Ministry of Health and Long Term Care

Community Health Capital Program Operational Framework-Training Narration Module 5

Health Capital Investment Branch
Ministry of Health and Long Term Care

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Slide 1: Health Capital Technical Topics

Welcome to Module 5 of Part II of the CHCP Operational Framework learning series

Slide 2: Agenda

In Module 5 we will continue with the Blue River CHC example as the CHC refines the estimate cost for the approved site and completes the Stage 2 Business Case

In Module 5, the CHC has been approved to proceed to refine the costs for Site Option 1 that was surveyed in Module 4

Slide 3: Learning Objectives

At the conclusion of this module staff will understand the relationship between the BC_7_Site Search summary worksheet, the approved Site Search Survey worksheet and the BC_8_Cost Estimate worksheet.

Staff will also understand how to complete the BC_8_Cost Estimate worksheet and the Lead Organization, Endorsing Organization and ministry role in finalizing the Stage 2 Business Case

Slide 4: BC_8_Cost Estimate Worksheet and Process Overview

Once a site has been approved by the ministry the CHCP Toolkit will be returned to the Lead Organization with the appropriate BC_8_Cost Estimate Worksheet enabled.

Slide 5: BC_8_Cost Estimate Worksheet Overview

For each type of site search there is a corresponding cost estimate worksheet.

In the Blue River CHC example the ministry has approved the CHCs recommended lease site at 125 Lonely St in Markham. This was Option 1 in the site search.

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The ministry therefore has returned the CHCP Toolkit workbook and enabled the BC_8_Cost Estimate Worksheet for lease sites.

Slide 6: Cost Estimate (lease) Worksheet: General Information

The first section to be completed at the top of the worksheet is general information about the consultant resource engaged to perform the cost estimate.

It is important to note whether this consultant is a qualified quantity survey sometimes referred to as a cost consultant or some other resource.

The ministry recommends the engagement of a quantity surveyor to lead the completion of this part of the business case. The cost to engage this consultant is calculated into the planning grant that is provided to the Lead Organization to complete the Stage 2 Business Case.

Slide 7: Cost Estimate (lease) Worksheet: Identify Approved Site

The CHC or Consultant then identifies the approved Site Option from the drop down list in this text box.

The drop down list contains all sites for which a Site Search Survey was completed

For this example, the approved site was Lease Site 1

Identification of the approved site automatically pre-populates the BC_8_Cost Estimate worksheet with costing information identified in the Site Search Survey Worksheet

Slide 8: Cost Estimate (lease) Worksheet: Lease Costs

Now that the CHC has identified the approved site, the information documented for lease costs for Lease Site 1 automatically populates the lease information into this section

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There is a text box marked “Additional Lease Costs” which provides the opportunity for the CHC or consultant to modify the lease cost information if there have been changes to the lease cost since approval at BC_7_Site Search

In this example the lease negotiated remains the same and so this text box remains empty.

It should be noted that it the expectation of the ministry that once a leased site has been approved, the lease cost information should not change from the value that was approved at Checkpoint IV.

Any proposed increase in lease costs will need to be reviewed and endorsed by the Endorsing Organization and approved by the ministry during the Business Case review and approval process

Slide 9: Cost Estimate (lease) Worksheet: Cost Summary and Cost Share

The Project Cost section

Displays the cost estimates approved in Checkpoint IV for construction renovation for:

- Approved Space
- Surplus Space

Slide 10: Cost Estimate (lease) Worksheet: Modification of Cost Per Square Foot Estimate

The cost of renovation both shell in and fit out have been calculated up to this point based on ministry averages.

In this section the CHC and its consultant has the opportunity to modify the cost per square foot for fit out and shell in based on knowledge of local conditions.

In this example the cost consultant determines that the cost for fit out can be reduced to 225 dollars per square foot from the ministry average of 250 dollars and therefore makes this change in the cells provided. For both the approved project space and the

350 sq. ft. of surplus space that exceed the 1,000 sq. ft. that the ministry will shell in that the CHC agreed to fit out.

Since in this example, the CHC agreed to pay the difference between the shell in and fit out costs of the 1,000 sq. ft., there will need to be a further cost adjustment made in the next section of the cost tables.

Slide 11: Cost Estimate (lease) Worksheet: Cost Share Distribution

The Project Cost section also displays the Cost Share distribution approved at:

Checkpoint III in the BC_6_Space Requests worksheet

Slide 12: Cost Estimate (lease) Worksheet: Updating Costs and Cost Share

It is in this table that the Cost Consultant has the opportunity to refine previous identified one- time costs and any other project costs.

The cost consultant in consultation with the lead and partner organizations can also change the default cost share distribution on any cost line item to re-distribute costs between the lead and partner organizations

In the following slides we will walk through this table to see how it works.

Slide 13: Cost Estimate (lease) Worksheet: Pre-Populated Costs

The first five cost lines of the first two columns pull information directly from the cost section of the Site Survey Worksheet identified

Slide 14: Cost Estimate (lease) Worksheet: Calculated Costs

There are some project costs that were not captured in the site search worksheet.

These are now documented in the section titled “Traditional Costs (not included in Site Search tabs)

In the Original Cost column 3 types of costs are automatically calculated:

- Ancillary Cost (23.2% of HCC)
- Furniture and Equipment (loose) for incremental new space and replacement (10% of HCC)
- Post Contract Contingency Allowance (5% of HCC)

The default values are calculated based on ministry cost share policy percentages of Hard Construction Cost (HCC)

Each of the percentages are displayed beside each of the cost categories

Slide 15: Cost Estimate (lease) Worksheet: Revised Costs

The first three rows of the revised cost section is automatically determined by any changes made to the cost per square foot of construction earlier in the worksheet

In this example, since the cost consultant reduced the ministry 250 dollar cost per square foot for fit out to 225 dollars, the reduced construction cost is identified in this column.

