

Community Health Capital Program Operational Framework-Training Narration Module 4

Health Capital Investment Branch
Ministry of Health and Long Term Care

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Table of Contents

Slide 1: Health Capital Technical Topics	5
Slide 2: Agenda.....	5
Slide 3: Learning Objectives.....	5
Slide 4: BC_7_Site Search Worksheet and Process Overview	5
Slide 5: BC_7_Site Search Worksheet Overview	6
Slide 6: BC_7_Site Search Worksheet Process Steps.....	6
Slide 7: BC_7_Site Search Worksheet: How it Works.....	7
Slide 8: BC_7_Site Search Worksheet: Step 1 Search Geographic Parameters	7
Slide 9: BC_7_Site Search Worksheet: Step 2: Space Parameters.....	7
Slide 10: BC_7_Site Search Worksheet: Step 3: Lease Length Requirement	8
Slide 11: Lease Length Requirement	8
Slide 12: BC_7_Site Search Worksheet: Step 4: Site Search Preconditions	9
Slide 13: BC_7_Site Search: Precondition 1	9
Slide 14; BC_7_Site Search: Precondition 2	9
Slide 15: BC_7_Site Search: Precondition 3	9
Slide 16: BC_7_Site Search: Precondition 4	10
Slide 17: BC_7_Site Search: Precondition 5	10
Slide 18: BC_7_Site Search: Precondition 6	10
Slide 19: BC_7_Site Search: Precondition 7	11
Slide 20: BC_7_Site Search Worksheet: Step 5: Site Review Criteria	11
Slide 21: BC_7_Site Search Worksheet: Step 5: Site Review Criteria 1	11
Slide 22: BC_7_Site Search Worksheet: Step 5: Site Review Criteria 2	12
Slide 23: BC_7_Site Search Worksheet: Step 5: Site Review Criteria 3	12
Slide 24: BC_7_Site Search Worksheet: Step 5: Site Review Criteria 4	12
Slide 25: BC_7_Site Search Worksheet: Step 5: Site Review Criteria 5	13
Slide 26: BC_7_Site Search Worksheet: Step 5: Site Review Criteria 6 – Leased Site Survey	13
Slide 27: BC_7_Site Search Worksheet: Step 5: Site Review Criteria 6 – Purchase Site Survey	14

Slide 28: BC_7_Site Search Worksheet: Step 5: Site Review Criteria 6a – Current Site Survey	14
Slide 29: BC_7_Site Search Worksheet: Step 5: Site Review Criteria 6b – Current Site Survey	15
Slide 30: BC_7_Site Search Worksheet: Step 5: Site Review Criteria 6c – Current Site Survey	15
Slide 31: BC_7_Site Search Worksheet: Step 6: Outcomes of Lease Site Search	16
Slide 32: BC_7_Site Search Worksheet: Step 7: Recommended Site and Ministry Review	16
Slide 33: BC_7_Site Search Worksheet: Step 7: Outcomes of Purchase Site Search..	17
Slide 34: Slide 33: BC_7_Site Search Worksheet: Step 7: Outcomes of Purchase Site Search.....	17
Slide 35: BC_7_Site Search Worksheet: Ministry Review and Site Approval.....	18
Slide 36: Completing Lease Site Survey Worksheets	18
Slide 37: BC_7_Site Search: Site Search Worksheets	18
Slide 38: Lease Site Search: Options.....	18
Slide 39: Completing the Lease Site Survey Worksheet Example	19
Slide 40: Completing the Lease Site Survey Worksheets: General Information.....	19
Slide 41: Completing the Lease Site Survey Worksheets: Space of Site and Project Space	20
Slide 42: Completing the Lease Site Survey Worksheets: Variance of Approved Space to Project Space	20
Slide 43: Completing the Lease Site Survey Worksheets: Preconditions.....	21
Slide 44: Completing the Lease Site Survey Worksheets: Assessment Reports & Site History	21
Slide 45: Completing the Lease Site Survey Worksheets: Site Review Criteria	22
Slide 46: Completing the Lease Site Survey Worksheets: Technical Building Assessment.....	23
Slide 47: Completing the Lease Site Survey Worksheets: Estimating Costs for this Site Option.....	23
Slide 48: Lease Site Cost Section 5: Sub-Sections.....	24
Slide 49: Section 5: Additional Costs.....	24
Slide 50: Additional Costs: Project Area One-Time Costs (Atypical Capital Costs).....	25
Slide 51 Additional Costs: Landlord Space Costs (Added to Cost of Project)	25

