

Pennsylvania Department
of Community and
Economic Development

Early Intervention

Program Guidelines



Commonwealth of Pennsylvania
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www.state.pa.us

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Section I – General

A. Introduction

The Early Intervention Program was established to assist Pennsylvania local governments in addressing financial management and fiscal difficulties in a timely and planned manner in order to avert an adverse impact on health, safety and welfare of their residents. The purpose of the Early Intervention Program is to establish short-term and long-term financial and managerial objectives that strengthen the fiscal capacity of Pennsylvania's county and municipal governments along with the integration of long term community and economic development strategies that strengthen the local government's tax base. The program is a key component of Governor's Rendell's economic stimulus program and in providing fiscal stability to Pennsylvania's local governments. The FY 2004-2005 Budget includes an allocation of \$1 Million for the implementation of this program. The program will be administered by the Governor's Center for Local Government Services (GCLGS) in the Department of Community and Economic Development (DCED).

The Early Intervention Program is designed, in part, based on the experiences of the City of Philadelphia in operating under the Pennsylvania Intergovernmental Cooperation Act ("PICA"), and on recommended financial management practices of the Government Finance Officers Association.

B. Eligible Applicants

Any Pennsylvania local government or combination of local governments including: counties, cities, boroughs, town, townships and Home Rule municipalities are eligible to apply for funds.

C. Program Objectives

The Early Intervention Program will provide financial assistance to local governments to develop and implement multi-year financial management programs and strategies. The objectives of the program are to:

1. Strengthen multi-year financial planning processes for local governments throughout the Commonwealth.
2. Provide the resources to assist a local government on an early basis to identify and address financial difficulties.
3. Develop the internal capacity within local governments so that they are able to develop, adopt, monitor and implement Multi-Year Financial Management Plans and incorporate this process into their annual budget process.
4. Engage in related management studies that will improve financial administration and management of the local government.
5. Implement a system of multi-year revenue and expenditure financial trend analysis, monitoring and forecasting so that local governments can anticipate and plan for future financial circumstances.
6. Support the adoption of best local government management practices and efficiency measures to increase municipal financial stability.
7. Encourage local governments to adopt prioritized short and long term goals and objectives.
8. Promote multi-municipal and regional cooperation strategies and cost-sharing opportunities between two or more local governments.
9. Further the integration of sound community and economic development strategies to encourage the economic growth of a local government's tax base over a multi-year period.

D. Eligible Activities

Grant funding under the Early Intervention Program may be used for the following activities:

1. The development, adoption and implementation of Multi-Year Financial Management Plans.
2. Consultant services to assist a municipality in the development of a Multi-Year Financial Management Plan or related municipal financial and management studies.
3. The development of related studies to improve the management practices and/or financial administration procedures of the local government.
4. The development of multi-municipal or regional intergovernmental cooperation initiatives and cost sharing strategies.

E. Early Intervention Program Plan Requirements

1. The guiding philosophy of the Early Intervention Program involves five specific measures that a local government can take to effectively manage its financial position and achieve or maintain long term fiscal and economic viability:
 - a. expenditure reduction;
 - b. revenue enhancement;
 - c. implementation of a long-term community and economic development strategies for tax base stabilization;
 - d. adoption of best management practices to achieve operating efficiencies and,
 - e. pursuit of intergovernmental cost-sharing strategies.
2. The active involvement of both elected officials and management in the development and implementation of the Plan is key to its success. The program narrative should address how this involvement will occur.
3. The Early Intervention Program Plan requires that local governments prioritize their most critical needs, and establish a process that ensures that resources are focused on areas of highest priority, thus creating a “triage” approach to fiscal distress intervention.
4. The Early Intervention Program Plan should be designed to meet the individual and specific needs of each local government. For local governments that are requesting assistance it is suggested that the development of the Plan be divided into the following six (6) steps:

Step 1: Financial Condition Assessment – A multi-year trend analysis of historic financial data and an assessment of current budget performance will be performed as a means to establish a realistic baseline of a local government’s historic and current financial condition.

Step 2: Financial Trend Forecasting – Performed over a multi-year period, this analysis will project future revenue, expenditure, economic and demographic trends so that the local government can understand its future financial position and take immediate steps to counteract any negative trends.

