

# COMPANION DOCUMENT

TO THE

CAPITAL PROJECT FUNDING AGREEMENT  
(CPFA)

Resource Management Division | November 2009



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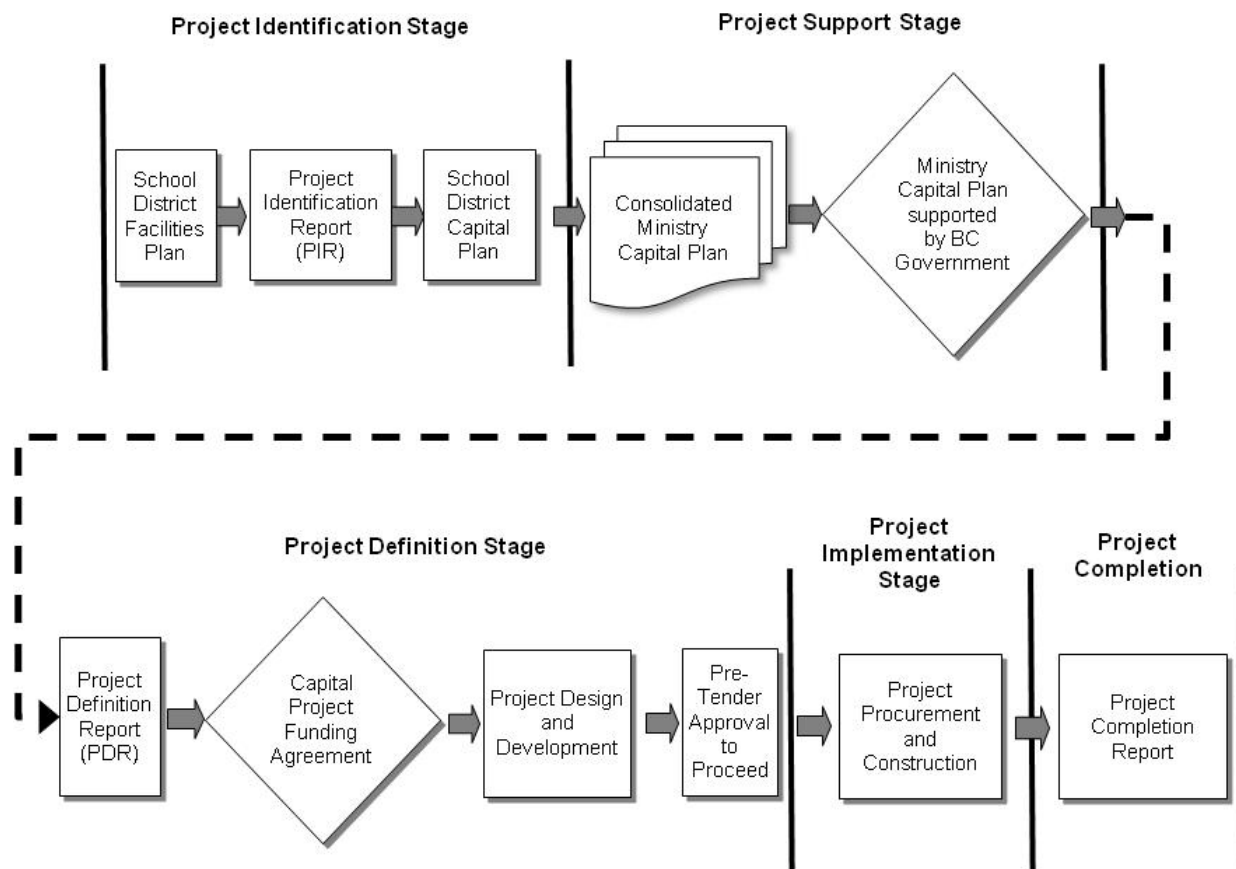
## 1. OVERVIEW

The Ministry of Education allocates capital funding for K-12 public school construction while retaining public accountability for ensuring that schools are planned, designed, constructed, and maintained in a cost-effective manner. The Ministry transfers the responsibility for planning and management of capital projects to boards of education.

To enable the Ministry and boards to more effectively fulfill their respective capital asset management accountabilities, a new planning and procurement process has been adopted based on the Education Facilities Planning and Procurement Process Review completed in consultation with the BC School District Secretary-Treasurers' Association (now BC Association of School Business Officials).

In addition, the approval process for capital project funding within the provincial government has changed. The Ministry of Education must now submit its consolidated capital plan through the Capital Planning Secretariat for approval of government in its corporate capital plan. The Ministry of Education will submit its first consolidated capital plan under this revised approval process in the summer of 2009.

The above steps have created a new procurement process as outlined below:



## 2. GENERAL PROCESS REQUIREMENTS

The new process requires each board of education to develop and maintain a comprehensive School District Facility Plan (SDFP) that will provide a district-wide perspective on the needs and utilization of schools and ancillary facilities.

Based on the SDFP, districts will prepare and submit Project Identification Reports (PIR) for individual capital projects identified as the highest priorities in their annual Capital Plan submission.

Once a requested capital project has been supported by the Ministry and funded by government, boards will be authorized to complete a Project Definition Report (PDR), which will further identify the specific details of the capital project.

The information in the PDR will be the basis for the preparation of a Capital Project Funding Agreement (CPFA) by the Ministry. The PDR document will be included as part of the Capital Project Funding Agreement and a number of the schedules completed within the PDR will be attached to the CPFA.

A Capital Project Bylaw must also be prepared by a board of education, based on the CPFA. Both the Capital Project Bylaw and signed copies of the CPFA will be provided to the Ministry. Once the CPFA has been signed by the Minister of Education and returned to the board of education, the capital project may proceed to the design and development stage.

The introduction of a new provincial approval process has also adjusted the timeline for the submission of annual capital plan submissions and the processing of supported capital projects. The revised timeline is:

Mid-May	Capital Plan and PIR Reports submissions by boards of education to Ministry of Education
June/July	Review of PIRs by Ministry and preparation of Ministry of Education Consolidated Capital Plan
End of July	Ministry of Education Consolidated Capital Plan submission to Capital Planning Secretariat
February/ March	Government support for new capital projects in provincial capital plan
April/May	Ministry of Education authorizes supported capital projects to proceed to Project Definition Report (PDR)

## 3. ABOUT THE CAPITAL PROJECT FUNDING AGREEMENT (CPFA)

The CPFA is the final document required before a board may proceed through the design and development stages for a capital project. The CPFA provides the details regarding the funding arrangements between the Ministry of Education and a board of education, as well as other sources of funding for the capital project. The majority of information required to complete the CPFA will have been provided through the Project Definition Report (PDR).

The CPFA will be completed by Ministry staff and forwarded to the Board of Education for approval and signature by the Board Chair and Secretary-Treasurer. The Board will forward both copies of the signed CPFA to the Ministry; once signed by the Ministry, one of the copies will be returned to the Board and the other retained by the Ministry.

## MINISTRY OF EDUCATION FACILITIES PLANNING AND PROCUREMENT PROCESS

The format of the CPFA has been revised, reflecting recommendations made under the Educational Facilities Planning and Procurement Review.

The Capital Project Funding Agreement (CPFA) contains the following sections:

Project Information

Parties to the Capital Plan Funding Agreement

Background

1. Definitions
2. Schedules and Reports
3. Provincial Funding Contributions and Obligations
4. Board Contributions and Obligations
5. Additional Conditions

Signatures of the Parties to the Capital Project Funding Agreement

- Schedule A - Project Rationale, Scope and Design Parameters
- Schedule B - Project Financial Summary
- Schedule C - Reserve Items
- Schedule D - Project Schedule and Projected Cash Flow
- Schedule E - Project Risks Management Plan
- Schedule F - Design Aid Sheet(s)
- Schedule G - Capital Project Bylaw
- Schedule H - Letters of Understanding or Other Agreements

The details required in each section and guidelines to assist with completion of the necessary schedules are outlined on the following pages.