Slide 16: Cost Estimate (lease) Worksheet: Cost Revision Example

The columns title *revised costs* allows the Cost Consultant to modify previously estimated costs using the yellow highlighted cells

For example:

The $125,000 own funds portion for the difference in cost to fit out the ministry funded 1,000 shelled in surplus space was calculated based on $250 dollars per sq. ft. fit out cost.

This has now been modified to reflect the updated fit out cost estimate (reduced to $100,000 dollars)

Therefore the cost consultant enters this value into the appropriate cell and the overall project cost is updated to reflect this change

Slide 17: Cost Estimate (lease) Worksheet: Additional Cost Categories

The revised section also provides the Quantity Surveyor with the opportunity to identify costs associated with cost categories not considered in the site search survey worksheet cost sections such as:

- Phasing/decanting costs
- Alternate/Separate Prices, and any;
- Escalation/Construction Allowance

Slide 18: Cost Estimate (lease) Worksheet: Additional Cost Categories

As noted previously these 3 cost categories are automatically generated based on ministry maximum cost share percentage caps

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Slide 19: Cost Estimate (lease) Worksheet: Additional Cost Categories

The Lead and Partner organizations can choose to exceed the maximum percentage of hard construction costs (HCC) as defined in the Cost Share Guidelines for Ancillary Costs and Furniture and Equipment by noting these additional costs in the yellow highlighted cells

Any additional costs added to these cost categories will be the financial responsibility of the Lead and/or Partner organizations

For example, ancillary costs are made up of the cost of consultants on the project. The percentage cap for a renovation project for the Prime Consultant is 10% of Hard Construction Costs. If the CHC decided to pay the Prime Consultant 12% of Hard Construction Costs, the 2% difference would be entered into the additional cost section of the Ancillary Cost line. The worksheet will add that cost to the total project cost, and ensure that the 2% additional cost is added to the lead and partner proportional share of the project costs as the ministry would have 0% share of these additional costs.

Slide 20: Cost Estimate (lease) Worksheet: Revising Cost Share

In the revised cost share section the lead and partner organizations decide whether to change the cost share distribution of most cost types

The exceptions are

- MOH Shelled Space costs (since this item is 100% ministry funded)
- Other Const/Reno Costs - Own Funds (since this cost share distribution has already been determined by the lead and partner during the site search survey costing stage)

Slide 21: Cost Estimate (lease) Worksheet: Updating Costs

Any changes made to the cost share will be reflected in the revised cost section

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Slide 22: Cost Estimate (lease) Worksheet: Updating Costs

The next section is Cash Allowances

This section will also be pre-populated with any cost items for this category identified in the site search survey worksheet

For example: The $80,000 estimate for the repair of the floor and underlying support structures is pulled from the Lease Site Survey worksheet cost section

The Quantity Surveyor now has the opportunity to modify this estimate based on local costs and conditions

Slide 23: Cost Estimate (lease) Worksheet: Other Non-Ancillary Ministry Shareable Costs

The final section is Other Non-Ancillary Ministry Shareable Costs

This section is completed differently than the previous sections

The Quantity Surveyor:

- Identifies the total costs in this category and enters total cost into the Project Area and Landlord Area cells as appropriate
- Manually separates these costs into Construction Cost Portion and Non-Construction Cost Portion categories and enter these into the highlighted cells in the Revised Costs section

Slide 24: Cost Estimate (lease) Worksheet: Total Estimated Project Cost

The cost estimate worksheet is complete when:

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- Any new cost categories and related costs are identified
- Previously identified costs are revised as needed
- Cost share is revised as needed

The Worksheet then generates:

- The Estimated Total Cost for this project
- The final cost share proportional distribution of cost

Slide 25: Completing the Stage 2 Business Case: Lead Organization Role

Once the BC_8_Cost Estimate is complete

The Lead Organization emails the CHCP Toolkit workbook to the ministry and the Endorsing Organization for review

Slide 26: Completing the Stage 2 Business Case: Endorsing Organization Role

Once the BC_8_Cost Estimate is complete

The Endorsing Organization

- Reviews the Cost Estimate to determine whether the lead and partner organizations can fund their share of the capital costs
- Determines whether to endorse the Business Case
- Provides a formal letter of Endorsement to the ministry

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Slide 27: Completing the Stage 2 Business Case: Ministry Role

Once the BC_8_Cost Estimate is complete

- The ministry reviews the cost estimate and Endorsing Organization letter of endorsement
- Determines whether to approve the Business Case
- Completes Checkpoint V section of the Business Case worksheet in the CHCP Toolkit
- Communicates the decision to the Lead Organization in a formal letter (with a copy to the Endorsing Organization)

Slide 28: Completion of Early Planning

Once the Stage 2 Business Case is approved, the proposed project becomes eligible for a capital Implementation Grant

The amount of the implementation grant is determined by the approved final cost of the project estimated in the Business Case

Timing of the implementation grant is dependent upon funding availability

Slide 29: Conclusion

This brings us to the conclusion of the Part II CHCP Operational Framework learning series

With the conclusion of Module 5 all Lead Organizations, Endorsing Organizations and ministry staff should now understand

- Their roles throughout the Application and Business Case stages of the CHCP process
- How to complete and/or review the worksheets within the CHCP Toolkit
- The alignment between the CHCP Toolkit design and the CHCP and other policy
- How ministry cost share policy and space standards are applied throughout the CHCP Stage 1 and Stage 2 capital planning and approval process

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Slide 30: Thank You

Thank you for participating in the CHCP Part II Learning Series

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