Step 3: Emergency Plan for Current Fiscal Year – The Multi-Year Financial Management Plan should allow the local government to pursue both short and long-term strategies on parallel tracks. If the above analysis has identified a critical cash flow situation that may impact on the health, safety and welfare of residents, an Emergency Plan should be included to

address actions to be taken during a 6 to 12 month timeframe to avoid a fiscal emergency. The Emergency Plan, if applicable, should set forth a strategy regarding i) whether the current fiscal year's budget can and should be reopened, amended or modified; ii) whether operational and/or personnel reductions should occur; iii) whether short term borrowing including possible unfunded debt borrowing is necessary; and iv) whether other types of administrative reorganization or short term actions should be effectuated in order for the local government to remain solvent in the current fiscal year.

Step 4: Management Audit – A management audit of all major departments and operations should be performed. The audit will include narrative summaries of each department compromised of budget and personnel information, as well as other relevant data. This data will be supported by interviews with each department manager and staff in order to facilitate the most comprehensive view of the local government's most critical operational needs.

Step 5: Multi-Year Plan Adoption – A schedule for public input into the Plan and for Plan adoption shall be provided. The Plan shall include an identification of the local government's top three to five priorities. Additional prioritization should be conducted at the departmental level should be detailed in the Plan. Each objective should contain a detailed action plan which describes: 1) what is to be achieved; 2) the budgetary impact; 3) the timing and deadlines for each action step and 4) which employee or agency has the primary responsibility for the objective.

Step 6: Multi-Year Plan Implementation – The Early Intervention Program is an ongoing process and an adopted plan must be evaluated, adjusted and adopted anew each year. A master implementation schedule should be adopted that specifies the key deadlines for each objective set forth in the Plan. Key to the ultimate implementation of the Plan, this schedule will serve to monitor whether or not individual department objectives are being met, thus providing a means by which the local government can measure its overall progress in implementing the Plan.

It is the intent of the Early Intervention Program for the Multi-Year Plan to become institutionalized within the local government. As part of the Program, the local government will be expected to have its elected officials and key staff trained in order to ensure the successful implementation of plan recommendations.

Proposed activities shall normally be completed within a maximum 12 month period. When it is projected that more than 12 months are needed to complete the project, the project may be broken into two phases. Separate and integrated work program narratives and budgets must be submitted. Funding of the second phase will normally require a second application that will be required to address the accomplishments of Phase 1 and the additional work involved in fully implementing the multi-year strategy. Funding for subsequent years will be predicated on the availability and release of funds.

F. Grant Allocation and Limitation:

In FY 04-05 a \$1,000,000 appropriation has been authorized for the Early Intervention Program. Grant awards will be limited to a maximum of \$100,000. Funds will generally be used to finance up to 50 percent of the total project cost. The grantee is required to provide the remaining 50 percent, normally as a cash match. Proposals to substitute some or the entire required local cash match with the professional services of the grantee's staff should be discussed with the GCLGS prior to the submission of the application.

DCED may reduce the grantee's required match in the following cases:

1. Where the applicant is experiencing extreme levels of fiscal and economic distress as measured by financial, tax burden and socio-economic variables.
2. The applicant is participating in a consolidation or merger study process or the local governments recently approved a boundary change initiative and is implementing the new merged or consolidated government.
3. Other factors as GCLGS may deem appropriate depending upon the unique circumstances as presented by the applicant.

Section II – The Application Process

A. General Information

1. Applicants must utilize the DCED Single Application. Copies of the Single Application may be obtained by contacting the DCED Customer Service Center at 1-800-379-7448 or 717-787-3405 or e-mailing: ra-dced@state.pa.us. The Single Application can be printed and/or completed online by accessing www.inventpa.com. Type "Single Application" into the search mechanism. Applications may be submitted in paper copy or electronically. Applications may be submitted at any time.
2. While not a requirement, the potential applicant is strongly encouraged to schedule a pre-application meeting with the GCLGS to discuss the project prior to application submittal.
3. Applicants should carefully review the instructions outlined in the Single Application and submit documentation that addresses the objectives identified in these guidelines.
4. Please designate the Early Intervention Program as the grant program you have chosen for initial consideration. Designating this Program ensures that the application is referred to the GCLGS for initial consideration. Identify in the Single Application any GCLGS staff person with whom you have discussed this application.
5. **Project Narrative**
 - a. The project narrative should be detailed and describe the project as thoroughly as possible. It should address the specific activities to be undertaken, the Plan elements to be completed, the process that will occur and the timeline for the project.
 - b. Describe the problem to be addressed and the end product of the project.
 - c. Identify the consultant selection process and its current status. Although a Request for Proposal (RFP) process may be initiated prior to the submission of an application, the applicant shall not finalize any award decision prior to grant approval. A proposed or developed RFP shall also be included.
 - d. Describe and support the local commitment for the project.
 - e. Include a list of all participating local governments.