Slide 52 Additional Costs: Landlord Space Costs (Amortized in lease)	26
Slide 53: Additional Costs for Site Option Impact on Criteria Scoring	26
Slide 54 Additional Costs: Cost Share Distribution of Additional Costs	27
Slide 55: Annual Lease Costs	27
Slide 56 Project Cost: Calculation for Site Option	27
Slide 57 Section 5 Project Cost: Calculation for Site Option	28
Slide 58 Section 5 Project Cost: Calculation and Management of Surplus Space	28
Slide 59 Project Cost Calculation and Management of Surplus Space	28
Slide 60 Section 5 Project Cost Calculation and Management of Surplus Space	29
Slide 61 Section 5 Project Cost: Cost Share Distribution	29
Slide 62 Section 5: Additional Options to Manage Surplus Space	30
Slide 63 Section 5 Own Funds Project Cost: Cost Share Distribution	30
Slide 64: Section 5 Project Cost: Estimate of Total Cost and Cost Share Distribution ..	31
Slide 65: Completing the Lease Site Search	31
Slide 66 Completing the Lease Site Search: Ministry Review of Recommended Site...	32
Slide 67 Completing the Lease Site Search: Ministry Review When No Site Recommended	32
Slide 68: Completing the Lease Site Search: Ministry Direction to Proceed to Purchase Site Search.....	33
Slide 69 Completing the Lease Site Search: Ministry Decision and Directions	33
Slide 70: Conclusion of Module 4	33
Slide 71: Next Steps: Module 5 – Cost Estimate	34
Slide 72: Supplementary Site Search Modules	34
Slide 73: Thank You For Your Participation	34

Slide 1: Health Capital Technical Topics

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

Slide 2: Agenda

In Module 4 we will continue with the Blue River CHC example as the CHC continues Stage 2 Business Case planning

Slide 3: Learning Objectives

At the end of Module 4 participants will understand the process for site search, site selection and site approval and how to complete the following worksheets:

- BC_7_Site Search and related lease Site Survey Worksheets

Participants will also understand the role of the ministry and the endorsing organization at Checkpoint IV in finalizing the site selection

Slide 4: BC_7_Site Search Worksheet and Process Overview

Now that the CHC has established how much space is required to deliver programs and services, the next planning step is to search for and identify a physical site from which to deliver programs and services.

Slide 5: BC_7_Site Search Worksheet Overview

After the BC_6_Space Request worksheet has been finalized, the ministry will lock all worksheets up to and including BC_6 and enable the BC_7_Site Search Worksheet and related Site Survey Worksheets in the toolkit workbook.

This is the BC_7_Site Search Worksheet.

This worksheet serves 2 purposes

The first is to guide the Lead Organization and its consultant resources step by step through the site search and evaluation process

The second is to provide a summary overview of outcomes of the site searches, the recommended site and the final site selection and approval.

Slide 6: BC_7_Site Search Worksheet Process Steps

The BC_7_Site Search Worksheet has several sections Each section correspond to a step in the site search and selection process

These sections are:

- Geographic Boundary of Site Search
- Space parameters for site search
- Lease length requirement
- Review criteria, scoring and weighting for lease, purchase and current site searches and evaluations
- The summary results of the completed individual site search reviews worksheets
- The Lead Organization's recommended site
- The ministry review and the outcome of the review per the recommended site

Slide 7: BC_7_Site Search Worksheet: How it Works

- In the workbook there are multiple worksheets created for
- Site Search of Leased Space (10 worksheets)
- Site Search of Purchased Space (10 worksheets)
- Site Evaluation Options for Current Space (3 worksheets)

As each survey worksheet is completed key information automatically populates the summary BC_7_Site Search worksheet

Slide 8: BC_7_Site Search Worksheet: Step 1 Search Geographic Parameters

The first step in the site search is for the Endorsing Organization in consultation with the Lead Organization to set a geographic boundary for the search

The geographic parameters of the search area must be at least a 1 km radius from the centre of the search area. This is equal to 3.14 square kilometers in total search area.

The Blue River CHC will be searching an area equal to this size with the current site being the centre of the search area.

Slide 9: BC_7_Site Search Worksheet: Step 2: Space Parameters

Step 2 identifies the amount of space approved in BC_6_Space Requests

The ministry will only allow the site search to consider leased or purchased spaces up to 25% larger than the amount of space approved at BC_6_Space Requests

To assist the CHC in identifying suitable properties, this section calculates and displays the maximum size space the ministry will allow to be considered for site review

In this example, for the leased site search, the maximum size of a lease space that can be including in the search is 7,650 sq. ft.

It should be noted however, that when leased spaces identified in the search are later scored against criteria, full points for size of space will only be given to properties that are up to 10% larger than the approved space allocation.

Slide 10: BC_7_Site Search Worksheet: Step 3: Lease Length Requirement

To ensure value for capital investments, the ministry requires lease length that aligns with the cost of the project.

The larger the cost, the longer the lease length requirement

This section automatically calculates and displays the minimal lease length required based on the approved space allocation and the average cost per sq. ft. estimated for a leasehold renovation project for each type of facility.

