

# Hospice Capital Program Cost Share Guide

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# Change Control

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# Abbreviations

Short Form	Long Form
HCP	Hospice Capital Program
FEC	Final Estimate of Cost
HCC	Hard Construction Cost
HST	Harmonized Sales Tax
LEED	Leadership in Energy and Environmental Design
PCC	Post Contract Contingency Allowance
TPC	Total Project Cost

# 1.0 Introduction

The *Hospice Capital Program Cost Share Guide* (“HCP Cost Share Guide”) sets out the capital project elements for calculating the share of the total project cost that is eligible for Ministry of Health and Long-Term Care (“ministry”) funding in an approved Hospice Capital Program capital project.

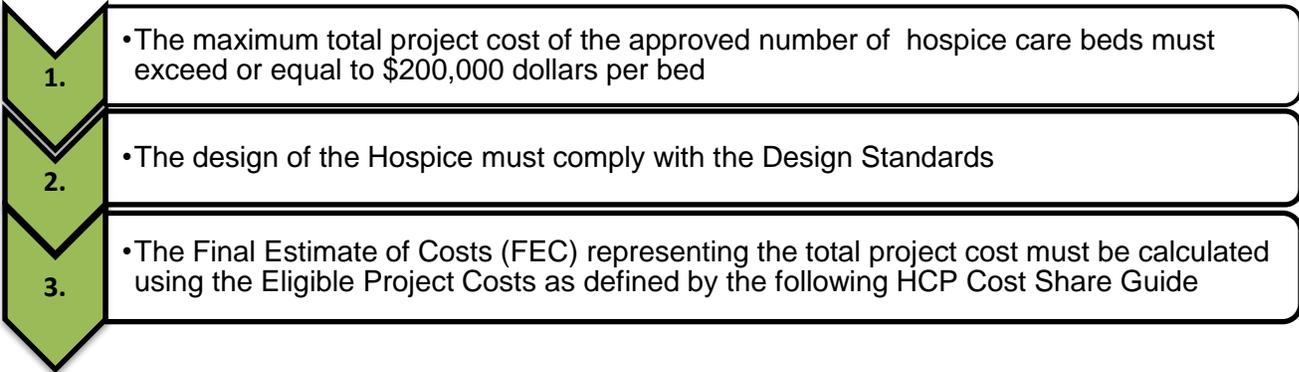
The HCP Cost Share Guide is to be used in conjunction with the following documents:

- Hospice Capital Program Policy
- Hospice Capital Program Design Standards
- Hospice Capital Program Toolkit
- Hospice Capital Final Estimation of Cost

The Ministry will provide up to a maximum of \$200,000 dollars per ministry approved hospice care bed.

## 1.1 Summary of Eligible and In-Eligible Costs

To be eligible for the maximum ministry funding the following conditions must be met:



The table below outlines project-related costs that are eligible and ineligible for ministry funding. For any questions relating to project cost eligibility, please contact the Home and Community Care Branch of the ministry.

Eligible for Ministry Funding	Ineligible for Ministry Funding
✓ Hard Construction Costs (excluding ineligible project costs) ✓ Ancillary Costs (excluding ineligible project costs)	X Purchase of Land X Site Development (with the exception of therapeutic gardens) X Purchase of Structure X Demolition X Furniture and Equipment (with exceptions noted in Cost Share Tables) X Any construction costs or ancillary costs

Eligible for Ministry Funding	Ineligible for Ministry Funding
	related to the in-eligible items noted above

## 1.2 How to Use the Guide

This HCP Cost Share Guide has been developed to assist in the development of Cost Share Agreements and completing the Final Estimate of Cost (FEC) form based on the results of the tendering process.

Refer to [Abbreviations](#) for a list of acronyms.

There are three primary sections in the HCP Cost Share Guide:

1. [Capital Costs During Construction](#) – encompasses all hard construction costs
2. [Other Related Project Costs](#) – encompasses all ancillary costs
3. [General Costs](#) – those costs which apply in more than one section

# 2.0 Cost Share Guide

## 2.1 Capital Costs During Construction

### 2.1a Pure Construction Costs

The ministry cost shares in eligible construction costs, including all material, labour and associated costs such as escalation, site development, and HST (less HST rebate).

