Ministry of Health and Long Term Care

Community Health Capital Program Operational Framework-Training Narration Module 4 A

Health Capital Investment Branch
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Slide 1: Health Capital Technical Topics

Welcome to Module 4A of Part II of the CHCP Operational Framework learning series

Slide 2: Agenda

In Module 4A we will continue with the Blue River CHC example as the CHC engages in a purchase site search

Module 4A describes the situation where the CHC has completed a lease site search but no suitable site was identified. The ministry has directed the organization to engage in a purchase site search.

Slide 3: Learning Objectives & Prerequisites

This training module assumes that staff has completed Module 4 of the part II learning series.

In Module 4 the relationship between the BC_7_Site Search summary worksheet and the site search survey worksheets is explained.

At the end of Module 4A participants will understand the range of purchase site options and how to complete the purchase site survey worksheets:

Slide 4: BC_7_Site Search Worksheet and Process Overview

The process for the Purchase Site search is the same as for the Lease Site Search

The Lead Organization will search for purchase site options within the same geographical catchment area.

Where more than 5 properties meet the preconditions, a minimum of 5 must be explored.

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When there are more than 5 properties that meet the preconditions the sites selected will be those where the size most closely aligns with the space requirements approved at checkpoint III

The top scoring 3 properties proceed to a technical building assessment and an environmental assessment.

There are some differences in the preconditions as well as the criteria used for scoring from that of a lease site search.

These were described in Module 4, and will be revisited as we work through an example of completing a purchase site survey worksheet.

Once all sites have been reviewed, the top scoring site is recommended for ministry review and approval

Slide 5: Purchase Site Options

There are various options when performing a purchase site survey

These include investigating and determining the cost of:

1. The purchase of land with a structure with the intent to renovate the structure for use to deliver services
    a. This option may also include the demolition of part of the structure or a new construction addition to the structure.
2. The purchase of land with an existing structure with the intent to demolish the structure and construct a new purpose built structure
3. The purchase of land with no structure with the intent to construct a new purpose built structure
4. The leasing of land with no structure with the intent construct a new purpose built structure

For some sites the Lead Organization may consider more than one option for a specific site and therefore complete more than one worksheet for one site to explore the relative cost of each option

Slide 6: Purchase Site Survey Worksheet

The Purchase Site Survey Worksheet has the same sections as the Lease Site Survey Worksheet

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Slide 7: Purchase Site Search: Scenario

We will now walk through an example as the Blue River CHC explores a Purchase Site Option.

In this scenario, the CHC has located a site with a 5,000 sq. ft. existing structure for sale in their search area

This is one of 4 potential sites identified through the site search

The cost of the land and building is 1.25 million dollars

With gross up for a purchase site the CHC is approved for a structure the size of 8,798 sq. ft., so for this site to meet the space needs, additional new construction of 3,798 sq. ft. will be required.

The CHC proceeds to complete the Purchase Site Survey Form for this option

Slide 8: Completing the Purchase Site Survey worksheet: General Information

The CHC or their consultant resource begins by identifying who is to complete the Purchase Site Review worksheet. Once that site survey is completed the date of completion is entered

Slide 9: Completing the Purchase Site Survey worksheet: Purchase Option

In this section the Lead Organization or their consultant resource identifies whether the site under review involves:

The Purchase of a structure (which includes land)

OR

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The Purchase or Lease of Land (with no structure)

For this example, the CHC will identify that this is a *Purchase of Space/Structure*

Slide 10: Completing the Purchase Site Survey worksheet: Additional Information

This next section is designed to describe all possible combinations of options that could occur in a purchase site scenario

This section captures information on the square foot value of space specific to:

- Purchase of a structure on property
- Demolition of all or part of existing structure
- Renovation of all or part of existing structure
- Expansion (new build addition) to existing structure
- New build (accompanying demolition) of a structure
- Purchase or Lease of Land (with no structure)
- New build of a structure

In the following slides we will walk through how the current option is documented by the CHC in this section.

Slide 11: Additional Information Section: Approved Space & Size of Site

When the CHC looks at this section the approved space from BC_6_Space Requests with the gross up factor applied for a structure is already prepopulated in the first row.

For the Blue River CHC example this is 8,798 sq. ft.

The CHC then enters the value of the site under consideration. In this example the size of this site structure is 5,000 sq. ft.

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At the bottom of the table the variance of the site from the approved space is calculated and displayed. In this example the structure on the site is 3798 sq. ft. smaller than what is required.