For the Blue River CHC, the cost per sq. ft. for a CHC leasehold renovation is on average approximately 250 dollars and so the estimated value of the project at this point is 1.9 million which requires a minimal lease length of 10 years

Slide 11: Lease Length Requirement

This table describes the cost of project ranges and lease lengths associated with each.

Where the total length of lease is comprised of base lease plus options to renew, those options must be unconditional. In other words, the Lead Organization must be able to renew without the landlords approval.

Slide 12: BC_7_Site Search

Worksheet: Step 4: Site Search

Preconditions

When potential sites within the geographic boundaries are identified, they are first assessed against a set of preconditions.

The preconditions are designed to eliminate any unsuitable properties before a deeper and more costly review is performed.

Slide 13: BC_7_Site Search: Precondition 1

The first precondition is ensuring that the site is within the geographical search boundaries. This applies to both lease and purchase site searches.

Slide 14; BC_7_Site Search: Precondition 2

Precondition 2 is ensuring that the zoning laws will allow a health care facility to operate from that location or that there is a reasonable level of assurance from the appropriate authority that the re-zoning will be permitted.

This precondition applies to all site search categories

Slide 15: BC_7_Site Search: Precondition 3

The third precondition is that the Lead Organization is able to afford the annual cost of the lease.

Slide 16: BC_7_Site Search: Precondition 4

Precondition 4 is that the Length of the lease meets the minimum ministry requirements. This applies to both lease and purchase site searches

Slide 17: BC_7_Site Search: Precondition 5

The 5th precondition is that the site will be available within 6 months of the survey date
This precondition applies to all site search categories

Slide 18: BC_7_Site Search: Precondition 6

Precondition 6 has been put in place to limit the Lead Organization exposure to financial risk associated with lease site repairs and maintenance.

In the past some community organizations have signed leases which take on the responsibility to fund repairs and maintenance costs that should be the landlords financial responsibility.

More information on what should or should not be the responsibility of the tenant can be found in the Site Search Bulletin. This Technical Bulletin has been developed by the ministry to be a resource to community organizations that are thinking about or engaged in a site search for either lease or purchase sites.

Slide 19: BC_7_Site Search: Precondition 7

Precondition 7 applies to site searches for land to be purchased or leased for the purpose of constructing a purpose built building. It is essential to ensure that the size of the land is sufficient to accommodate both the structure to be built and any parking requirements.

Slide 20: BC_7_Site Search Worksheet: Step 5: Site Review Criteria

Once all the lease sites identified in the initial site survey have been assessed against the preconditions those sites that meet the preconditions are then assessed and scored using the Site Review Criteria.

As noted previously, where 5 or more lease sites have been identified that meet the preconditions at least 5 must be reviewed against the criteria

Where there are less than 5, all must be reviewed against the criteria

The following slides describe each of the criteria and the scoring methodology.

Slide 21: BC_7_Site Search Worksheet: Step 5: Site Review Criteria 1

The first criterion assesses the variance between the size of the site and the approved space requirement. This criterion is automatically calculated using information provided in the site search worksheet.

For a lease site search the site under review will score the full potential value of 35 points if the site is 10% or less larger than the approved space requirement established at the end of BC_6_Space Request worksheet.

Diminishing points are provided as the size of the space becomes larger than 10%
There are no points provided for any space that is more than 25% larger than the approved space requirement.

Slide 22: BC_7_Site Search

Worksheet: Step 5: Site Review

Criteria 2

Criterion 2 establishes whether the site has access to public transportation and provides the full 10 points for sites that are within 100m of a public transit stop.

Sites that are more than 400 meters from a public transit stop would not gain any points for accessibility.

Slide 23: BC_7_Site Search

Worksheet: Step 5: Site Review

Criteria 3

Criterion 3 also focuses on accessibility. This criterion provides maximum points for parking that is available on site and diminishing points as accessibility to public parking becomes further away from the site

Slide 24: BC_7_Site Search

Worksheet: Step 5: Site Review

Criteria 4

Criterion 4 assesses the degree to which the site provides or can be adapted to provide a passenger drop off zone near the entrance for client access.

As with Criteria 2 and 3, there are less points provided as accessibility decreases.

Slide 25: BC_7_Site Search

Worksheet: Step 5: Site Review

Criteria 5

Criteria 5 assess the site based on its suitability for patient or client focused care. This criteria has a maximum value of 20 points and the metrics used to assess scoring are defined by the Lead Organization. The ministry requests that the organization provide a copy of the scoring methodology once site selection is complete. The methodologies collected from multiple projects may inform future review criteria.

Slide 26: BC_7_Site Search

Worksheet: Step 5: Site Review

Criteria 6 – Leased Site Survey

This criterion is specific to lease sites. When assessing and comparing lease sites more points will be provided for sites where the landlord will repair the building up to Ontario Building Code standards or remediate any environmental issues prior to any renovations that are part of the ministry funded renovation.