## PROJECT INFORMATION

(Page 1 of CPFA)

This section provides the basic information about the capital project. This information is taken directly from the Project Definition Report (PDR) and should be the same information included on Schedule A - Project Rationale, Scope and Design Parameters.

**SCHOOL NAME:**

\_\_\_\_\_

*The name of an existing or new school is required. If a new school has not yet been named, a general location name may be used.*

**SCHOOL DISTRICT NAME:**

\_\_\_\_\_

**PROJECT NUMBER:**

\_\_\_\_\_

*The project number will be assigned by the Ministry at the time the Project Definition Report (PDR) is authorized to proceed.*

**PROJECT DESCRIPTION:**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

*The project description should identify project specifics, as provided in Appendix B - CP-1 Capital Project Request Form of the Capital Plan Instructions.*

**PARTIES TO THE CPFA**

(Page 1 of CPFA)

This dates the CPFA, and identifies the parties to the agreement as the Ministry of Education and a board of education.

**THIS CAPITAL PROJECT FUNDING AGREEMENT** made in duplicate and dated for reference the \_\_\_\_ day of \_\_\_\_\_ 20\_\_.

**BETWEEN: Her Majesty the Queen in Right of the Province of British Columbia,**  
represented by the Minister of Education  
  
(the “Ministry”)

OF THE FIRST PART

**AND: The Board of Education of School District No. \_\_\_\_ (\_\_\_\_\_)**  
  
(the “Board”)

OF THE SECOND PART

*This date will be inserted when signed by the Ministry.*

*School districts should NOT insert this date when they sign the CPFA.*

## BACKGROUND

(Page 2 of CPFA)

This section outlines the history of submissions and funding support for an approved capital project.

*The description inserted here will be the one provided in the referenced Project Identification Report (PIR) and may differ from the most current project description provided in the Project Information section of the CPFA.*

*This date identifies the referenced Project Identification Report (PIR) for the capital project.*

### BACKGROUND:

- A. The Board, in accordance with the Project Identification Report dated \_\_\_\_\_, requested funding for this \_\_\_\_\_ description \_\_\_\_\_ Capital Project as part of its 20\_\_ / \_\_ Capital Plan.
- B. The Ministry supported the Capital Project in its 20\_\_ / \_\_ consolidated capital plan submission to the Capital Planning Secretariat.
- C. By letter to the Board dated \_\_\_\_\_ the Ministry indicated support for the Capital Project.

*This is the year of the Board's annual Capital Plan in which the capital project was supported by the Ministry of Education.*

*This date will be inserted by the Ministry.*

*This capital year will be inserted by the Ministry.*

## Section 1 - DEFINITIONS

(Pages 2-3 of CPFA)

1.01 In this Capital Project Funding Agreement:

“Board” or “Board of Education” means a board of school trustees constituted under the *School Act* [RSBC 1996] c. 412;

“Capital Project” means the Capital Project described in Schedule A - Project Rationale, Scope and Design Parameters;

“Certificate of Approval” means the Certificate of Approval described in paragraph 3.03;

“Eligible Expenditures” means those expenditure areas more particularly described and listed in Schedule B - Project Financial Summary;

“Event of Force Majeure” means invasion, rebellion, hostilities, sabotage, government regulations or controls, Acts of God, strikes, lockouts or labour disputes that are a major disabling event or circumstance in relation to the normal operations of the party concerned as a whole that is beyond the reasonable control of the party directly affected and results in a material delay, interruption or failure by such party in carrying out its duties, covenants or obligations under this Capital Project Funding Agreement;

“Guidelines” means the Ministry publication entitled “Capital Asset Management - Project Procurement Procedures and Guidelines” containing procedures and guidelines for Capital Projects and includes any revisions or updates of that publication;

“Identified Risks” means those risks identified in Schedule C - Reserve Items;

“Local Capital Reserve” refers to the Board’s financial account containing local capital funds that may only be utilized for capital projects;

“Minister” means the Minister of Education, and includes the Deputy Minister of Education and any person designated by either of them to act with respect to any provision of this Capital Project Funding Agreement;

“Ministry” means the Ministry of Education of the Province of British Columbia;

“Ministry of Education Restricted Capital” refers to the Board’s financial account containing any proceeds from the disposition of capital assets or surplus in respect of a capital project that may only be utilized by the Board for capital projects and with the Minister of Education’s approval, as per section 100 (4) and section 156 (10) of the *School Act* [RSBC 1996] c. 412, respectively;

*Defines the key terms used within the CPFA.*

*Note that not all definitions used in the CPFA are shown here.*

## Section 2 - SCHEDULES AND REPORTS

(Page 3 of CPFA)

This section provides a list of included Schedules and referenced reports that become a part of the CPFA.

*While many of these schedules are already provided in the Project Definition Document (PDR), they are included separately in the CPFA to identify the specific Board Contributions and Obligations prior to approval by the board of education.*

**2. SCHEDULES AND REPORTS**

**2.01 Schedules**

The following Schedules form an integral part of this Capital Project Funding Agreement:

- A. Project Rationale, Scope and Design Parameters
- B. Project Financial Summary
- C. Reserve Items
- D. Project Schedule and Projected Cash Flow
- E. Project Risks Management Plan
- F. Design Aid Sheet(s)
- G. Capital Project Bylaw
- H. Letter(s) of Understanding or Other Agreements

**2.02 Reports**

The following report(s), prepared by the Board in conjunction with the Capital Project is (are) deemed to contain representations of the Board that are relied upon by the Ministry and forms part of this Capital Project Funding Agreement. Should there be any inconsistencies between these reports and this Capital Project Funding Agreement, then the wording in this Capital Project Funding Agreement and the attached Schedules will take precedence:

- a. The Project Definition Report dated \_\_\_\_\_
- b. The \_\_\_\_\_ (report) dated \_\_\_\_\_

*Schedules A to E must be included as part of each CPFA.*

*Schedule F is required if any changes are proposed to the building configuration following submission of the PDR.*

*The boards Capital Project Bylaw will be attached as Schedule G.*

*Schedule H is optional depending on whether there are other conditions, such as a joint use agreement, that apply to the capital project.*

*The Project Definition Report (PDR) becomes part of the CPFA but does NOT have to be attached.*

*Any other reports prepared in conjunction with the capital project must be listed here (e.g., ancillary or specialty reports, such as soils, hazardous materials; facility audits; life cycle cost analysis; etc.)*

*The Project Identification Report (PIR) should NOT be included as a referenced report in this section.*

### Section 3 - PROVINCIAL FUNDING CONTRIBUTIONS AND OBLIGATIONS

(Pages 4 - 6 of CPFA)

This section identifies the funding contributions and obligations of the Province. These have been modified in the revised CPFA to reflect the concerns identified during the Education Facilities Planning and Procurement Review.

#### 3.01 Capital Plan Funding

(Page 4 - 5 of CPFA)

In accordance with the Board's Capital Project Bylaw \_\_ (bylaw number) \_\_ adopted on \_\_ (date) \_\_ included in Schedule G - Capital Project Bylaw and subject to paragraphs 3.02 to 3.07, the Ministry will:

*This is the board's Capital Project Bylaw as included in Schedule G - Capital Project Bylaw*

- (a) provide to the Board capital funding to be used for the purposes of the Capital Project in the amount \_\_\_\_\_ (written amount) \_\_\_\_\_ (\$ amount)

*This is the base capital plan funding provided by the Ministry towards the capital project as outlined on Line G of Schedule B - Project Financial Summary.*

as included on Line G under Funding Source in Schedule B – ‘Project Financial Summary’. This amount includes the base funding amounts for Identified Risks set out under the heading “Fixed Allocation” in Schedule C – ‘Reserve Items’.