6. **Project Budget**

Complete the project budget in the Single Application. Attach additional pages to the narrative that provide a detailed project budget. The total of all income sources should equal the total of all expenditures. In-kind contributions, if provided, should be clearly identified.

7. Completed Single Applications can be filed electronically; however, the Single Application must be signed by the authorized officer of the local government. Typed, printed, photographed, stamped or facsimile signatures are not acceptable. A supporting resolution authorizing the submission of the application and committing local resources shall also be executed and submitted. The Single Application with original signatures along with any attachments should be mailed to:

Commonwealth of Pennsylvania
Department of Community and Economic Development
Customer Service Center
400 North Street, 4th Floor
Commonwealth Keystone Building
Harrisburg, PA 17120-0225

8. The application guidelines can be accessed on-line at www.inventpa.com Select “Community Resources Directory” from the “Find Specific Programs” quick find. Then select “Municipal Services.”

Section III – Evaluation Criteria

All applications will be evaluated on the basis of municipal financial characteristics and the quality of the proposed work program, including the extent to which the proposal will improve the administrative and financial management capacity of the applicant. The following factors will be considered when evaluating the application and will be the basis for funding decisions:

1. **Current Financial Condition.** The extent to which the applicant is in the early stages of financial distress as represented by falling revenues, structural imbalances, a high debt burden, inability to meet creditor obligations when due or to meet minimum pension obligations, inability to maintain core local government services, high levels of deferred maintenance or a substantial deterioration of public infrastructure and capital facilities, and the reduction of other services including a reduction in the number of employees.
2. **Economic and Demographic Condition.** The degree to which the applicant is experiencing significant declines in population and economic activity resulting in a loss of municipal revenues, fiscal and economic distress, out-migration and aging populations, high concentrations of low-income populations, deterioration of public services and facilities, deterioration of housing stock and similar problems.
3. **Management Capacity.** The extent to which the applicant has taken proactive measures to manage finances in a responsible manner, as represented by attempts to reduce expenditures, increase revenues, adopt sound management practices, establish municipal priorities, and adhere to generally accepted financial management, budget and financial reporting standards.

4. **Intra-Governmental Cooperation.** For local governments that have a separate co-equal legislative and administrative branch of government, the degree to which cooperation and collaboration exists between each branch of government and the development of consistent goals and priorities adopted jointly by each branch of government.
5. **Inter-Governmental or Regional Cooperation.** Demonstrate the extent to which local governments are willing to engage in a multi-municipal or regional strategy and examine whether certain municipal services can be provided through a Council of Governments (COG), a County Government, or other intermunicipal structure.
6. **Implementation Commitment and Strategy.** Demonstrate the degree to which the applicant is committed to improving its financial and/or administrative operation through the adoption and implementation of a Multi-Year Financial Management Plan. A local government's commitment will be demonstrated by allocating resources and personnel to continue the Multi-Year Financial Management Plan process.
7. **Past Performance.** If the applicant has received prior DCED funding, how has the funding benefited the participants. The degree to which the projects have been implemented and project closeout procedures have been completed will also be considered.

Section IV – Application Review Procedure

All Early Intervention Program grant applications will be evaluated by the GCLGS based on the above criteria and to:

1. Determine applicant eligibility.
2. Determine eligibility of proposed activities.
3. Ensure program requirements are satisfied.
4. Ensure the application's proposed scope of work and budget is consistent.

