency, A/E, CM, Soft Costs and Soft Cost Contingency</i> )		
Additional Square Footage or Renovation Project Improvement LFI's (Fixed Percentage of Cost)		
Material or Scope Upgrade LFI's (Add Alternate Bid)		
A/E and CM Amendment Budget and Deadline for Amendment:		
LFI Fund(s) and Cost Center(s):		
Proportional Sharing Percentage of Additional Square Footage LFI's and Renovation Project Improvements (LFI Square Footage Divided by Total Square Footage of Project, including LFI Square Footage):		
	% Project Construction Fund	% Local Initiative Fund

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The School District Funding Plan (Form A102) or Funding Verification (Form A103) is attached. A Local Initiative should not be included in design if there is any uncertainty of funding for the Local Initiative. By exception, the Commission may approve continuing to the next design phase with only a portion of the required funding in the Local Initiative Fund, if the Commission determines that the School District's plan for depositing the remaining funds in a timely manner does not present significant risk. In any case, all funding must be in the Local Initiative Fund prior to bidding the work.

The timing of payments of the Local Initiatives portion of shared contracts should be determined by the treasurer. Generally, payments should be spread over the time span of the contract, or approximate the completion of the Local Initiative. In no case shall the School District Treasurer pay all the invoices of a contract with project funds, and then only pay the final invoices with local initiative funds.

If a cost overrun occurs or change orders are approved by the Commission and School District to Fixed Percentage Contracts, the costs will be proportionally shared by the Project Construction Fund and the Local Initiative Fund according to the same percentage shares as listed for those contracts, shown above in this Memorandum of Understanding. In the event of a cost under-run or deduct change order to Fixed Percentage Contracts, the contributions of the Project Construction Fund and Local Initiative Fund will be reduced according to the same percentage shares as listed for those contracts, shown above in this Memorandum of Understanding. For Fixed Percentage contracts, change orders may be designated as fully project-funded or fully local initiative-funded only in extraordinary circumstances, by agreement from both owners, when the change order involves a substantial change of scope that unarguably is connected to only project-funded work or local initiative-funded work.

Material or Scope Upgrade Local Initiatives shall be defined as a specific dollar amount. The project team shall review all change orders and assign to the School District all costs related to the material or scope upgrade local initiative.

The School District and Commission agree to the terms and conditions provided in this Memorandum of Understanding for the Local Funded Initiative.

OHIO FACILITIES CONSTRUCTION COMMISSION

\_\_\_\_\_  
SCHOOL DISTRICT

\_\_\_\_\_  
COUNTY

By: \_\_\_\_\_  
Superintendent

By: \_\_\_\_\_  
Project Administrator

Date: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Treasurer

Date: \_\_\_\_\_

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For POR, SD, DD, or CD MOU complete Form A102 or A103  
For Revised Post-Bid MOU complete Form A103

**Locally Funded Initiative Funding Plan**

The Board of Education proposes that the School District will provide funding for the proposed locally funded initiative of \_\_\_\_\_ in the amount of \$ \_\_\_\_\_ Dollars no later than \_\_\_\_\_, \_\_\_\_\_.

The School District further states that the funding for the proposed locally funded initiative identified above will be provided by the following revenue resources, by the following dates and in the following amounts:

REVENUE SOURCE	DATE	AMOUNT
		\$
		\$
		\$
		\$
		\$
		\$
		\$

SIGNED:

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Treasurer

APPROVED:

By: \_\_\_\_\_ Date: \_\_\_\_\_  
OFCC Finance Representative

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**Locally Funded Initiative Funding Verification**

The Board of Education has provided funding for the proposed locally funded initiative of \_\_\_\_\_ in the amount of \$\_\_\_\_\_ Dollars.

The School District further states that the funding for the proposed locally funded initiative was deposited in the appropriate school district fund on the following dates and in the following amounts:

REVENUE SOURCE	DATE	AMOUNT
		\$
		\$
		\$
		\$
		\$
		\$
		\$

SIGNED:

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Treasurer

APPROVED:

By: \_\_\_\_\_ Date: \_\_\_\_\_  
OFCC Finance Representative