*The revised format for estimating costs for capital projects requires the board to identify all cost risks within the capital project.*

- (b) provide to the Board additional capital funding up to a maximum amount of \_\_\_\_\_ (written amount) \_\_\_\_\_ (\$ amount)

as included on Line M under Funding Sources in Schedule B – ‘Project Financial Summary’. This maximum amount includes the funding amounts for Identified Risks set out under the heading “Not to Exceed Contingency” in Schedule C – ‘Reserve Items’, which may be accessed in the event that the actual costs of the Identified Risks exceed the base funding amounts referenced in subparagraph (a) above subject to:

*To access funding in excess of the Fixed Allocation already included for cost risks in the Total Project Budget, the appropriate documentation and justification must be provided to the Ministry.*

- (i) the Board must apply in writing to the Ministry for this additional capital funding and set out the justification for the increase in capital funds;
- (ii) if there is a disagreement between the parties as to the increase in capital funding, it will be resolved with the assistance of an independent cost consultant appointed by mutual agreement of the parties and paid for from the “Not to Exceed Contingency” allocation identified in Schedule C - Reserve Items;
- (iii) for any Identified Risk, the Board is not limited to the funding amount shown against the “Not to Exceed” Contingency for that Identified Risk.

*A Professional Quantity Surveyor must be involved in identifying:*  
*a. the original estimate for any Fixed Allocation*  
*b. the justification and documentation for any additional funding*

*The “Not to Exceed” Contingency amounts for individual identified risks may be aggregated.*

## MINISTRY OF EDUCATION FACILITIES PLANNING AND PROCUREMENT PROCESS

The CPFA provides for economic adjustments to the capital project costs that may result from a change in market conditions during the interval between the signing of the CPFA and the date of tender close.

The Ministry will confirm any adjustment to the Maximum Potential Project Funding required by sections 3.01 (c) or 3.01 (d) of the CPFA at the time the pre-tender estimate is provided to the Minister by the board of education and prior to tenders being awarded for the capital project.

Sub-section 3.01 (c) provides for the situation in which there is positive market escalation. A projection for this economic adjustment is calculated at the time the PDR is completed and is included in Schedule C - Reserve Items.

- (c) in the event of future increases to the costs of the Capital Project occurring between the date of this Capital Project Funding Agreement and the date of tender closing for the Capital Project as set out in Schedule D – Project Schedule and Projected Cash Flow, provide to the Board additional capital funding up to a maximum amount of

\_\_\_\_\_ (written amount) \_\_\_\_\_ (\$ amount)

as included on Line N of Schedule B - Project Financial Summary. This maximum amount is the Estimated Economic Adjustment amount provided in Schedule C - Reserve Items that may be accessed, provided that:

- (i) the determination of the actual cost increase will be based on the most current Ministry-approved location factor at the time of tender closing;
- (ii) the adjustment will be applied to the Total Project Budget Eligible for Economic Adjustment as included on Line B of Schedule B – Project Financial Summary;
- (i) on no account will the increase in capital funding exceed the maximum amount allocated under this subparagraph (c); and
- (ii) if there is a disagreement between the parties as to the increase in capital funding, it will be resolved with the assistance of an independent cost consultant appointed by mutual agreement of the parties and paid for from the “Not to Exceed” Contingency allocation in Schedule C - Reserve Items.

*This projected amount is the upper limit for any economic adjustment as calculated on Schedule C - Reserve Items.*

*Location factors for individual school districts are established by the Ministry on a quarterly basis. Once the Location Factor nearest the tender close is available, then any cost increase can be calculated.*

*This outlines the cost items upon which any escalation will be calculated.*

*Note that any increase resulting from calculations in (i) and (ii) may not exceed the additional capital funding amount, as identified in (c) above.*

## MINISTRY OF EDUCATION FACILITIES PLANNING AND PROCUREMENT PROCESS

Sub-section 3.01 (d) provides for the situation in which there is negative market escalation.

- (d) in the event of decreases to the costs of the Capital Project occurring between the date of this Capital Project Funding Agreement and the date of tender closing for the Capital Project as set out in Schedule D – Project Schedule and Projected Cash Flow, then the Maximum Potential Project Cost as included on Line F in Schedule B – Project Financial Summary will be adjusted, provided that:
- (i) the determination of the actual cost decrease will be based on the most current Ministry approved location factor at the time of tender closing;
  - (ii) the adjustment will be applied to the Total Project Budget Eligible for Economic Adjustment as included on Line B of Schedule B – Project Financial Summary; and
  - (iii) if there is a disagreement between the parties as to the decrease in capital funding, it will be resolved with the assistance of an independent cost consultant appointed by mutual agreement of the parties and paid for from the “Not to Exceed” Contingency allocation in Schedule C - Reserve Items.

*Note that there are no established limits on this economic adjustment.*

*Location factors for individual school districts are established by the Ministry on a quarterly basis. Once the Location Factor nearest the tender close is available, then any cost decrease can be calculated.*

*This outlines the cost items upon which any de-escalation will be calculated.*

Sub-sections 3.01 (a), (b), (c) or (d) may necessitate adjustments in the Maximum Potential Project Funding as set out on Line O of Schedule B - Project Financial Summary.

The revised Ministry of Education planning and procurement process requires the re-submission of an updated Schedule B - Project Financial Summary at the completion of the design and development stage of the capital project, prior to tenders for construction being advertised or before requests for proposals for design-build are solicited.

- (e) the provision of funding as outlined in subparagraphs 3.01 (a) to (d) above is subject to Ministry approval of a pre-tender project budget and unit rate review, to include project scope confirmation, pre-tender cost estimate, analysis of changes to the location factor, and proposed updated Schedule B – Project Financial Summary, as completed by a qualified independent cost consultant once project design has been completed and before tenders for construction or Requests for Proposals, for design-build Capital Projects, may be advertised.

If the Maximum Total Project Cost in the pre-tender estimate remains within the adjusted Maximum Potential Project Funding amount, then the Ministry may authorize the board of education, in writing, to proceed to proceed with the capital project.

If the Maximum Total Project Cost in the pre-tender estimate exceeds the adjusted Maximum Potential Project Funding amount, then the Ministry is not obligated to authorize the project to proceed. In no case will the Board proceed with tenders or calls for proposals without having received prior written authorization from the Ministry.

### 3.02 Capital Funding Grant

(Page 5 of CPFA)

The Ministry will provide the capital funding in paragraph 3.01 in the form of a Capital Funding Grant.

*Note that Prepaid capital Advances have been replaced with Capital Funding Grants.*

### 3.03 Certificate of Approval

(Page 5 of CPFA)

The Ministry will continue to issue a Certificate of Approval, in accordance with instructions from Treasury Board. Any unexpended funds from paragraph 3.01 will be held by the board of education as Ministry of Education Restricted Capital funds.

Payment of a Capital Funding Grant is subject to the Ministry issuing a Certificate of Approval in accordance with Treasury Board policies and directives and to the following conditions:

- (a) on no account must the Board make a draw against funds available under a Certificate of Approval, unless the draw is reimbursement for Eligible Expenditures properly incurred by the Board in connection with the Capital Project;
- (b) the Ministry may modify or withhold a Capital Funding Grant and applicable Certificate of Approval any portion thereof, in the event the Board fails to observe, perform and comply with any provision this Capital Project Funding Agreement or if, in the opinion of the Ministry, there has been a material change in the Capital Project including, without limitation, the matters referred to in subparagraphs 4.04 (b), 4.05 (c) and 5.02 (a);
- (c) the Board will comply with all applicable policies or directives of the Treasury Board respecting Capital Funding Grants; and
- (d) Any unexpended funds from paragraph 3.01 will be held as Ministry of Education Restricted Capital funds.

*Eligible Expenditures are detailed in Schedule B - Project Financial Summary.*

*As required by the School Act, the utilization of any existing restricted capital funds requires prior approval by the Minister of Education.*

### 3.04 Ministry of Education Restricted Capital

(Page 6 of CPFA)

This section identifies any funding allocated to a capital project by a board from existing Ministry of Education Restricted Capital funds. Signature of the CPFA by the Minister of Education will provide the required ministerial approval for the use of such funds.

The provision of funding under paragraph 3.01 is subject to the Board allocating \_\_\_\_\_ (written amount) \_\_\_\_\_ (\$ amount) to the Capital Project from its Ministry of Education Restricted Capital as included on Line H under Schedule B – Project Financial Summary, and the Minister, by this Capital Project Funding Agreement, approves such allocation, in accordance with section 156 (10) of the *School Act* [RSBC 1996] c. 412.