Hard construction costs include the following elements for the building component as per the table below:

Building Element	Cost Shareable	Notes
Abatement	Yes	For the purposes of preparing a building for program occupancy
	No	In cases where the abatement of the property is of no future use i.e. asbestos removal where the property is to be sold

Building Element	Cost Shareable	Notes
Claims – Delay	No	<p>A request by a contractor for compensation above the tender amount for delays created by the community health service provider, labour disruptions, weather, etc.</p> <p>Claims are to be resolved between the community health service provider and the contractor with the advice of the Prime Consultant</p>
Eligible spaces as identified in the HCP Design Standards	Yes	
Additional Spaces not identified in the HCP Design Standards	Yes	<p>Those spaces directly supporting the provision of the hospice care programs and services.</p> <p>This does not include dedicated space to be occupied by tenants or partner organizations to deliver programs and services not funded through the hospice care provider organization operating budget</p>
Fundraising/ Foundation Space/Offices	No	
Gardens and Landscape	Yes	Therapeutic Garden within Business Case scope is eligible
	No	<p>When in excess of Ministry-approved Business Case or when in excess of minimum municipal requirements</p> <p>See Site Development (Element) under Non-Building Hard Construction Costs</p>
Research Space	No	
Shelled or Fit Out space for revenue generating items/retail	No	
Spaces for non-approved future growth	No	

Building Element	Cost Shareable	Notes
Sustainable and Environmental Certifying agencies i.e. LEED® (Leadership in Energy and Environmental Design, Green Guide for Healthcare, Green Globes)	Yes	Costs to meet a LEED® Basic level or a demonstrated equivalency with another recognized structured sustainability program are supported
	No	Not eligible when constructed beyond a level that would achieve LEED® Basic certification (please note that costs for certification are not eligible)

**2.1b Design Scope Contingency**

The Design Scope Contingency for eligible construction costs is cost shareable. It is an allowance which is carried within the cost estimate and is intended to inform the adequacy of construction costing data through the various stages of the design process, when all items which may impact cost estimates are not identified or known.

The Design Scope Contingency to be carried in the cost estimates is based on the applicable percentage of the defined hard construction cost and the Class of Estimate as follows:

- Class “D” at 20%
- Class “C” at 15%
- Class “B” at 10%
- Class “A” at 5%

For further descriptions of the classes listed above, please refer to [Appendix 1](#).

**2.1c Escalation**

The escalation component is cost shareable for eligible hard construction costs from the time of estimate to the anticipated date of construction start. The associated costs are included in the Total Project Cost during the design and planning stages only. This cost may or may not be fully realized in the bid.

## 2.1d Non-Building Hard Construction Costs

Element	Cost Shareable	Notes
Communications - Voice/data, infrastructure, cabling, etc. and the space for computer rooms and closets	Yes	Conduit and cabling terminating at walls and conduit risers  Including cabling and antennae for wireless communication, racks, mounting boards, etc.  Excludes all devices, computers, servers, hardware, software, training, telephone systems, telephone handsets, etc.
Furniture and Equipment	No	
Permit - Building	Yes	N/A
Permit - Demolition	No	N/A
Decanting & Phasing - Temporary relocation during construction	No	
Decommissioning	No	.
Demolition	No	
Facility Maintenance Costs	No	Does not form part of the Capital Project cost as this is an operating expense
Parking – Non-revenue generating	Yes	On grade parking (surface) e.g. gravel, asphalt, security, lighting, line painting, municipally required landscaping, etc.
Parking – Revenue generating	No	Work to only the asphalt level (below the asphalt) is eligible for cost sharing
Parking – Permanent relocation surface parking	Yes	Replacement of existing non-revenue generating parking which has to be permanently relocated, to accommodate or support the eligible construction.
Parking – Temporary comparable surface parking during eligible construction	Yes	To support relocation or decanting of non-revenue generating parking for eligible construction

Element	Cost Shareable	Notes
Parking – Structures – including parking structures above or below grade	Yes	In exceptional circumstances e.g. in dense urban settings to meet zoning and/or accessibility requirements.
Parking – Indoors - Strollers, Wheelchairs, Scooters	Yes	Up to 40 square feet
Security system	Yes	
Site Development – Gardens – Therapeutic	Yes	
Site Development – Community Gardens	No	
Site Development – Gardens – Water features, furnishing, public art	No	
Site Development – Landscaping site	Yes	Minimum as required by municipal site plan approval (walkways, ground cover, shade trees around building access, storm water management, etc.).
	No	Landscaping to support own funds elements or non-approved programming or in excess of that required for site plan approval i.e. civic squares
Site Development – Site works	No	
Site Development – Work on land – To be transferred post construction	No	
Site Development – Off site – Bringing services to the community health service provider site	No	