This is because rental spaces should be up to code for the original purpose of the building. That is a landlord responsibility and the landlord should bear the cost of these repairs or remediation.

It is recognized by the ministry that not all landlords will do this work at their own cost. The ministry will therefore consider funding the cost of these repairs where the cost is less than 2 years cost of lease and where the site scores highest in comparison to all other sites.

The scoring for this criteria is structured to give highest points to those sites where there are none of this type of cost and lower points as these types of costs approach the value of 2 years of lease costs.

The site will receive Zero points for this criteria when these cost exceed 2years of lease costs.

Slide 27: BC_7_Site Search Worksheet: Step 5: Site Review Criteria 6 – Purchase Site Survey

This criterion is specific to the purchase of land with or without a structure. This criteria provides the maximum 30 value of 30 points to the lowest cost option. As site surveys are completed this criteria automatically compares the “all in” estimated cost of creating or renovating space on each site and assigns a value based on the relative cost ranking. The costs included are that of purchase, construction or renovation and also any one-time additional costs to fund environmental remediation to the site or structure as well as any one-time costs to bring a structure to basic code compliance. This criteria provides diminishing points to purchase options as the cost of that option increases relative to the lowest cost option.

Slide 28: BC_7_Site Search Worksheet: Step 5: Site Review Criteria 6a – Current Site Survey

The next 3 criteria are specific to those situations where a Lead Organization has a owned or leased site, requires more space and has the ability to expand.

The ministry will still require these organizations to engage in a leased site search and cost out that option, but while doing so they will also cost our options to expand the current site.

There can be several potential ways that a current site can be expanded.

Where the organization is leasing space, adjacent space may become available for lease.

Where this occurs, Criteria 6a will apply the same metric as Criteria 6. The net new space will be assessed for the full cost of the project as well as any remediation or repair that should be the landlords responsibility. Full points are awarded where there are no additional one-time costs and diminishing points as the costs increase to a number equal to the cost of 2 years lease. Where the cost exceeds the value of 2 years lease, zero points are awarded.

Slide 29: BC_7_Site Search

Worksheet: Step 5: Site Review

Criteria 6b – Current Site Survey

Another current site expansion option is where the organization owns a building and has the opportunity to lease adjacent property for the purpose of building a structure.

In this circumstance, Criterion 6b will assess the total cost of the “all-in” project including construction costs, and land “one-time” environmental remediation costs against other lease option costs. This is done by amortizing the cost of the project over the length of a comparable lease period to arrive at an annual cost for comparative purposes. The option is then scored against the lowest cost option.

Slide 30: BC_7_Site Search

Worksheet: Step 5: Site Review

Criteria 6c – Current Site Survey

Another current site expansion option is where the organization owns a building and has the opportunity to expand the building or purchase adjacent land to build an addition or with an existing structure for renovation or replacement.

In this circumstance, Criterion 6b will assess the total cost of the “all-in” project including land purchase, construction costs, and land and structure “one-time” environmental remediation and/or repair costs and compare and score this against lease and as necessary, purchase site options. For lease costs this is done through amortizing the cost of the project over a lease length appropriate to the cost.

For comparison of this purchase comparison comparing the all-in costs to that of other purchase site options.

Slide 31: BC_7_Site Search

Worksheet: Step 6: Outcomes of Lease Site Search

Once sites have scored, the top 3 sites will undergo Technical Building and Environmental assessments and then proceed to calculate a cost estimate for that option.

These steps will be discussed further in the next sections as we work through the site survey worksheets.

Once all Lease Sites, Purchase Sites and/or Current Site Options have been explored, the scores and key cost information is displayed in this section

Slide 32: BC_7_Site Search

Worksheet: Step 7: Recommended Site and Ministry Review

Once the Lease Site surveys and any current site options have been documented, the Lead Organization will recommend a site and identify it on the Site Search worksheet.

Where suitable sites have been surveyed, the ministry requires that the site selected be the highest scoring option.

Where the Lead Organization recommends a site that is not the highest scored option, they will complete the explanation field for ministry review.

The workbook will be emailed to the ministry for review.

The ministry will consult with the Endorsing Organization to confirm that the organization can financially manage the lease costs and any one-time costs associated with the selected site that would be the responsibility of the lead or partner organizations.

Where the ministry approves the selected site, this will be indicated in this section and the Toolkit will be provided back to the Lead Organization with direction to proceed to

complete the BC_8_Cost Estimate Worksheet to fully cost out this option and complete the Business Case.

Where no suitable lease site was identified, this is also identified by the Lead Organization with an explanation and the toolkit is emailed to the ministry for review.