*Note that this allocation only includes restricted capital funds currently held by the board. It does NOT include future restricted capital funds i.e. those expected to be generated through the future disposal of board-owned property.*

*If the capital project does not have a contribution from Restricted Capital, then the amount to be entered will be "Not Applicable (\$0.00)".*

### 3.05 Borrowing

(Page 6 of CPFA)

This section identifies any borrowing required by a board to undertake the capital project.

The provision of funding in paragraph 3.01 is subject to the Board borrowing \_\_\_\_\_ (written amount) \_\_\_\_\_ (\$ amount) for the Capital Project as included on Line I under Schedule B – Project Financial Summary, and the Minister, by this Capital Project Funding Agreement, authorizes the borrowing in accordance with section 144 (1) (b) of the *School Act* [RSBC 1996] c. 412, subject to the Board raising additional funds to retire the borrowing through \_\_\_\_\_ (identify the terms of ministerial approval for interim borrowing) \_\_\_\_\_.

*If the capital project does not require borrowing, then the amount to be entered will be "Not Applicable (\$0.00)".*

*If the Board's Capital Bylaw has unusual conditions such as disposal of assets, complicated funding arrangements or partnerships with third parties, then the appropriate information should be included within the Project Identification Report (PIR) and specific details identified in the Project Definition Report (PDR).*

A board of education may not borrow or spend money in respect of capital plan expenditure unless it has adopted a capital bylaw in accordance with section 143 of the *School Act* and the Minister has, in writing, authorized the borrowing or expenditure.

Signature of the CPFA by the Minister of Education will provide the required ministerial approval for the borrowing of capital funds.

The board's Capital Project Bylaw will be included in Schedule G - Capital Project Bylaw along with any conditions on borrowing that may be established by the Minister of Education.

### 3.06 Delays by Ministry

(Page 6 of the CPFA)

While the Ministry will make every attempt to facilitate the project schedule in a timely manner, this section provides a mechanism for the Ministry to make an adjustment to the funding in sub-section 3.01 (a) should the capital project need to proceed on a revised schedule,

The Ministry will implement its key obligations in paragraphs 3.01 and 3.07 in a timely manner to facilitate the project schedule as included in Schedule D - Project Schedule and Projected Cash Flow. If the project schedule as included in Schedule D – Project Schedule and Projected Cash Flow is unduly affected due to activities of the Ministry, then as established between representatives of the Board and the Ministry, the Ministry will make an appropriate adjustment to the funding in subparagraph 3.01 (a) to permit the Capital Project to proceed on a revised schedule. No such adjustments will be made for any delays caused by the Board.

*The funding adjustment will be as established between representatives of the Board and the Ministry.*

Any milestones that affect the project schedule (e.g., critical start times, construction activities having specific weather or temperature restrictions, or other critical activities) must be clearly identified as part of Schedule D - Project Schedule and Projected Cash Flow. It is equally important that the project schedule make sufficient schedule allowance for the CPFA approval process within government.

### 3.07 Appropriation

(Page 6 of the CPFA)

This section outlines the importance of the projected cash flow projections for this Capital Project as identified in Schedule D - Project Schedule and Projected Cash Flow.

Notwithstanding any other provision of this Capital Project Funding Agreement, the payment of funds by the Ministry to the Board, pursuant to this Capital Project Funding Agreement, is subject to the provisions of the *Financial Administration Act* (the “Act”), which makes that payment obligation subject to:

- (a) there being sufficient monies available in an appropriation, as defined in the Act, to enable the Ministry, in any fiscal year or part thereof when any payment of money by the Ministry to the Board falls due pursuant to this Capital Project Funding Agreement, to make that payment; and
- (b) Treasury Board, as defined in the Act, not having controlled or limited, pursuant to the Act, expenditure under any appropriation referred to in this subparagraph (a).

*The Ministry, in its management of the appropriation from government for this Capital Project, must conform to the annual provincial fiscal allocation.*

Boards must submit requests for payment in accordance with the projected cash flow and be prepared to accommodate any variation in the projected cash flow from that identified in Schedule D - Project Schedule and Projected Cash Flow.

## Section 4 - BOARD CONTRIBUTIONS AND OBLIGATIONS

(Pages 7 - 9 of the CPFA)

Section 4 outlines the contributions and obligations of the board of education under the conditions in the CPFA.

### 4.01 Obligations

(Page 7 of CPFA)

The Board undertakes to:

- (a) comply fully with the conditions in paragraph 3.03 when making draws against funds available under the Certificate of Approval;
- (a) carry out the Capital Project in a manner that ensures:
  - (i) cost effective design and construction;
  - (ii) the use of wood as the primary construction material in accordance with the *Wood First Act, 2009* and Regulations.
  - (iii) all new buildings meet Leadership in Energy and Environmental Design (LEED<sup>®</sup>) Gold or equivalent criteria;
  - (iv) competent project management and cost control through all project phases;
  - (v) fiscal and management accountability with respect to the Capital Project, in accordance with the Guidelines;
  - (vi) The completed Capital Project meets the project scope, as provided in the Project Definition Report and Schedule A – Project Rationale, Scope and Design Parameters; and
  - (vii) all communication related to the Capital Project conforms to the “Communications Protocol Agreement on Capital and Seismic Projects between the Ministry of Education and School Districts”.

*These are key Board responsibilities and school districts that demonstrate consistent success in the delivery of capital projects of similar size and complexity, within approved completion funding targets, may earn reduced levels of oversight and reporting.*

*This is currently a government initiative in progress.*

*Districts are expected to implement the requirements as outlined in Bill 9 - Wood First Act including subsequent regulations and orders.*

*This reflects the current government policy on sustainability for public buildings.*

*The Communications Protocol Agreement is a living document and will be updated from time to time as circumstances require.*

*School districts must ensure they have and are utilizing the latest copy of the Communications Protocol*

## 4.02 Procurement and Contributions

(Page 7 of CPFA)

The Board will:

- (a) comply with all policies and best practices of the Province related to Capital Project Procurement, as documented in the Capital Asset Management Framework and Capital Procurement Checklist published by the Ministry of Finance;
- (b) procure the Capital Project in accordance with the Guidelines;
- (c) include in any contracts the standard insurance and indemnification clauses required by the Schools Protection Program;
- (d) ensure that the construction contract for the Capital Project separately accounts for each Identified Risk where there is a “Not to Exceed” Contingency allocation as included in Schedule C – Reserve Items;
- (e) provide any and all financial contributions that, together with the Provincial funding contribution in paragraph 3.01, as may be necessary to complete the Capital Project as contemplated in this Capital Project Funding Agreement, and more specifically as may be included on Line H, Line I, Line J, Line K, or Line L of Schedule B – Project Financial Summary; and
- (f) submit a pre-tender estimate for approval of the Ministry once project design has been completed and before tenders for construction are advertised.

*These documents are available on the website of the Ministry of Finance.*

*The Project Definition Report (PDR) must contain an analysis of all procurement options, including design-bid-build, construction management, design-build and other variations, appropriate to the capital project.*

*If the Capital Project has Identified Risks in Schedule C - Reserve Items, then provision to account for the “Fixed Allocation” as well as the “Not to Exceed” Contingency must be included within the construction documents.*

*The board may not proceed with tenders for construction or proposals for design-build for the capital project until the pre-tender estimate has been forwarded to the Ministry Planning Officer and written approval to proceed has been received from the Ministry.*

**4.03 Project Management**

(Page 8 of CPFA)

- (a) The Board will engage or appoint a Project Director who will complete the Capital Project in a manner consistent with this Capital Project Funding Agreement and who will:
  - (i) establish and maintain effective working relationships with the Ministry for the purpose of ensuring timely and collaborative efforts in support of achieving project objectives;
  - (ii) engage qualified advisory services, such as quality assurance professionals, independent qualified cost consultants, and other expertise as required to meet the terms of this Capital Project Funding Agreement;
  - (iii) establish project tracking and reporting capability, consistent with Ministry requirements, for the purpose of assisting the Project Director to maintain project, cost, and risk management controls;
  - (iv) manage the project schedule to achieve the dates as included in Schedule D - Project Schedule and Projected Cash Flow;
  - (v) if the Total Project Budget on Line A in Schedule B - Project Financial Summary exceeds ten million dollars (\$10,000,000), ensure that:
    - a. an independent Value Analysis is completed on the Capital Project in a manner consistent with the procurement method; and
    - b. the report is made available to the Ministry upon request.
- (b) implement its key obligations under this Capital Project Funding Agreement in a timely manner to facilitate the project schedule as included in Schedule D - Project Schedule and Projected Cash Flow; and
- (c) upon completion of the Capital Project, advise the Ministry of the availability and disposition of Temporary Accommodations.