Element	Cost Shareable	Notes
Site Development – Environmental / Remediation	No	
Site Development – Road transferred post construction	No	
Wayfinding/ Signage	Yes	

## 2.1e Cash Allowances

Cash allowance(s) are cost shareable. Please note that a list and rationale should be provided for each item. This includes those items for which a scope of work cannot be defined in the contract documents. This applies for the amount carried in the tender documents for the specifically identified scope (i.e. hardware allowance, asbestos abatement, site conditions, replacing hidden infrastructure exposed during construction, etc.). Note that this is not to be used in place of Post Contract Contingency Allowance.

## 2.1f Risk

Cost elements associated with risk (adjustment on construction costs) are shown in the following table. These costs may or may not be fully realized in the bid.

Element	Cost Shareable	Notes
Market Risk	Yes	May be carried to cover construction market risk during a period of high utilization of construction industry capacity, which impacts competitiveness, availability of bidders, and construction pricing
Location Risk	Yes	May be carried to cover risk of higher construction pricing for large institutional projects in smaller markets at a distance from major population

## 2.2 Other Related Project Costs

### 2.2a Ancillary Costs

- The ministry cost shares in all eligible planning and design costs.
- Select ancillary costs are capped at a set percentage of a defined shareable sum for the Design and Implementation stages of the capital project.

- The hospice organization is provided with a ministry contribution to support the funding of consultants necessary to complete Stages 2 through 4 of the HCP Capital Process

## **2.2b Percent-Driven Costs**

- Percent-driven costs are applied to the Design and Implementation (i.e. construction) stages of the HCP capital process.
- Percent driven costs shareable to a maximum amount are based upon a percentage of the total shareable sum of the following:
  - Eligible Hard Construction Costs including escalation
  - Construction insurance costs
  - Cash allowances
- The hospice organization's cost consultant must provide the percent breakdown of renovated to new space to determine the calculation for the Prime Consultant cap.

Component	Element	Cost Shareable	Notes
Construction Monitor		Yes	
Cost Consultant/ Quantity Surveyor		Yes	Up to 0.5% of HCC Independent from the Prime Consultant and contracted directly to the hospice organization
Prime Consultant	Includes: Architect (to include interior design, lighting and value engineering in basic service), Structural Engineer, Mechanical Engineer (to include cold storage and refrigeration in basic service), Electrical Engineer Consultant and Energy Management Consultant.	Yes	Note: Defined construction cost adjusted by the Ministry to remove any embedded sales tax prior to application of the Ministry cap for Prime Consultant only  Up to: 8% of HCC for new construction (or portion thereof) 10 % of HCC for renovations (or portion thereof)  (Blended portions of the above as determined by the cost consultants allocated costing of new versus renovated spaces.)  To plan, design, and prepare contract documents, tender and administer the contract throughout construction
Prime Consultant Disbursement		Yes	Up to 10% of the shareable Prime Consultant Cost
Project Management	Includes: Construction Monitor, Moving & Occupancy Planner, and Scheduling Consultant	Yes	Where the defined construction hard construction cost is: 3%

## 2.2c Non Percent-Driven Costs

Non-Percent-Driven Costs are applied to the capital process. These may include but are not limited to the following Project Related Consultants:

Project Related Consultants (Type)	Cost Shareable	Notes
Assessment (site)	No	
Civil Engineer	No	
Code	Yes	For specialized code requirements only Basic code design and compliance to be included in the Prime Consultant services
Decanting/Logistics	No	
Electrical Engineer	Yes	Included in Prime Consultant services
Environmental (interior)	Yes	e.g. air quality, noise, assessments, hazardous materials, vibration, etc.
Equipment Planning Consultant	No	
Interior Design	Yes	Included in Prime Consultant services
Land Survey	No	
Landscaping/Horticultural	Yes	To support program-related therapeutic gardens
Legal	Yes	For preparation of contract documents only
Master Plan Architect/Planner	Yes	
Master Program	Yes	
Mechanical Engineer	Yes	Included in Prime Consultant services
Occupancy Planner/Moving Relocation	Yes	See Project Management
Process Redesign	Yes	
Site Plan Application	No	
Testing and inspection	Yes	Related to eligible Hard Construction project elements
Testing – Soil	No	
Structural Engineer	Yes	Included in Prime Consultant services