If the ministry agrees that none of the sites reviewed scored highly enough for consideration the organization will be directed to either consider expanding the geographic search area for other lease sites or to proceed to a search for land and/or land and structures for purchase in the search area.

Slide 33: BC_7_Site Search Worksheet: Step 7: Outcomes of Purchase Site Search

Where a purchase site search commences, the same process is followed and a similar section on the Site Search Worksheet will display the results of the site surveys.

Slide 34: Slide 33: BC_7_Site Search Worksheet: Step 7: Outcomes of Purchase Site Search

In a similar manner to the lease site search process, the Lead Organization will identify the recommended purchase site option and email the toolkit for ministry review.

Once an option has been approved, the toolkit will be returned with all worksheets up to and including BC_7_Site Search worksheet locked and the BC_8_Cost Estimate Worksheet enabled for completion.

Slide 35: BC_7_Site Search Worksheet: Ministry Review and Site Approval

The final section of the Site Search Worksheet contains information specific to the outcome of the ministry review and decision regarding the approved site

Slide 36: Completing Lease Site Survey Worksheets

When describing the site search process we made reference to the individual site survey worksheets.

Slide 37: BC_7_Site Search: Site Search Worksheets

In this section we will walk through examples of how the Blue River CHC would complete the lease site search worksheet

There are 2 additional modules 4A and 4B that describe how to complete the purchase site and current site survey worksheets

Slide 38: Lease Site Search: Options

There are several options that the CHC may explore when performing a search for a lease site.

The CHC could look to lease a unit or space in an existing structure such as a multi-purpose building, medical arts building or commercial plaza.

The CHC could also look to lease an entire building that meets the approved space requirements defined at BC_6_Space Requests

The site survey worksheets are designed to manage all these possibilities.

Slide 39: Completing the Lease Site Survey Worksheet Example

In this example the Blue River CHC has engaged a realtor to search lease properties within the approved size parameters in the approved geographic area

There were 5 properties identified

Of these 5 only 4 met all of the preconditions

The consultant team proceeds to complete a Lease Site Survey worksheet for each of these 4 options

The following slides shows how the Lease Site Survey worksheet would be completed for Lease Site 1

Lease Site 1 is 9,000 square foot unit on the ground floor of a mixed use building located at 125 Lonely St. in Markham Ontario

Slide 40: Completing the Lease Site Survey Worksheets: General Information

The Lead Organization or its consultant identifies:

The resource completing the survey worksheet and the date the worksheet was completed

The name of the site and address and the date the site survey was started

Slide 41: Completing the Lease Site Survey Worksheets: Space of Site and Project Space

In this section, the amount of approved space after gross up is displayed. The amount of approved space for the Blue River CHC is 7,650 sq. ft.

Blue River CHC then enters on the next line the amount of space of the lease property at this location which is 9,000 sq. ft.

The Blue River CHC then enters the amount of space of the 9,000 sq. ft. that they would like to include in the project.

As noted in Part I training, the ministry will shell in space that is up to 1,000 sq. ft. greater than what has been approved for the project, but any space in excess of that amount is the financial responsibility of the Lead Organizations and/or their partners.

Therefore, the CHC now needs to decide whether to assume the cost to shell in or fit out the 350 sq. ft. difference or whether to try to have the landlord reduce the size of the lease space to eliminate the 350 sq. ft. surplus.

The CHC has decided to assume the cost of the 350 sq. ft. and therefore includes the full 9,000 sq. ft. in the project. This value is then entered on line 3

Slide 42: Completing the Lease Site Survey Worksheets: Variance of Approved Space to Project Space

Once this information is entered, the worksheet automatically calculates the variance between the approved space required for the project (7,650 sq. ft.) and the proposed project space (9,000 sq. ft.)

The percentage variance value will be used later in the worksheet to calculate the scoring of Criteria 1

Slide 43: Completing the Lease Site Survey Worksheets: Preconditions

The Blue River CHC then assesses the lease site against the preconditions

This site meets the first precondition as it is in the geographic boundaries of the site search

It also meets the 2nd precondition as it is in an area where zoning permits the operation of a health care facility.

The cost of the lease is within the CHC's ability to manage and so the site meets precondition 3

Preliminary discussions with the landlord indicate that the lease space will be available in 4 months, so it meets criteria 4

The landlord is willing to provide a lease length of 15 years and since the ministry only requires a lease length of 10 years, the site meets precondition 5.

The landlord has assured the CHC that the lease will not hold them responsible for any repairs or maintenance to the grounds or base building that should be the landlord's responsibility, so the site meets the final precondition.

Slide 44: Completing the Lease Site Survey Worksheets: Assessment Reports & Site History

With all the mandatory preconditions met, the CHC and its consultant resources proceed will ask the landlord to provide any information or reports they may have that identify any repairs or environmental remediation required to the lease space and related spaces and the costs estimated for this type of work.