*Commensurate with the scope and cost of the capital project, the board is responsible for engaging a Project Director capable of undertaking all tasks outlined under this section.*

*As a minimum, a Professional Quantity Surveyor is required for all budget and financial analysis; and a Geotechnical Engineer is required for analysis of Class E or F type soils.*

*The board must manage the cash flow allocation in accordance with Schedule D - Project Schedule and Cash Flow Projection.*

*The Ministry should be notified once the Value Analysis report has been completed.*

*Except as outlined in Sections 3.06 and 5.01, the board is entirely responsible for completion of the capital project on schedule.*

#### 4.04 Project Risks Management Plan

(Page 8 of CPFA)

The Board will:

- (a) implement the project risks management plan, included as Schedule E - Project Risks Management Plan;
- (b) inform the Ministry without delay of any material issues that may affect the timely completion of the Capital Project;
- (c) comply with the requirements of the Schools Protection Program respecting capital construction projects; and
- (d) accept all costs for delays and associated cost escalation under its control.

*Project risks for scope, cost and schedule are required to be identified as part of the Project Definition Report (PDR). Identifying and managing these risks is critical to bringing the capital project in on-time and within budget.*

*Additional risks may be identified as the capital project progresses and must be managed within the Maximum Potential Project Funding.*

**4.05 Reporting**

(Page 8 -9 of CPFA)

- (a) At the project milestones as included in Schedule D - Project Schedule and Projected Cash Flow, the Board must submit to the Ministry project reports that will update the current Capital Project status, cash flow and schedule.
- (b) The Board will, at the request of the Ministry, prepare reports relating to the Capital Project.
- (c) In addition to the requirements in subparagraphs 4.04 (b) and 5.02 (a), the Board will immediately provide notification to the Ministry should any condition arise that materially affects the scope, costs or schedule of the Capital Project.
- (b) The Board, no later than six (6) months after the date of substantial completion of the Capital Project, will submit to the Ministry a “Scope and Cost Review” substantially in the form as included in Appendix 4 (Post-Implementation Reviews) to the Guidelines. In addition, this will include:
  - (i) revised Design Aid sheet(s) for the school affected by the Capital Project; and
  - (ii) “as-built” floor and site plans for the Capital Project.
- (c) The Board will submit a “Notice of Project Account Closure” substantially in the form set out in Appendix 5 (Notice of Project Account Closure) to the Guidelines, when all funding sources have been disbursed.

*The Ministry will provide the details for any reports that are required under this section.*

*The board will ensure that notification is provided to the Ministry Planning Officer by the fastest possible means and followed-up in writing.*

*The board will ensure all design and construction contracts provide adequate resources to permit all consultants and contractors to participate in this review.*

*Design Aid Sheet(s) are required if there are any changes to the allocation of space within a school.*

*School districts are to ensure as-built plans are available in an electronic format (equivalent to 11” x 17” reduced scale). These are to be submitted to the Ministry upon request.*

**4.06. Indemnification**

(Page 9 of CPFA)

The Board hereby indemnifies and saves harmless the Province and its employees and agents from and against any losses, claims, damages, actions, causes of action, costs and expenses that the Province or any of its employees or agents may sustain, incur, suffer or be put to at any time, either before or after this agreement ends, which are based upon, arise out of or occur, directly or indirectly, by reason of, any act or omission by the Board or by any of its agents, employees, officers, directors, or contractors with respect to the Capital Project.

## Section 5 - ADDITIONAL CONDITIONS

(Pages 9 - 10 of CPFA)

### 5.01 Event of Force Majeure

(Page 9 of CPFA)

An Event of Force Majeure will relieve the Board and the Ministry of their obligations to meet the scope, costs and schedule as included in Schedule D - Project Schedule and Projected Cash Flow.

*Notwithstanding that the public may be aware of such events it is the responsibility of the board to specifically notify the Ministry of the event particulars as soon as possible if a capital project is affected.*

### 5.02 Unforeseen Circumstances

(Page 9 of CPFA)

If unforeseen circumstances arise that compromise the Capital Project meeting the scope, costs or schedule as included in Schedule D - Project Schedule and Projected Cash Flow, the Board must:

- (a) immediately advise the Ministry; and
- (b) provide first from its own fiscal resources all financial contributions that, together with the Provincial funding in paragraph 3.01, are necessary to properly complete the Capital Project, which may include the following options:
  - (i) allocating funds from its Local Capital Reserve;
  - (ii) with the prior approval of the Minister, allocating funds from its Ministry of Education Restricted Capital in accordance with section 156 (10) of the *School Act* [RSBC 1996] c. 412, where such ministerial approval would be in addition to any approval granted under paragraph 3.04 of this Capital Project Funding Agreement; and
  - (iii) with the prior approval of the Minister, borrow money in accordance with section 144 (1) of the *School Act* [RSBC 1996] c. 412, where such ministerial approval would be in addition to any approval granted under paragraph 3.05 of this Capital Project Funding Agreement.

*Notification of the Ministry Planning Officer should be by the fastest possible means and followed-up in writing.*

*This allocation does NOT require approval of the Minister.*

*Note that Sections 3.04 and 3.05 of the CPFA do NOT constitute written ministerial authorization for these expenditures. Boards are required to submit a specific written request for the Minister's approval.*

### 5.03 Unforeseen Circumstances beyond Control of the Board

(Page 10 of CPFA)

If the unforeseen circumstances in paragraph 5.02 are beyond the control of the Board, such as severe weather, flooding, earthquake, or external labour disruption, the Board may make a written request to the Ministry for additional capital funding to be used for the purposes of the Capital Project.

*This type of request must be in writing and outline the specifics of any additional capital funding that may be required.*

### 5.04 Capital Project Bylaw Amendment

(Page 10 of CPFA)

If unforeseen circumstances require the provision of additional financial resources, the Board must make immediate application to the Ministry to amend the Capital Project Bylaw, in accordance with section 143 (3) of the *School Act* [RSBC 1996] c. 412.

*Note that the boards Capital Project Bylaw cannot be amended without written approval from the Minister.*

*Such a request to the Minister must be in writing and outline the specifics of any additional capital funding that may be required.*

## THE SCHEDULES

All of the schedules will be prepared by school districts as part of the Project Definition Report (PDR). While there may be additional schedules prepared as part of the PDR document, Schedules A to H are included in the CPFA since they contain specific Board responsibilities.