<b>Project Related Consultants (Type)</b>	<b>Cost Shareable</b>	<b>Notes</b>
Surveys (pre-design)	Yes	As-built drawings and/or surveys at the outset of design, where adequate drawings or surveys do not exist
Traffic & Parking	Yes	When required by authorities having jurisdiction
Urban/Municipal Planner	Yes	
Value Engineering	Yes	Included in Prime Consultant services, if it is required to bring project costs down if over budget by 10%.  Where the Prime Consultant cap is exceeded and there is significant value engineering required beyond the control of the Prime Consultant team, the ministry will consider cost sharing
Furniture Planning and Coordination	No	

## 2.2d Additional Non-Percent-Driven Costs

Additional non-percent driven costs are used to fund select consultants engaged in the Design and Implementation stages of the capital process, where required. These may include but are not limited to:

<b>Project-Related Consultants (Type)</b>	<b>Cost Shareable</b>	<b>Notes</b>
Abatement/Asbestos	Yes	i.e. indoor environmental consultant
Arbitration and Adjudication	No	
Acoustics	Yes	Limited to complex acoustical conditions are required to meet specific program requirements, otherwise included in prime consultant services
Auditing	Yes	Capital project related audit as required for final FEC at settlement
Building Information Management System	Yes	
Campaign/Fundraising	No	
Civil Engineer	No	

Project-Related Consultants (Type)	Cost Shareable	Notes
Code	Yes	For specialized code requirements only Basic code design and compliance to be included in the Prime Consultant services
Colour	Yes	For specialized programs to support or enhance care i.e. pediatrics, palliative care, psycho geriatrics, mental health, etc. Otherwise, included in Prime Consultant services
Decanting/Logistics	Yes	
Electrical Engineer	Yes	Included in Prime Consultant services
Elevator	Yes	
Energy Management (interior)	Yes	Included in Prime Consultant services
Environmental (interior)	Yes	i.e. air quality, assessments, geotechnical, hazardous materials, soil, noise, etc.
Equipment Planning Consultant	No	
Food Services	Yes	For commercial kitchens only
Furnishings and Equipment Procurement, Planning, Coordinator	No	
Hardware	Yes	Only when, specified hardware and schedules are included in the base bid and not carried as a cash allowance
Health and Safety	Yes	If an in-house resource is not available
Infection Prevention and Control	Yes	If an in-house resource is not available
Information Technology and Communication Systems	Yes	
Interior Design	Yes	Included in Prime Consultant services
Landscaping/Horticultural	Yes	To support program related therapeutic gardens
Legal	Yes	For preparation of construction documents only

<b>Project-Related Consultants (Type)</b>	<b>Cost Shareable</b>	<b>Notes</b>
Lighting Design	Yes	For specialized programs to support or enhance care
Maintenance Planning	Yes	
Materials Management	Yes	
Mechanical Engineer	Yes	Included in Prime Consultant services
Medical Gas	Yes	
Occupancy Planner/ Moving Relocation	Yes	See Project Management
Operational Commissioning	Yes	
Peer Review	Yes	When ministry directed
Post-occupancy Evaluation	Yes	When ministry directed
Room Mock-up	Yes	
Security Consulting	Yes	
Additional Security Consulting Services during construction	No	
Testing and Inspection	Yes	
Testing – Soil	No	
Site Search Consultant	No	
Structural Engineer	Yes	Included in Prime Consultant services
Traffic & Parking	Yes	When required by jurisdiction authorities
Urban/Municipal Planner	No	
Value Engineering	Yes	Included in Prime Consultant services, if it is required to bring project costs down if over budget by 10%. Where the Prime Consultant cap is exceeded and there is significant value engineering required beyond the control of the Prime Consultant team the ministry will consider cost sharing
Waste Management/ Handling	Yes	In exceptional circumstances
Wayfinding/Signage	Yes	

## 2.2e Post Contract Change Orders

Cost shareable elements involving Post Contract Change Orders are summarized below:

Component	Element	Cost Shareable	Notes
Change Order	All change orders during construction	Yes	HCP funding maximum applies independent of total project cost escalation due to change orders