The costs associated with this type of repair work is not the same as costs associated with the actual renovation project to make the space ready to be used as a health care facility.

These are costs that are associated with bringing the base building up to Ontario Building Code Standards for the type of services that the building was initially designed

to provide. These type of costs should be the landlords responsibility and these repairs should be done at the landlords cost before a tenant makes any further modifications to the space for their own purposes.

The same holds true for cost of environmentally remediating a building. This work should be done at the landlords cost before the tenant proceeds with further modifications.

In the Blue River CHC example the Landlord has performed environmental assessments that indicate there are no contaminants in the project or related spaces.

However, a building condition assessment has not yet been done, so there is no information around whether there are potential costs to bringing the base building up to Ontario Building Code standards.

Slide 45: Completing the Lease Site Survey Worksheets: Site Review Criteria

The CHC then proceeds to section 3 and completes the Site Review Criteria

In this example, the site has public parking available within 100m, parking available on site, with a passenger drop off area within 40 m of the entrance.

The criteria developed by the CHC has assessed this site as acceptable for patient or client centered care

The score for one-time costs at this point in the process will always display the full point value.

This score may change if this lease option proceeds to a further assessment and any one-time costs are identified during that assessment.

Based on the Criteria assessment, this site scores 73 points out of a potential 100 points.

Slide 46: Completing the Lease Site Survey Worksheets: Technical Building Assessment

The CHC proceeds to a Technical Building assessment for the 3 top scoring sites.

For the lease site example under review, the technical building assessment reveals that there is base building repairs required that should be done the landlord.

There are issues with water leaks around some of the windows that will require the windows and seals to be repaired or replaced.

The floor and underlying support structure also needs some repair work

The landlord has agreed to do the repairs on the windows, but indicates that he will not do any repairs on the floor.

Therefore, if this site was selected for this project the cost of fixing the floor would be added to the project as a one-time project cost.

The work will be approximately \$80,000 dollars.

Slide 47: Completing the Lease Site Survey Worksheets: Estimating Costs for this Site Option

At this point we know for this lease site option:

1. That it meets the preconditions,
2. That it has scored in the top 3 lease options explored
3. The outcome of the Technical Building and Environmental reports and an estimate of the costs associated with any required work identified in these report.
4. What work the landlord will or will not fund either directly or through an additional lease cost

With this information we are ready to proceed to Section 5 where we will document all lease and construction costs associated with the project and estimate a total project cost of for this lease site option.

This section also shows the proportional share of the total cost of the project that would be funded by the ministry, the lead organization and/or the partner organizations

Slide 48: Lease Site Cost Section 5: Sub-Sections

The cost section is made up of 4 sub-sections

The first identifies all one-time project costs that are in addition to the regular cost per square foot for renovation of a space. The types of costs in these sections will be discussed in the next slides

The second section identifies the annual lease cost for the property.

The third section identifies the cost to renovate the space.

With all this information, the final section summarizes the all in cost of the project for this site option

The summary information is then used to update the scoring for criteria.

Slide 49: Section 5: Additional Costs

The additional cost section is organized to document and organize all additional costs associated with the project.

Additional costs are those not typically included in the calculations used to estimate a cost per square foot for renovation type capital projects

These costs can be identified through discussions with the landlord or as a result of the Technical Building Assessment and the Environmental Assessment.

Slide 50: Additional Costs: Project Area One-Time Costs (Atypical Capital Costs)

Additional costs are organized into 3 cost type categories

The first category is the Project Area One-Time Atypical costs are those costs that have been identified that are not the landlords responsibility and so will be included in the cost of the project

These costs are documented separately because they represent costs not typically added to the standard cost per square foot calculated by the ministry or industry for leasehold renovation projects.

Examples of these types of costs may include items such as mold abatement or asbestos abatement where the full cost of these items are difficult to estimate and therefore these items will usually be managed through a Cash Allowance. The cash allowance is an estimated cost based on the results of the Technical Building Assessment and/or Environmental Assessment and costing by the Cost Consultant.

Where there are questions around what costs should be documented in this category the Lead Organization and their consultants are encouraged to contact the ministry for advice and direction.

Slide 51 Additional Costs: Landlord Space Costs (Added to Cost of Project)

The next 2 sections represent additional costs associated with work that the landlord should fund to bring the base building up to Ontario building code standards or to remediate existing environmental problems.

When these types of costs are identified there is a discussion with the landlord.

There are 3 potential outcomes to these discussions

1. The landlord agrees to pay for the work

2. The landlord does not agree to pay for the work and if this site was to be selected the cost would need to be added to the total cost of the project
3. The landlord agrees to do the work, but wants to pass the cost to the tenant through a rent increase over the period of the lease

The best option is that the landlord pays for the work.

