**Section 3040.50 Eligible Project Costs**

a) Grant assistance may be otained for the following items:

1) Land acquisition costs (fee simple title, permanent easement or long-term lease) for bicycle paths, including associated appraisal costs approved by the Department. For acquisition of less than fee simple title or permanent easement, such as a lease agreement, the agreement must cover a minimum time period of 25 years, unless otherwise approved by the Department. The Department will consider, on a case-by-case basis, lease arrangements for shorter periods when State statute prohibits a unit of local government from entering into such a long-term agreement, or other circumstances beyond the control of the local unit of government prohibit such arrangements to assure the land lease is not rescinded prior to the terms of the amortization schedule in the project agreement being fulfilled. For example: statutory limitations prevent longer than five year lease, but lease is automatically renewable.

2) Bicycle path development costs including, but not necessarily limited to, site clearing and grading, surfacing, drainage, bridging, access control devices, fencing, signs and associated support facilities such as parking areas, access roads, shelters, restrooms, safety lighting, potable water supply and other directly related bicycling support facilities. Architectural/engineering services deemed necessary for the proper design and construction of project bicycle paths are also considered eligible development costs.

b) Project costs for which reimbursement is sought cannot be incurred by the project applicant until after grant approval notification. Costs incurred prior to Department approval are ineligible for grant assistance. For acquisition projects, costs are considered incurred when property deed, lease or other conveyance is accepted by the local sponsor or first payment is made on the project property or to an escrow account/agent for the property. In addition, no purchase agreement, option, etc., or price negotiations shall be entered into prior to Department approval. Development project costs are considered incurred on the date construction contracts are signed or actual physical work begins on the project site or project materials are delivered.

c) No grant awards shall be awarded for the acquisition or development of land which will not be available for public bicycling use.

(Source: Amended at 22 Ill. Reg. 4902, effective March 2, 1998)