



2016 Manufacturing Extension Partnership Request for Proposal (RFP) Frequently Asked Questions

Question 1: Ohio MEP 2016 RFP, Section 2.3.1 Eligibility (Lead Applicant), p.7. In the paragraph that begins “Please note:”, the end of the section refers to sections that should be organized separately for each region applied for. Section 3.4.5.5 does not exist and we were hoping to know what section this piece was referring to.

The note on p. 7 should say, “...sections 3.4.4.1, 3.4.4.2, 3.4.4.5 and 3.4.6.2 below,” rather than “...3.4.5.1, 3.4.5.2, 3.4.5.5 and 3.4.6.2 below.” The intent is for the proposal to describe the strategy, market understanding, and outreach and service delivery plan for each of the regions or sub-regions that the applicant proposes to serve.

Question 2: Ohio MEP 2016 RFP, Section 2.3.1 Eligibility (Lead Applicant). Sections 3.4.5.1 and 3.4.5.2 “should be organized so as to address each [sub-region] individually.” Can this extend to section 3.4.5.3 for Key Personnel where a sub-region has its own regional direction with key staff needed to lead that region? If yes, does this extend the page limit of the “Qualifications of the Applicant” section and can we provide up to an additional 5 Key Personnel resumes for each of other second sub-region/region?

Please see the response to Q.1 above regarding 3.4.5.1 and 3.4.5.2. Including in section 3.4.5.3 that a description of key personnel assigned to each region is welcome but not required. If an applicant is bidding for more than one region, the resume limit may be exceeded if the applicant feels that this information will meaningfully raise the quality of the proposal.

Question 3: Ohio MEP 2016 RFP, Section 2.3.1 Eligibility (Lead Applicant). Please confirm that the metrics in section 3.4.4.6 are in aggregate for the entire region being applied for (sub-regions and regions rolled up to one metric pro forma).

Yes, these figures should be provided for the proposal as a whole. Breaking them down by region or sub-region is not being requested.

Question 4: Ohio MEP 2016 RFP, Section 2.4.4 Performance Based Cost-Match. Please confirm our understanding of paragraph 4 beginning “Allowable invoiced costs will be reimbursed for a given period...”. Our understanding is that grant costs may never be reimbursed in excess of local cost share requirement. Unreimbursed grant costs and/or excess local cost share may be carried over from one program year to the next.

The understanding that grant costs may not be reimbursed in excess of the local cost share requirement is correct. So the maximum drawdown in a given invoicing period, usually monthly or quarterly, depending on the grant agreement, will be “at the budgeted cost share ratio.” For example, if allowable costs for the invoicing period are \$100,000 and the local cost share percentage in the grant agreement is 30%, the affiliate will invoice for \$70,000. The full \$70,000 will be paid unless the combination of calculated matching grant program income and other cash, plus grant match at the budgeted rate for the value of in-kind services, fall short of the \$70,000 target. In that case, the combined calculated state+federal match will be paid, and any unreimbursed costs that would have been earned if the target were met will be held over to the next invoice period. That is, if only \$65,000 was earned, the remaining \$5,000 will be added to reimbursable costs invoiced in the next month or quarter, at which point reimbursement may be earned through performance (presumably) at or ahead of plan. Conversely, if the affiliate is operating ahead of plan in a given invoicing period, the full \$70,000 will be paid and the excess matching funds earned will be held as a credit for the next reporting period. Unreimbursed grant costs and/or excess matching funds earned may also be carried over from one program year to the next.

Question 5: Ohio MEP 2016 RFP, Section 2.4.4 Performance Based Cost-Match. Please confirm that the “Local Cost Share” percentage corresponds to the “LOB Income” in Appendix F and is the combination of program income + community contributions or sponsorships where appropriate.

Yes, the LOB (Line of Business) income line is intended to capture all local cash sources that contribute to the program.

Question 6: Ohio MEP 2016 RFP, Section 2.4.4 Performance Based Cost-Match. In the final paragraph of page 10, the statement: “applicants are strongly encouraged to design a business plan with a mix of business that generates program income commensurate with the resources that are applied to each line of business.” Can we assume that “program income” in this statement refers to “Local Cost Share” and is inclusive of community contributions or sponsorships? For example, if a local foundation gives money to offset costs of serving very small businesses, this would presumably count as Local Cost Share and would be used to further lower the small company cost share burden and would be part of the good mix of business the RFP is seeking.

The assumptions as you state them are correct. The reference to program income is simply recognition that the great majority of local cost share is intended to be derived from the paid-for delivery of client services. The guidance on page 10 is not intended to ignore other sources of funds, particularly for events and new product development activity, where significant cash may be generated through philanthropy or sponsorships. In the event that other cash may not be readily assignable to a specific line of business, it will be matched at the blended, overall cost share ratio in the grant agreement.