The next best option is that the landlord does the work but adds the cost to the lease. This is because the true cost of some kinds of work, such as environmental remediation, is rarely known until the work is complete. If the landlord provides an estimate and negotiates a lease cost the risk of any cost escalations for the actual work become the responsibility of the landlord.

In these sections the costs associated with the 2nd and 3rd outcome are documented.

In the Blue River CHC example, the \$80,000 that the landlord should have paid for to fix the floors is documented in the first of these sections as this is to be added to the project cost.

Slide 52 Additional Costs: Landlord Space Costs (Amortized in lease)

If the landlord had decided to pass the cost of this 80,000 to the CHC through a lease increase the annual cost of the lease increase would be documented in this section.

For example, if the 80,000 was amortized over 10 years of the lease, the amount documented in this section for the Building Remediation line would be 8,000 representing the annual increased lease cost associated with this item

Slide 53: Additional Costs for Site Option Impact on Criteria Scoring

As this section is completed, any one-time landlord costs documented will be totaled.

As this total changes, the score for Criteria 6 “One-time Building Remediation/Upgrade/Project Costs” will be adjusted

In the Blue River CHC example, the impact of this additional one-time cost of 80,000 is that the score for Criteria 6 now drops from 15 to 12 points and the overall score for this site drops from 73 to 71 points

Slide 54 Additional Costs: Cost Share Distribution of Additional Costs

The table automatically calculates and displays the proportional cost share distribution of each cost line item for the ministry, the Lead organization and partner organizations.

All cost items with the exception of the demolition and own funds line items are proportionally share based on the space proportion established with ministry approval of the Space Requirements.

Demolition costs are 100% funded by the ministry while any costs in the Own Funds category are shared by the Lead Organization and/or the Partner Organizations. The ministry does not fund any part of the Own Funds costs.

Slide 55: Annual Lease Costs

The next section is designed to capture all potential lease costs at a detailed level

In the first line the lead organization enters the basic start lease cost for the property

The second line will not generally be relevant to lease site search. One scenario where it would be used is where the lead organization is investigating leasing a structure and land, but separately leasing an additional adjacent property for a purpose such as parking.

If there were any one-time landlord costs where the costs were to be passed on to the lead organization through an increase to the rent, the cost per year identified in the Additional cost section will automatically populate this section.

Slide 56 Project Cost: Calculation for Site Option

The third section is designed to calculate the total project cost for this site option.

Most of the information in this section is automatically populated from information provided earlier in the site search survey worksheet.

There are some sections, however, that the lead organization is required to complete to enable the final cost and cost share calculation.

Completing these sections requires some decisions on the part of the organization.

In the next slides we will walk through this section in detail to show where and how the Lead Organization documents these decisions.

Slide 57 Section 5 Project Cost: Calculation for Site Option

In this slide you can see how the total approved space requirement automatically populates this section.

The information provided earlier in the worksheet around the size of the site under review and the size of the intended project area is then used to determine how much surplus space remains that will become the financial responsibility of the Lead or Partner organizations.

Slide 58 Section 5 Project Cost: Calculation and Management of Surplus Space

In this example, the Blue River CHC is approved for a site of 7,650 sq. ft. The site under review is 1,350 sq. ft. larger than the requirement.

Slide 59 Project Cost Calculation and Management of Surplus Space

The CHC knows that the ministry will fund the shell in of up to 1,000 sq. ft. of space over the approved requirement and therefore has defined the Portion of the space for the ministry funded project to be 7,650 plus 1,000 sq. ft. for a total of 8,650 sq. ft.

The surplus space of 350 sq. ft. is calculated and displayed on the Project Costs Table.

The CHC then needs to decide whether to shell in or fit out this 350 sq. ft. surplus space.

Slide 60 Section 5 Project Cost Calculation and Management of Surplus Space

In this example the Blue River CHC wants to fit out this space and so selects this as the option

The worksheet then applies the average cost of a fit out to the space and returns a value of an estimated cost of this work

This cost is for comparative purposes across site options. Since the original use of the space could vary, the cost of shelling in or fitting out this cost will also vary.

If this option is selected a more accurate costing will be done in the final Cost Estimate step of the Stage 2 Business Case

Slide 61 Section 5 Project Cost: Cost Share Distribution

The cost share distribution of the approved space is automatically shared across the ministry, lead organization and partners in accordance with the proportional space allocations defined and approved in the BC_6_Space Requests worksheet.

This information is displayed in the Cost Share section

In the same way the ministry 100% share of the shelled in space for the 1,000 sq. ft. in this example is also displayed in this section.

For the 350 sq. ft. surplus space, the spreadsheet calculates the proportional distribution for the lead and partner organization since the ministry will not fund any portion of this cost.

However there is the provision for lead organization and partners to change the proportional share of the cost of the 350 sq. ft. surplus space by entering a new value for the percentage of this cost that the partner group will pay.