### SCHEDULE A - PROJECT RATIONAL, SCOPE AND DESIGN PARAMETERS

<b>School Name:</b> _____			} <i>This is the same information provided at the beginning of the CPFA.</i>																																				
<b>Project No:</b> _____																																							
<b>Project Description:</b> _____																																							
1.1	Rationale	} <i>This is a brief summary of the essential details of the Capital Project. The rationale indicates how this project reached this point.</i>																																					
1.2	Options Considered	} <i>All options considered must be outlined. Depending on the project, this might include alternate sites, consolidation, closures, reconfiguration, catchment area adjustments, renovation, additions, reductions, etc.</i>																																					
1.3	Scope	} <i>This summarizes the overall scope of the project.</i>																																					
1.4	Design Parameters																																						
<table border="1"> <thead> <tr> <th>COST FACTORS</th> <th>BASE</th> <th>MEASURE</th> </tr> </thead> <tbody> <tr> <td>Unit Rate</td> <td>\$</td> <td>per square meter</td> </tr> <tr> <td>Air Conditioning Adjustment</td> <td>\$</td> <td>per square meter</td> </tr> <tr> <td>Size Factor</td> <td></td> <td></td> </tr> <tr> <td>Location Factor (___ Quarter, 20__)</td> <td></td> <td></td> </tr> <tr> <td>Project Unit Rate (New Space)</td> <td>\$</td> <td>per square meter</td> </tr> <tr> <td>Project Unit Rate (Renovation)</td> <td>\$</td> <td>per square meter</td> </tr> <tr> <td>Equipment Allowance (New Space)</td> <td></td> <td>%</td> </tr> <tr> <td>Equipment Allowance (Renovation or Replacement)</td> <td></td> <td>%</td> </tr> <tr> <td>Equipment Freight Rate Allowance</td> <td></td> <td>%</td> </tr> <tr> <td>Consultant Fees (New Space)</td> <td></td> <td>%</td> </tr> <tr> <td>Consultant Fees (Renovation)</td> <td></td> <td>%</td> </tr> </tbody> </table>			COST FACTORS	BASE	MEASURE	Unit Rate	\$	per square meter	Air Conditioning Adjustment	\$	per square meter	Size Factor			Location Factor (___ Quarter, 20__)			Project Unit Rate (New Space)	\$	per square meter	Project Unit Rate (Renovation)	\$	per square meter	Equipment Allowance (New Space)		%	Equipment Allowance (Renovation or Replacement)		%	Equipment Freight Rate Allowance		%	Consultant Fees (New Space)		%	Consultant Fees (Renovation)		%	} <i>All factors that apply to this Capital Project must be included in the table of design parameters.</i>
COST FACTORS	BASE	MEASURE																																					
Unit Rate	\$	per square meter																																					
Air Conditioning Adjustment	\$	per square meter																																					
Size Factor																																							
Location Factor (___ Quarter, 20__)																																							
Project Unit Rate (New Space)	\$	per square meter																																					
Project Unit Rate (Renovation)	\$	per square meter																																					
Equipment Allowance (New Space)		%																																					
Equipment Allowance (Renovation or Replacement)		%																																					
Equipment Freight Rate Allowance		%																																					
Consultant Fees (New Space)		%																																					
Consultant Fees (Renovation)		%																																					

## MINISTRY OF EDUCATION FACILITIES PLANNING AND PROCUREMENT PROCESS

This is an example of a completed Schedule A:

**SCHOOL NAME:** Brand New Elementary School  
**PROJECT NO.:** 123456  
**PROJECT DESCRIPTION:** 80 K + 250 Grade 1 to 7 Elementary School

### 1. RATIONALE

In 20XX, School District #XX began to prepare a business case for the potential replacement of both Old Elementary School and Tired Elementary School with a one new centrally located elementary school. Both existing elementary schools were underutilized and had various deficiencies as described in a number of Facility Audits. Both Schools have had a number of upgrades, but neither was able to be renovated and expanded to accommodate a consolidated student population. Operating two small schools created a burden on the District's operating budget. A Project Identification Report (PIR) was submitted in 20XX as part of the districts Capital Plan. The PIR reiterated the findings of the original business case and resulted in approval of a Capital Project and the commencement of a Project Definition Report (PDR) in mid 20XX.

### 2. OPTIONS CONSIDERED

The options considered for Brand New Elementary included consideration of whether to renovate, expand or replace, as well as possible alternative sites for replacement. The current district catchment areas were reviewed but were not adjusted as the current geographic boundaries were natural and established. Adjustments to the educational programs and school configurations or other options were not deemed reasonable in this small district. Community Partnerships were pursued with various public and private entities without significant success.

### 3. SCOPE

The replacement of the two existing schools on a new property with a new 80 K + 250 elementary school, designed to house the projected population of grade K to 7 students from the central area of School District #XX. This project was made more attractive since the school district was already the owner of the site of the proposed replacement school.

### 4. DESIGN PARAMETERS

COST FACTORS	BASE	MEASURE
Unit Rate	\$ 1,035.00	per square meter
Air Conditioning Adjustment	\$ 50.00	per square meter
Size Factor	1.00974	
Location Factor ( 1st Quarter, 2009)	2.963	
Project Unit Rate (New Space)	\$ 3244.72	per square meter
Project Unit Rate (Renovation)	\$	per square meter
Equipment Allowance (New Space)	3.25 %	
Equipment Allowance (Renovation or Replacement)	%	
Equipment Freight Rate Allowance	8.806 %	
Consultant Fees (New Space)	10.5 %	
Consultant Fees (Renovation)	%	

SCHEDULE B - PROJECT FINANCIAL SUMMARY

School Name:					
Project No:					
Project Description:					
<b>Nominal Capacity</b>	<b>Kindergarten</b>	<b>Grades 1 - 7</b>	<b>Grades 8 - 12</b>	<b>Grade Configuration</b>	
Existing					
Approved					
Additional					
<b>A R E A - U N I T R A T E</b>	<b>Allowable Site Area (ha)</b>				
	Total Allowable Area				
	Less: Previously Existing Space				
	Add: Area to be Demolished				
	Area of New Space				
	Allowable Area of Renovations				
	<b>Unit Rate for Construction (\$/sqm)</b> [based on __ Qtr, 20__ Location Factor and using Ministry Unit Rates]				
	New				
	Renovation				

This is the same information provided at the beginning of the CPFA.

This is the basic scope information provided in the PDR and equivalent information based on Ministry unit rates.

PROJECT BUDGET					Amounts Subject to Economic Adjustment
1	Site Acquisition			\$	\$
2	Site Development			\$	\$
3	Construction: New			\$	\$
4	Renovation			\$	\$
5	Design Fees and Disbursements			\$	\$
6	Construction Contingency			\$	\$
7	Equipment			\$	\$
8	Municipal Permits & Fees			\$	\$
<b>Documented Supplementary Items (including fees and related costs)</b>					
9	Supplementary Site			\$	\$
10	Supplementary Building			\$	\$
11	Off-Site Costs			\$	\$
12	LEED® Gold			\$	\$
13	List of Other Budget Items:			\$	\$
	i.			\$	\$
	ii.			\$	\$
	iii.			\$	\$
	iv.			\$	\$
	v.			\$	\$
	vi.			\$	\$
(A)	<b>Total Project Budget (excluding Reserve Items)</b>			\$	\$
(B)	<b>Total Project Budget Eligible for Economic Adjustment</b>			\$	\$

The amounts subject to any economic adjustment are only those items that are affected by a fluctuation in market conditions.

These are typical examples of the types of items included in this section.

- Possible Other Budget Items might be:
- Project management
  - Temporary accommodation
  - Demolition
  - Project insurance
  - Etc

MINISTRY OF EDUCATION FACILITIES PLANNING AND PROCUREMENT PROCESS

<b>RESERVE ITEMS</b> (as per Schedule C - Reserve Items)			
List of Identified Risks	1		\$
	2		\$
	3		\$
	4		\$
	5		\$
	6		\$
(C)	Maximum "Not to Exceed" Contingency	Sub-Total	\$
(D)	<b>Estimated Economic Adjustment</b> (from Location Factor as of ___ Qtr, 20___ to Tender Close)		\$
(E)	<b>Total Reserve Items</b>		\$ [=C+D]
(F)	<b>MAXIMUM POTENTIAL PROJECT COST</b> (including Reserve Items)		\$ [=A+E]

*These are the "Not to Exceed" Contingency items listed in Schedule C - Reserve Items*