Slide 12: Additional Information Section: Demolition

For this site, there is no demolition planned, so the Lead Organization/consultant enters a zero value into this information field

Slide 13: Additional Information: New Construction

Blue River CHC proposes to build an addition of 3,798 sq. ft. and enters this value into the New Construction Square Footage (Addition to/Partial or Full Replacement of current structure) information field

Slide 14; Additional Information: Renovation

The existing 5,000 sq. ft. will require renovation as part of the project

The Lead Organization enters this value into the Renovation to Structure (excludes new addition or new construction) information field

Slide 15: Additional Information: Total Project Space

When all relevant fields have been completed for this site the worksheet displays the total end state project space which in this example is the size of the existing structure plus the proposed addition.

The next row displays any variance between the end state project space and the approved total space for the project.

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In this example there is no variance as the addition is sized to bring the end state total structure up to the approved space requirement.

Where there is a variance, the management of that variance would be in accord with the CHCP policy where the ministry will fund the shell-in of up to 1,000 sq. ft. of surplus space and remainder of any surplus space becomes the financial responsibility of the Lead and/or Partner Organizations

Slide 16: Additional Information: Percent Variance Approved to End Project Space

When all relevant fields have been completed for this site the worksheet also displays:

The percentage variance between the end state project space and the approved total space for the project

This value will be used in the calculation of the score for the first criteria in the Site Review Criteria section of the worksheet

Slide 17: Purchase Site Survey worksheet: Surplus Space Variance

If the Lead Organization had purchased a building larger than the amount of space approved and proposed to include the surplus space as part of the project, an additional information field would appear

In this field the Lead Organization would be informed as to how much of the surplus space will be their financial responsibility to fund for shell in or fit out

For example if the site structure under consideration was 10,000 sq. ft., this section would display the breakdown of what the ministry would pay for the shell in of up to 1,000 and the amount of space that would be the financial responsibility of the CHC…in this example 202 sq. ft.

Slide 18: Purchase Site Survey worksheet: Preconditions

For the purchase of an existing site there are 3 preconditions to be met:

- Site is within defined search area
- Zoning allows type of function (or rezoning is probable)
- Site is available within approved MOHLTC timelines

Slide 19: Purchase Site Survey worksheet: Preconditions

If the option is exploring the purchase or lease of land for the purpose of building a structure, there would be one additional precondition to be met:

This precondition ensures that the site is large enough for the building to meet the approved space requirements and also large enough for any parking and/or loading areas required by the municipality or city.

Slide 20: Purchase Site Survey worksheet: Site Review Criteria – Size of Site

The site under consideration meets all the required preconditions and so the CHC proceeds to score the site against the criteria

The first criterion provides a maximum score for an end state project site that is within 10% of the approved space. This criterion score is automatically calculated from the information provided in the Additional Information: Project Space section

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Slide 21: Purchase Site Survey worksheet: Site Review Criteria - Accessibility

The next 3 criteria are the same as in the Lease Site Survey worksheet and assess the location against how accessible it is to public transportation, parking and a drop of zone

Slide 22: Purchase Site Survey worksheet: Site Review Criteria – Client Centred Suitability

The 4th criteria is the same as in the Lease Site Survey where the CHC will establish a means by which to score each site for suitability for client or patient centered care

Slide 23: Purchase Site Survey worksheet: Site Review Criteria – Cost

The 5th criteria score is based on the relative cost of each purchase site option. This score will be calculated once the costing section has been completed

Slide 24: Purchase Site Survey worksheet: Site Review Comments

In this text box, the CHC is provided with the opportunity to note any comments associated with the site

Where 2 sites may score the same in the final analysis, these comments may be useful in the ministry's final decision on site selection

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Slide 25: Purchase Site Survey worksheet: Information for Purchase of Building/Land

The Site Criteria Score places this site in the top 3 under concurrent review.

Therefore, this site survey will now proceed to conducting a comprehensive building and land assessment

The CHC and their consultant arranges for

- Technical building assessment of the existing structure
- Comprehensive assessment of the site

Once the assessments are completed, the boxes are “checked” to attest to the action(s)

Slide 26: Purchase Site Survey worksheet: Assessment Reports & Site History

The results of the assessments are documented in this section

Slide 27: Purchase Site Survey worksheet: Assessment Reports & Site History - Owner Negotiation

For this example, it has been found that the boiler in the existing structure will need to be replaced.

In the Blue River CHC example, the owner of the property is approached to determine if the owner would:

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- Do the work and incorporate the cost into the purchase price
- Reduce the price of sale to account for the boiler replacement

Slide 28: Purchase Site Survey worksheet: Noting Additional Costs

Discussions will the current owner indicate that he is not willing to do this work as part of the sale price or reduce the sale price. Therefore this cost will need to be added into the appropriate category in the Additional Cost section of the worksheet.

All boxes are checked to indicate that there are no relevant costs not included in the purchase price.