In this example the CHC and the partners have decided to each pay their proportional share as defined at approval of the Space Requests.

Slide 62 Section 5: Additional Options to Manage Surplus Space

As noted previously, the CHC has indicated that it wants to pay the difference in cost to fit out the 1,000 sq. ft. space that the ministry has agreed to shell in.

The cost difference is 125 dollars per sq. ft. X the 1,000 sq. ft. or \$125,000 dollars.

Since this will be funded by the CHC and/or its partners as an Own Funds portion of the project, the CHC has done this manual calculation and then returns to the Additional Cost section to add this value as a Project Area One time Atypical Cost under the Other Funds – Own Funds line in the table.

Slide 63 Section 5 Own Funds Project Cost: Cost Share Distribution

The worksheet then requires the Lead Organization and their Partners to decide on and document how they will share in the cost of the own funds portion of the project.

The amount the CHC will fund is entered into the yellow highlighted box in the Cost Share section.

The worksheet then calculates the remainder that is to be funded by the Partner Organizations

In this example the Blue River CHC and their partners have decided to equally share in this cost.

Slide 64: Section 5 Project Cost: Estimate of Total Cost and Cost Share Distribution

The final table in this section automatically calculates the estimated total cost of renovations for this site option

The table also displays how much of this total cost would be the financial responsibility of the ministry, the Lead Organization and the Partner Organization.

The share of the cost in this example for the Lead organization is substantial.

This is a result of decisions made by the organization to fund space that the ministry would not approve in BC_6_Space Requests and also to pay for a proportion of the costs to fit out the surplus space for this site.

The final cost information from this survey and the scoring criteria final scores are now available for viewing on the BC_7_Site Search summary worksheet.

Slide 65: Completing the Lease Site Search

Once all the eligible sites have been surveyed the Lead Organization returns to the BC_7_Site Survey worksheet and uses the drop down options in Step 7 section of the worksheet to identify the recommended site

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

If the Lead Organization believes that no suitable lease site was identified in the search they would select the “no suitable site” option from the drop down menu

The Lead Organization then emails the Toolkit Workbook to the ministry

Slide 66 Completing the Lease Site Search: Ministry Review of Recommended Site

Where the lead organization has identified a recommended lease site for the project, the ministry will review the recommended site in consultation with the Endorsing Organization

The purpose of the consultation is to ensure that any own funds costs associated with the recommended site option can be managed by the lead organization and its partners.

There are two potential outcomes of the ministry review:

The ministry approves the recommended site; or if not

The ministry then works with the Lead Organization and Lead Organization in the selection of a lease site from the search that can achieve ministry approval

Slide 67 Completing the Lease Site Search: Ministry Review When No Site Recommended

In the event that the lead organization has concluded that no suitable lease site was identified in the search, the following may occur

The ministry may select a site from those surveyed for approval for the project

The ministry may explore with the lead organization and its endorsing organization the option of expanding the geographical search parameters for more lease site to survey

Or,

The ministry may direct the lead organization to undertake a Purchase Site search. The purchase site search would include exploring options such as the purchase of an existing property and land to renovate or the purchase of land without a structure for the purpose of building a structure for the project space.

Slide 68: Completing the Lease Site Search: Ministry Direction to Proceed to Purchase Site Search

Where the decision is made by the ministry to direct the Lead Organization to commence a purchase site search, this is documented in Step 7 of the worksheet.

The Toolkit Workbook is returned to the Lead Organization with the Purchase Site Survey worksheets enabled.

Slide 69 Completing the Lease Site Search: Ministry Decision and Directions

Ministry approval decisions and/or directions are documented in the final section of the Site Search worksheet, Ministry Review Site Search Results

The ministry decision around site selection is Checkpoint IV in the CHCP operational framework

When the Lead Organization achieves ministry approval of a site option, the ministry will direct the organization to proceed to the final step in the Stage 2 Business Case: The Cost Estimate

The ministry will then return the Toolkit to the organization with the BC_8_Cost Estimate worksheet enabled

Slide 70: Conclusion of Module 4

This brings us to the conclusion Module 4

At the conclusion of this module staff now understand

How the BC_7_Site Search Summary page is structured and functions

How to perform site surveys for a lease site option

The Checkpoint IV Site Selection process

Slide 71: Next Steps: Module 5 – Cost Estimate

Module 5 is the final CHCP training module for Stage 2: Business Case

Module 5 explores the steps required to complete the final cost estimate for the selected site

Slide 72: Supplementary Site Search Modules

There are also two optional training modules available

1. Module 4(A) – Purchase Site Search
2. Module 4(B) – Current Site Options

These modules are available as resources to organizations who are:

Directed by the ministry to engage in a Purchase Site Search, or;

Organizations exploring expansion/renovation options for their current site

Slide 73: Thank You For Your Participation

Thank you for your participation in the CHCP Part II learning series