## 2.2f Furnishings and Equipment

Element	Cost Shareable	Notes
Equipment (Built into-contract)	Yes	Limited to kitchen exhaust hood and dishwasher, and behind the wall IT and communications cabling
New and replacement equipment and furnishings (FF&E) – Program-related	No	
Information Technology (IT) Equipment including servers, computers, printers, accessories, etc.	No	
IT - Software	No	
IT - Cabling for IT & Communication	Yes	When behind walls or in ceilings, etc. to termination points only Must be included in construction contract
Supplies – Office, Medical, etc.	No	

## 2.2g Other Costs

Component/ Element	Cost Shareable	Notes
Advertising	Yes	For Pre-Qualification or Tendering of project in Daily Commercial News and one local newspaper
Land Acquisition	No	N/A
Building Acquisition	No	N/A
Abandoned Planning Costs / Sunk Costs	Yes	For design/planning/project management or other work previously approved and undertaken in accordance with specific Ministry written approvals for a project to progress from capital stage to another
Development Levies	No	
Site Plan Application Fees	No	

## 2.3 General Costs

### 2.3a Summary of Building Commissioning Elements

Element	Cost Shareable	Notes
Independent Certifier – 3rd party commissioning agent	Yes	Where complex systems are required to meet specific program requirement not otherwise met
Operational Commissioning	No	

### 2.3b Insurance Cost Share for General Contractors and Hospice Organizations

Carrier	Type	Cost Shareable	Notes
General Contractor	Bid Bonds Errors and Omissions Performance Bonds Material and Labour Bonds Liability	Yes – Mandatory	Included in the bid
Hospice	Liability Insurance	Yes – Optional	Conditional based on advice of insurance advisor/internal liability carriers

## 2.4 Taxes

Please note that HST should not be added to allowance(s) and risk(s) as it is calculated on the construction costs.

### 2.4a Cost Elements of HST Taxes

Component	Element	Cost Shareable	Notes
HST Federal	Tax	Yes	Up to 5% (dependent on % rebate)
HST Federal	Rebate	No	TBD by Hospice in consultation with Canada Revenue Agency
HST Provincial	Tax	Yes	Up to 8% (dependent on % rebate)
HST Provincial	Rebate	No	TBD by Hospice in consultation with the provincial tax authority

## 3.0 Final Estimate of Cost (FEC)

The FEC is:

- Completed by the HSP and their consultant team
- A tool to document the final estimated cost of the project including specific information about cost categories
- Finalized after the successful bidder and construction cost has been identified. The FEC is signed by both the HSP and the ministry.
- Enables the ministry to calculate the total RCHP funding per bed based on the ministry eligible total project cost.
- Utilized during settlement of the project.

# Appendix 1: Class of Estimates for Construction Costing of Building Projects

A “Class of Estimate” refers to the expected degree of accuracy in project cost estimates at each stage of the capital planning process. Industry standards use four (4) classes of estimates in the capital planning process (Class “D”; Class “C”; Class “B”; Class “A”) as described below:

## **Class “D” Estimate**

This estimate provides an indication of the total cost of the project, based on the functional requirements to the degree known at the early stages of capital planning. Such an estimate is strictly an indication (rough order of magnitude) of the total project cost (TPC) and completion date.

Expected degree of accuracy:  $\pm 20\%$

## **Class “C” Estimate**

This estimate is prepared at the Design Concept stage (including Block Schematics) and is based on updated user requirements, general description of the end built works, preliminary site information and existing conditions, and productions. The estimate includes costs for design, documentation and construction supervision.

Expected degree of accuracy:  $\pm 15\%$

## **Class “B” Estimate**

This estimate is prepared at the end of the Preliminary Design stage and is based on data (cost, time, and construction) of the level of precision as is typically available when the design of the major systems and sub-systems of the facility (including sketch plans). This estimate also makes allowance for all costs resulting from the anticipated schedule, expected market conditions, and suitable level of contingencies.

Expected degree of accuracy:  $\pm 10\%$

## **Class “A” Estimate**

This estimate is based on the “B” estimate which has been updated concurrently with the development of Construction Documents (working drawings and specifications) and is submitted as a final pre-tender estimate. It requires that project systems be designed and specified to near completion, and is based on a realistic construction schedule as well as accurate labour and material costs. This is the final estimate before tender call or construction start.

Expected degree of accuracy:  $\pm 5\%$