Slide 29: Completing the Purchase Site Survey worksheet: Additional Costs Not Identified

If there were any known deficiencies or actions required where costs of the work were not investigated, the item and rationale would be documented in this section

The Lead Organization now proceeds to complete the Cost Section of the Site Survey Worksheet

Slide 30: Purchase Site Survey worksheet:

Documenting Costs – Purchase Cost

In Section 5.1: Property and/or Building Purchase Costs the Lead Organization/consultant enters the purchase price of the property ($1,250,000)

The Cost Share table shows that this cost is funded 100% by the ministry per the ministry community cost share policy

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Slide 31: Purchase Site Survey worksheet: Lease Cost

If there had been a land lease cost, it would be documented in the information field located to the right of this table in the worksheet

Slide 32: Purchase Site Survey worksheet: Renovation & Construction Costs

This section automatically calculates an estimated cost of renovation and construction based on the information provided in the Additional Information: Project Space section of the worksheet.

This section also shows the cost share distribution of these costs between the ministry, the CHC and their Partner organizations.

Slide 33: Purchase Site Survey worksheet: Renovation & Construction Costs Comments

As there are no comments the CHC continues with completion of the Additional Cost section.

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Slide 34: Purchase Site Survey worksheet: Additional Costs for Remediation or Upgrades

In this section the CHC documents all the one-time costs identified through the technical building assessment and the environmental assessment.

These include the 10,000 for the parking lot paving removal and the estimated 50,000 dollars for the asbestos abatement plus the 80000 for the boiler replacement. These costs are identified under the Atypical category as they are not part of the renovations cost per sq. ft. calculation.

Slide 35: Purchase Site Survey worksheet: Additional Costs for Remediation or Upgrades - Comments

The CHC adds comments into the text box describing each of the additional costs.

Slide 36: Purchase Site Survey worksheet: Additional Costs - Cost Share

The table to the right of the cost section calculates the ministry, Lead and Partner Organization share of any one-time costs

Since at BC_6_Space Requests, the CHC and partners chose to add space to the project that the ministry would not approved for funding, the CHC and partners are now responsible for both the direct cost of that spaces (build or renovation) and all associated one-time costs associated with that proportion of space in the project

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Slide 37: Purchase Site Survey worksheet: Summary of Estimated Project Cost

The Summary: Preliminary Estimate of Total Project Costs displays the total costs and cost share distribution calculated for:

5.1 Property and/or Building Purchase Costs

5.2 Renovation/Construction Costs

5.3 Additional Costs for Remediation/Upgrades

The total project estimated cost of $3,589,000 will be used to score Criteria 6 in the Site Review Criteria section (score is based on relative cost of this option to lowest cost option)

These cost estimates provide a good early estimate of the anticipated cost of each option and allow comparison of the all in costs across options.

Once a site option is approved, the costs will be further refined as necessary during the final Cost Estimate step in the Business Case

Slide 38: Completing the Purchase Site Search: Site Recommendation

Once all the eligible sites have been surveyed the Lead Organization

Returns to the BC_7_Site Survey worksheet (Step 7)

Recommends the site with the highest Criteria Score or indicates that “no suitable site could be found”

Where the Lead Organization recommends a site that does not achieve the highest score, an explanation must be provided in the text box provided

The Lead Organization emails the Toolkit Workbook to the ministry for review of the outcomes of the Purchase Site Search

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Slide 39: Completing the Purchase Site Search: Ministry Review: Ministry Review

The ministry reviews the site search outcomes and the recommended site with the Endorsing Organization

There are two potential outcomes of this review:

- Ministry approval of the recommended site; or
- The ministry will work with the Lead Organization and Lead Organization in the selection of a site that can achieve ministry approval

Slide 40: Completing the Purchase Site Search: Ministry Decisions

Where no site has been recommended

The ministry may:

- Select a site for approval from those surveyed
- Work with the Lead Organization and Endorsing Organization to expand the search area

Slide 41: Completing the Purchase Site Search: Documenting Ministry Directions

Decisions and any additional directions are documented in the final section of the Site Search worksheet, Ministry Review Site Search Results

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Slide 42: Communicating Ministry Decisions and Directions

Once the ministry review is complete

The Toolkit is emailed to the Lead Organization with a copy to the Endorsing Organization

If the Lead Organization is directed to proceed to estimating the cost based on a confirmed site selected

The BC_8_Cost Estimate (Purchase) worksheet will be enabled

If the Lead Organization is not directed to proceed to cost estimate, the information provided in the BC_7_Site Search worksheet and ministry correspondence will direct the next actions

Slide 43:

This brings us to the conclusion of this learning module

All staff should now understand

- When the Purchase Site Survey worksheets are to be used
- How to complete these worksheets
- The Lead Organization, ministry and endorsing organization roles in the Purchase Site Selection process

Slide 44: Thank You

Thank you for your participation in the CHCP Part II Operational Framework Learning series

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