*This is the amount identified in Schedule C - Reserve Items*

<b>FUNDING SOURCES</b>	(G)	Capital Plan [as per Capital Project Funding Agreement, sub-paragraph 3.01(a)]	\$	
	(H)	Ministry of Education Restricted Capital [as per paragraph 3.04]	\$	
	(I)	Borrowing [as per paragraph 3.05]	\$	
	(J)	Local Capital Reserve [as per sub-paragraph 4.02(d)]	\$	
	(K)	Annual Facility Grant [as per sub-paragraph 4.02(d)]	\$	
	(L)	Other (specify) [as per sub-paragraph 4.02(d)]	\$	
			Sub-Total	\$ [=A]
	(M)	Capital Plan - Identified Risks [as per sub-paragraph 3.01(b)]	\$	[=C]
	(N)	Capital Plan - Estimated Economic Adjustment [as per sub-paragraph 3.01(c)]	\$	[=D]
			Sub-Total	\$ [=E]
(O)	<b>MAXIMUM POTENTIAL PROJECT FUNDING</b> (includes Lines G, H, I, J, K, L, M and N)		\$ [=F]	

*This section identifies all funding sources for this project.*

*The amount listed on Line O - Maximum Potential Project Funding must equal the amount on Line F - Maximum Potential Project Cost.*

## SCHEDULE C - RESERVE ITEMS

The revised format for estimating costs for Capital Projects permits Boards to identify cost risks within the project that may exist over and above the level of accuracy determined for those items in the Total Project Budget (Line A in Schedule B - Project Financial Summary). Boards may assign individual “Not to Exceed” Contingency amounts to each risk as detailed in Schedule C - Reserve Items.

The construction contract for the Capital Project must separate and account for all expenditures relating to any identified risk. To access funding in excess of the ‘Fixed Allocation’ already included in the Total Project Budget, the appropriate documentation and justification in accordance with Schedule C - Reserve Items must be provided to the Ministry.

IDENTIFIED RISKS			
#	Identified Risk <sup>1</sup>	Fixed Allocation <sup>2</sup>	“Not to Exceed” Contingency <sup>4</sup>
			Rationale Summary of Additional Risk <sup>3</sup>
1.		\$	\$
2.		\$	\$
3.		\$	\$
4.		\$	\$
5.		\$	\$
6.		\$	\$
<b>Maximum “Not to Exceed” Contingency</b>			\$

**NOTES:**

- The # and Identified Risks are to be the same as set out under Reserve Items on Schedule B - Project Financial Summary.
- The Fixed Allocation amount for each Identified Risk is automatically included under the Total Project Budget line item (A) in Schedule B - Project Financial Summary. No further justification is required to access this funding.
- This section summarizes the rationale for any additional contingency funds that may need to be allocated in excess of the Fixed Allocation.
- The Board may apply for “Not to Exceed” Contingency funding for each of the above Identified Risks in accordance with subparagraph 3.01 (b) of this Capital Project Funding Agreement.
- Cost consultant services required as per subparagraphs 3.01 (b) (ii), 3.01 (c) (ii) and 3.01 (d) (ii) be funded from the Maximum “Not to Exceed” Contingency allocation.

*Typical risks included in this section include:*

- Environmental site
- LEED Gold measures and certification
- Asbestos removal or remediation
- Mould removal or remediation
- Hazardous materials during demolition
- Unexpected soil conditions
- Third party partnership agreements
- Land value adjustments
- Code compliance requirements
- Building envelop requirements
- etc

*To access funding in excess of the Fixed Allocation already included for cost risks in the Total Project Budget, the appropriate documentation and justification must be provided to the Ministry.*

*A Professional Quantity Surveyor must be involved in identifying:*

- the original estimate for any Fixed Allocation
- the justification and documentation for any additional funding

*The “Not to Exceed” Contingency amounts for individual identified risks may be aggregated.*

## MINISTRY OF EDUCATION FACILITIES PLANNING AND PROCUREMENT PROCESS

This is the format to calculate the projected and estimated economic adjustment.

### ECONOMIC ADJUSTMENT

Estimated from the \_\_\_ Quarter, 20\_\_\_ Location Factor to the close of tender for this Capital Project

Location Factor Date	
Anticipated Tender Close Date (as per Schedule D - Project Schedule and Projected Cash Flow)	
Interval (no. of months between Location Factor date and tender close)	
Projected Economic Adjustment per Month	
Total Economic Adjustment Factor	
Total Project Budget Eligible for Economic Adjustment (as per Schedule B - Project Financial Summary)	\$
Estimated Economic Adjustment Amount [as per Line C on Schedule B - Project Financial Summary]	\$

## SCHEDULE D - PROJECT SCHEDULE AND PROJECTED CASH FLOW

This schedule outlines the key schedule and cash flow information required.

<b>PROJECT MILESTONES</b>						
Fiscal Year	20__ / __	20__ / __	20__ / __	20__ / __	20__ / __	20__ / __
	Apr__ - Mar__	Apr__ - Mar__	Apr__ - Mar__	Apr__ - Mar__	Apr__ - Mar__	Apr__ - Mar__
Design Development						
Construction Documents						
Contract Award						
Construction						
Occupancy						
Final Completion						

An example is as follows:

<b>PROJECT MILESTONES</b>						
Fiscal Year	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	Apr 2010 - Mar 2011	Apr 2011 - Mar 2012	Apr 2012 - Mar 2013	Apr 2013 - Mar 2014	Apr 2014 - Mar 2015	Apr 2015 - Mar 2016
Design Development	Feb 2011					
Construction Documents		Apr 2011				
Contract Award		Jun 2011				
Construction		Sep 2011 to Aug 2013				
Occupancy				Aug 2013		
Final Completion				Dec 2013		

MINISTRY OF EDUCATION FACILITIES PLANNING AND PROCUREMENT PROCESS

<b>PROJECT SCHEMATIC TIMETABLE AND CRITICAL DATES</b>						
Fiscal Year	20__/__	20__/__	20__/__	20__/__	20__/__	20__/__
Design Development						
Construction Documents						
Contract Award						
Construction						
Occupancy						
Final Completion						
Anticipated Date of Tender Closing						

An example is as follows:

<b>PROJECT SCHEMATIC TIMETABLE AND CRITICAL DATES</b>						
Fiscal Year	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Design Development						
Construction Documents						
Contract Award						
Construction						
Occupancy						
Final Completion						
Anticipated Date of Tender Closing	June 30, 2011					

MINISTRY OF EDUCATION FACILITIES PLANNING AND PROCUREMENT PROCESS

**CASH FLOW PROJECTION**

Fiscal Year	20__/__	20__/__	20__/__	20__/__	20__/__	20__/__
Qtr 1: Apr-Jun						
Qtr 2: Jul-Sep						
Qtr 3: Oct-Dec						
Qtr 4: Jan-Mar						
Annual Forecast						
Cumulative Cash Flow						

NOTE: Cash Flow Projection excludes Total Reserve Items amount, as set out in Line E under Schedule B - Project Financial Summary

An example is as follows:

<b>CASH FLOW PROJECTION</b>						
Fiscal Year	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Qtr 1: Apr-Jun		\$150,000	\$1,600,000	\$1,600,000		
Qtr 2: Jul-Sep	\$50,000	\$100,000	\$1,600,000	\$1,600,000		
Qtr 3: Oct-Dec	\$100,000	\$1,600,000	\$1,600,000	\$700,000		
Qtr 4: Jan-Mar	\$150,000	\$1,600,000	\$1,600,000	\$300,000		
Annual Forecast	\$300,000	\$3,450,000	\$6,400,000	\$4,200,000		
Cumulative Cash Flow	\$300,000	\$3,750,000	\$10,150,000	\$14,350,000		
NOTE: Cash Flow Projection excludes Total Reserve Items amount, as set out in Line E under Schedule B - Project Financial Summary						

## SCHEDULE E - PROJECT RISKS MANAGEMENT PLAN

The Project Risks Management Plan is based on an on-going program of identification, analysis and allocation of risks from project inception through planning, procurement, contracting, construction, and commissioning. Risks are identified by project professionals through the course of project planning and investigating project requirements.