Question 7: With respect to Section 3.4.6 Budget, please confirm our understanding of paragraph 3 on page 19 beginning with “In support of the One Ohio MEP concept...”. Our understanding is that when an affiliate (the “prime contractor”) utilized another Ohio MEP affiliate as a subcontractor, 1) the prime affiliate contractor pays the subcontracted affiliate directly at their billable rates, 2) the prime contractor and affiliate contractor include this in program income and local cost share; and 3) the prime contractor does not include indirect cost associated with the affiliate subcontractor in local cost share, but may reduce their local cost share requirement by that amount.

The intent of this provision is to encourage Affiliates to use the expertise of other MEP affiliates without incurring a cost penalty while also making the benefits of subsidized MEP services available to manufacturers. Two affiliates may not use the same project dollars to generate program income that is eligible for match. Therefore, the transfer pricing mechanism would work as follows: Affiliate A has a client in its region for which Affiliate B has the requisite delivery skills. “A” subcontracts with “B” to perform the work. In the subcontract, “B” specifies the full billable rate that “B” would charge to an unsubsidized client as well as the discounted rate that an MEP Client in the associated line of business would receive. “A” charges the Client at the discounted rate (essentially a pass-through), but calculates indirect costs as if they were figured on the full billable rate. “A” reports only the indirect cost, but figured on the full billable rate, as program income; this income is then matched accordingly. “B” gets credit for program income at the discounted rate for the services performed and is also matched accordingly.

Question 8: In paragraph 6 on page 19 beginning with “Grant funds may not be expended, except as Indirect Costs...for...purchase...of capital equipment”: Capital purchases are sometimes paid and billed to clients as we construct the capital equipment as part of an engineering project (e.g., a new piece of process equipment that we have had significant engineering input to design and/or build). We assume that these types of “capital purchases” when not being added to the Prime Contractor or Partner facilities are allowable as Program Income and hence cost share. We typically consider these materials for engineering projects, but clients may consider them capital purchases from us.

The purchase of equipment is different from the manufacturing process resulting in equipment intended for sale. The grantee may not simply buy equipment and charge the expense to the grant. If included in the scope of the grant, the grantee may purchase parts, products and services in order to manufacture equipment destined for a Client. In this case, the costs of the purchased components and any directly associated products and services may be expensed to the grant and the value of the sale of the delivered manufactured equipment to the Client would be considered program income.

Question 9: Appendix B Cash Cost Share Provider Information Form. May we include for-profit entities or individuals who give to the Prime Contractor meaningful cash contributions to support the MEP mission? Examples of this are local companies who offer to pay for MEP services for other smaller entities.

Yes. The non-profit restriction is only for subcontractor/sub grantees. Organizations of any type that are committing cash should be listed on the Cost Share Provider page.

Question 10: With respect to Appendix B, is there a way to treat as confidential to outside dissemination the content of those groups donating cash cost share if they should so-desire it? For example, a private philanthropy who is happy to be identified as giving cost share and will sign a letter but whose specific amount of donation would like to be shielded from sharing publically (upon a public records request or press release, this specific information would only be released in aggregate).

In the case of cost share from private companies/individuals, we can redact the source of the cost share (name), but cannot redact the amount or type of cost-share. So for example, if a law firm is providing services, we can redact the name of the firm, but not the type (legal services) or \$ amount of services.

Question 11: In Appendix F, where should the calculation of cost share demonstrated in this Appendix be shown in the RFP response?

Appendix F is a tool to help bidders develop financially coherent proposals. The calculated cost share is for guidance only, and the final percentages for each line of business may vary slightly during contract negotiations. Appendix F should not be submitted with the proposal, and the calculated cost share does not have to be entered in the budget forms, which may have a somewhat different cost share figure. Lead Applicants are welcome to propose a detailed budget that over- matches state funding if, for instance, they believe that a major portion of their program income will be derived from paid engagements with large corporations. This scenario would be evident if the “% of budget supported” calculation showed a number that is lower than 100%. The deficit would have to be made up of local overmatch and/or state cash match to in-kind third party services.

Question 12: Is it correct that the Appendix F column LOB income refers to community sponsorships and contributions as well as program income? Where in the proposal should we show how these LOBs break down into various sources, if anywhere?

The LOB income line does refer to all sources of cash, including program income and sponsorships/contributions. The only required breakdown of these sources is in Budget Form 3, which captures Program Income separately. Sponsorships/contributions are captured in the Additional Cost Share block of Form 3, and they do not have to be assigned to lines of business for purposes of the proposal.

Question 13: Is the number of employees (for determining business size) determined the same way that NIST does using D&B classifications for establishments?

Any reasonable methodology for determining number of employees is acceptable. A more accurate method than D&B is to ask the client. The principal reason for this categorization is to capture the Client’s ability to afford MEP services. The number of employees in an establishment is applicable only if the establishment is the sole location for the business. A 20-person unit of a Fortune 500 company is not a Very Small Manufacturer. The operative number is how many employees the whole company has.

Question 14: Please confirm that “new product development projects” in Appendix F refer to new products that the MEP is creating (like service lines or new technologies), not new products that we are helping a client create (like a new widget we are designing).