During the review process, the GCLGS may contact individual applicants, consultants and other state agencies to obtain clarification, verify consistency and request additional information regarding the application. Any previous problems that the applicant had in managing previous state and federal programs will also be considered.

Section V – Award Selection

Projects selected for funding will be announced by letter from the DCED Secretary. The contact person specified in the letter will be sent the offer letter. Funding decisions will be made subject to the available of funds.

Section VI – Program Administration

Successful applicants shall comply with the requirements, guidelines, and applicable laws and regulations pertaining to DCED grant administration.

1. **Contract Execution**

Approved projects will be sent a blue back contract for execution. Please have the appropriate officers execute the contract and return it the specified address.

2. **Payment for Services**

The grantee shall submit invoices to GCLGS for payment. At the discretion of GCLGS, disbursements will be made in not more than two equal payments in the following manner:

- a. Lump sum draw-down at the beginning of the project period.
- b. Two equal payments, one disbursement occurring at the beginning of the project and the second during the midway point of the project. This method provides GCLGS with the ability to monitor the progress of the grant contract. If the GCLGS determines that unsatisfactory or insufficient progress is being achieved, GCLGS shall have the right to terminate the contract and request the return of all grant monies.

3. **Selection of Municipal Consultants**

In most instances, a Multi-Year Financial Management Plan or other related financial or administrative study will be prepared through the assistance of a third-party consultant. The grantee shall select a project consultant pursuant to that local government's requirements for bidding and entering into professional service contracts. Although a selection process may be initiated prior to the submission of an application, an award decision shall not be made prior to grant approval by DCED. DCED shall not be a party and shall not have any duties, obligations or liabilities arising from the contract between the municipality and its consultant. DCED shall however, review the final selection of the grantee and approve the final selection.

A consultant should prepare a proposal for the municipality that sets forth a project budget and the scope of work to be performed by the consultant. The consultant is expected to complete project tasks within the timeframe set forth in the proposed scope of services. In the event a local government is engaging in a fully integrated Multi-Year Financial Management Plan project, the consultant's scope of work shall detail a work program consistent with the six (6) steps outlined herein. The scope of work should outline deadlines and dates when each plan element is to be completed. A Multi-Year Financial Management Plan should be completed within twelve (12) months from the commencement of the project and should be adopted by the local government and integrated into its annual budget. Periodic progress meetings should be scheduled between staff from the GCLGS, the grantee and the consultant.

In the event the applicant's proposed project pertains to an eligible activity that is not a full Multi-Year Financial Management Plan, the consultant shall likewise set forth a detailed budget, scope of work, and work schedule that details what tasks are to be performed and the deadlines when each task will be completed.

4. **Project Closeout** – Projects shall be closed out in accordance with DCED administrative policies. At the inception of the contract agreement, the grantee shall agree and fully understand that the contracted scope of work must be completed. If the local government does not complete the specified work, and unless a contract extension has been approved, the Department, grant funds may be required to be returned.
5. **Documentation** – Two copies of all documents prepared under terms of the contract shall be forwarded to GCLGS in hard copy form and, if available, in electronic form.

Attachment A

Governing Body(ies) Authorizing Resolution

Name of Local Government _____
Resolution Number _____

WHEREAS THE (LIST OF PARTICIPATING LOCAL GOVERNMENTS) will be undertaking a project under the Early Intervention Program (NATURE OF PROJECT) ,

AND

WHEREAS THE (LOCAL GOVERNMENT) wishes to participate in said project.
AND WHEREAS THE Pennsylvania Department of Community and Economic Development makes available grants-in-aid to such projects through the Early Intervention Program,

NOW THEREFORE, BE IT RESOLVED that the (GOVERNING BODY) of the (LOCAL GOVERNMENT) hereby authorizes the (NAME OF LEAD LOCAL GOVERNMENT) to make application for such a grant on our behalf.

AND BE IT FURTHER RESOLVED that the (GOVERNING BODY) of the (LOCAL GOVERNMENT) hereby allocates local resources in the amount of (AMOUNT OF LOCAL SHARE) to said project.

Adopted this _____
(DATE)

(GOVERNING BODY)

Attest _____
(SIGNED)

(LOCAL GOVERNMENT)

(SIGNED)
(PRESIDENT/CHAIRMAN)