Yes, new product development projects refer to new product/service offerings (called “new services and technology development” in the base RFP) that the affiliate may develop in anticipation of future needs of the client base. Product development that is specific to a client would be captured as a consulting services project.

Question 15: With respect to section 2.2.3 Clients, p.7, as long as the manufacturing facility is in Ohio, does it matter, for reporting purposes, if the facility is a US subsidiary of a global company?

As long as the service is being performed in/for an Ohio facility of a global company, it is a valid Client for reporting purposes. Please see question and answer #13 for guidance on classification of the client for cost match purposes.

Question 16: Regarding, 2.4.4 Performance-Based Cost Match, p.10., how is “business consulting” defined versus “New Services and Technology Development”? For example, an under 25 FTE company hires an affiliate to develop software to support their product line. It is a very small business and applying “new to them” technology but it is not necessarily new technology on a global basis. How is “new technology defined”?

Please see question and answer #14.

Question 17: 3.4.6.2 Cost Share, p.18. Is a letter of commitment required for all cost share? Is this only for specific items identified before the start of the period of performance?

Commitment letters are required from the Lead Applicant, all Partners and any other organization that is committing cash or donated services. The total of commitments must equate to at least the level of total cost share that is bid in the proposal. Commitments beyond year one may be stated contingently with respect to the continued availability of state and federal matching funds at the levels anticipated in the RFP. Bidders are reminded of the unique feature of the MEP program that expects the great majority of cost share to be generated through project fees as program income. The commitment of cost share from this source is essentially a commitment to execute the business plan that the Lead Applicant and its Partners present in the proposal.

Question 18: Can Affiliate provide cost match through costs incurred to support the program that are paid by the Affiliate from its own funds as a form of cash match and not provided from program income from fees from project work?

In general, this is not allowed. The affiliate is expected to make up any un-recovered costs through the use of its own funds. The coverage of that deficit is not then eligible for state/federal match under the program.

Question 19: Our rates for next fiscal year will not be approved by the DCAA and an approval letter sent sometime until November or so. Do we submit our rate letter for FY 2016 and use those rates for our budget?

Bidders should use the most current indirect rates approved by their cognizant agency. These rates will be incorporated in any contract that may be awarded, but they will be considered contingent and their associated costs will be subject to adjustment once new approved rates are determined.

Question 20: Will the Affiliate be reporting costs and cost match by each of the categories listed in Appendix F or will reporting be done on a single grant basis as it is now?

The total operating costs will be reported for the grant as a whole. Program income, other cash and in-kind donation value will be reported by line of business as in section 2.4.4. The reimbursement rate will be determined by the grant match formula as described in section 2.4.4 of the RFP and question and answer #4.

Question 21: If Non-Profit Partners are expending direct cash payment to small companies to commercialize products, would these payments being made by the partner be counted as cash match or in-kind match?

Direct cash payments to a Client are not an allowable expense. To be considered under the program, expenditures in support of Client product development must be associated with the purchase of material or services for a contract project with the Client. They are part of the cost basis for matching funds. The costs of the project are then presumably covered by the fees paid by the client as program income plus the matching funds for that program income paid by the state and federal program.

Question 22: Non-Profit Partners to whom we are providing grant funding incur staff costs in excess of our funding that can be documented. Would these be counted as cash match or in-kind cost match?

Operating deficits of any kind are not considered matching contributions, whether incurred by Affiliates or their Partners. Please see also question and answer #18.

Question 23: In calculating the additional state funds of 10% that an Affiliate can request, is the base budget just the state funds or the state funds plus the federal funds?

The base budget for determining the 10% additional project budget is the total of operating costs for the MEP program – federal plus state plus local. The total operating budget may be increased by up to 10%, and the state would cost share half of that increase if the additional scope is approved.

Question 24: Referring to the expenditure of grant funds on Page 10, how do you compartmentalize expense that is related to reaching the marketplace? For example, like holding events for all lines of business / size companies, advertising, developing collateral materials, etc. Also how do you compartmentalize direct MEP program management expenses that cross lines of business / size categories? For example, the Affiliate MEP director management of the sales staff that call on the companies to engage them to utilize our MEP services?

The table on page 10 of the RFP does not address the expenditure of grant funds or the categorization of expenses, which are functions of the accounting system. The table addresses how cash generated by the Affiliate and its Partners in the performance of various activities will be matched by state and federal funds. In the example of events, \$40 in registration fees would be matched with \$60 of program funds, regardless of the cost of putting on the event.

Question 25: On the New Services and Technology Development line of business how is the 50% match reported? How does the Affiliate generate cash match from that activity?

The New Services and Technology Development line of business was included in response to a concern expressed by some current Affiliates that there was not sufficient incentive for the Affiliates to develop new product or service offerings. It is assumed that external funds like community sponsorship will provide the cash basis for the match. Additionally, other lines of business may generate cash from program income and matching grant dollars in excess of their costs, which may help to defray the costs of this line item.