For clarity, project risks are separated into tables that affect scope, cost and schedule. A risk may impact scope, costs and schedule; such risks are NOT repeated but are included only in the checklist deemed most appropriate. The risk tables are outlined in the following format:

	Risk	Risk Probability	Risk Impact	Risk Management Strategy	Manage, Price or Transfer
1.					
2.					
3.					
4.					
5.					

*All risks are numbered for easy identification.*

*The specific risk is identified in sufficient detail to understand the risk impacts.*

*The probability of that risk happening is rated from low to high.*

*The impact of that risk is rated from low to high.*

*The strategy used to best manage the risk is defined. A low probability/low impact risk may need much less management than a high probability/high impact risk.*

*The technique used to manage that risk is identified.*

*“Managed” risks are often undertaken by the school district through the Project Director.*

*“Priced” risks usually involve something totally unforeseen.*

*“Transferred” risks are often included within the construction contract and help the contractor understand his responsibility for that risk.*

A checklist of typical risks affecting scope, cost and schedule in most projects is outlined on the following pages. These lists are NOT all-inclusive.

Only risks appropriate to the specific project should be included in Schedule E - Project Risks Management Plan. The project risks listed in this schedule will require management throughout the life of the Capital Project until completion and this table may require updating and/or revisions as the Capital Project progresses.

MINISTRY OF EDUCATION FACILITIES PLANNING AND PROCUREMENT PROCESS

SAMPLE SCOPE RISKS

These risks potentially affect the scope of the project as identified in Schedule A - Rationale, Scope and Design Parameters. A significant change in scope may cause the project to be delayed or have it postponed to a future approval period.

#	Scope Risk	Risk Probability	Risk Impact	Risk Management Strategy	Manage, Price Or Transfer
1	Change in scope requested by SD	Low	Medium	Clearly identify scope to all stakeholders	Manage expectations
2	Change in scope as result of Ministry initiative or other external requirement	Medium	Low to High	Discuss immediately with Ministry to determine options and if scope change mandatory	Manage locally, price change impact or transfer to Ministry, or combination of above
3	Building systems and Materials longevity may be affected by cost reductions	Low	Low	Monitor lifecycle costing relative to control budget	Transfer through contract and well documented performance specification
4	Some sustainability aspects of design may have latent scope implications	Low	Low	Set clear contractual parameters; Monitor impact	Transfer through contract and well documented performance specification
5	Partner fails to deliver all or portion of requirement	Low to High	Low to High	Develop contingency plan to ensure action required is identified in advance	Manage through agreement with partner and project documentation
6	Potential necessity to reduce School District's desired scope during construction to meet budget	Low	Low to Medium	Deletion or shelling-in of space. Identify whether extra or other funding sources are available.	Manage and attempt to negotiate extra space into design build agreement with contractor thus transferring some risk through the contract.

MINISTRY OF EDUCATION FACILITIES PLANNING AND PROCUREMENT PROCESS

SAMPLE COST RISKS

These are risks that potentially affect the cost of the project. These risks are to be itemized and included in Schedule B - Project Financial Summary and in Schedule C - Reserve Items.

A project contingency may be included as one of the risks, however a detailed rationale for selection of the amount assigned to this risk should be provided.

#	Cost Risk	Risk Probability	Risk Impact	Risk Management Strategy	Manage, Price Or Transfer
1	Baseline Control Budget inconsistent with Ministry approvals and the approved project management program	Low	Low to Medium	Assemble professional integrated team to develop sound project contingency	Manage through adjustment to scope or schedule
2	Management tracking of project costs to ensure timely information	Medium	Low to Medium	Establish project management team with appropriate and qualified professionals.	Manage through written monthly reporting system that supports audit trail.
3	How to deal with change orders and potential cost over-runs	Medium	Low	Rigorous control of Change Orders and hold contractor accountable	Price to ensure sufficient contingency and manage the reasonable transfer of risk to the contractor.
4	Reconcile tender cost to control budget (possible re-design impact on schedule)	Low	Low to Medium	Ensure Performance Specification accurately reflects what the Ministry of Education has funded. Monitor budget and costs throughout design	Manage scope through development of project definition report. Manage change order process to ensure against scope creep.
5	Materials testing did not sufficiently uncover all requirements	Low	Low to Medium	Testing of materials to be undertaken early based on school district experience with similar schools	Manage within budget or establish Reserve Item
6	Soils testing did not sufficiently uncover all requirements	Low to Medium	Low to Medium	Testing of soils to be undertaken early based on school district experience with similar sites	Manage within budget or establish Reserve Item depending on risk amount
7	Materials cost vary more than economic adjustment between PIR and tender	Low	Low	Identify risk based upon historic materials history and building design requirements	Manage within budget or establish Reserve Item
8	Overall project contingency	Low	Medium	Identify risk of all questionable cost items and provide a detailed rationale for calculation	Transfer risk as Reserve Item

MINISTRY OF EDUCATION FACILITIES PLANNING AND PROCUREMENT PROCESS

SAMPLE SCHEDULE RISKS

These are risks that potentially affect the schedule of the project as identified in Schedule D - Project Schedule and Projected Cash Flow. The management of cash flow for capital projects is a priority requirement for government.

#	Schedule Risk	Risk Probability	Risk Impact	Risk Management Strategy	Manage, Price Or Transfer
1	Impact of uncertain subsurface site conditions	Low	High	Identify possible risks and determine which subsurface site conditions can realistically be assumed by contractor.	Transfer risks to the contractor through contract documentation
2	Land acquisition delayed	Low	High	Ensure land acquisition agreements are clear and final	Manage by agreement with current land owner
3	Potential impact of labour and/or equipment shortages	Low	High	Ensure original schedule is realistic and reflects market conditions.	Transfer risk to bonded contractor by contract.
4	Consider the impact of school districts approval process on schedule	Low	Low	Ensure SD requirements are clear before going to tender. Confirm there are no stakeholder groups whose interests have not been addressed.	Manage by having a clear understanding on limited ability to influence design changes following PDR.
5	Impact of local jurisdiction permit approval process i.e. Design Panel, Development Permit, Building Permit, Utility Permits, etc	Low	High	Confirm timelines and requirements with local jurisdiction. Develop approval process schedule and integrate with project schedule. Obtaining prior agreement with city on what project is responsible for.	Manage by getting those approvals that are the responsibility of the school district. Transfer others to contractor
6	Code compliance requirements for Building Permit	Low	High	Confirm requirements with local jurisdiction in advance of detailed design.	Manage by agreement with local jurisdiction.
7	Procurement strategy changes following PDR	Low	Medium	Complete preliminary procurement review to ensure method selection reliable	Manage by adjusting schedule
8	Delay in availability of temporary accommodation	Low	High	Ensure temporary accommodation needs clearly identified and available	Manage by adjusting schedule
9	Delay in Ministry approval to proceed	Low	High	Clearly identify and fixed milestones in PIR and allowing sufficient flexibility in schedule.	Manage by adjusting schedule

## SCHEDULE F - DESIGN AID SHEET(S)

The appropriate design aid sheet(s) are required to be included for this Capital Project.

## SCHEDULE G - CAPITAL PROJECT BYLAW

In accordance with section 143 of the *School Act* [RSBC 1996] c. 412, the Board must prepare a Capital Project Bylaw for the Capital Project, a copy of which is to be included as Schedule G.

*Sub-paragraph 3.05 - Borrowing provides the Minister's authorization if borrowing is required as part of this capital project.*

*However, if the Minister has issued separate written authorization for the borrowing in addition to sub-paragraph 3.05, then a copy of the Minister's written authorization will be included as an Appendix to this Schedule.*

If unforeseen circumstances require the provision of additional financial resources, the Board must make immediate application to the Ministry to amend the Capital Project Bylaw, in accordance with section 143 (3) of the *School Act* [RSBC 1996] c. 412.

*The boards Capital Project Bylaw cannot be amended without written approval from the Minister.*

*Such a request to the Minister must be in writing and outline the specifics of any additional capital funding that may be required.*

## SCHEDULE H - LETTER(S) OF UNDERSTANDING OR OTHER AGREEMENTS

For the purposes of this Schedule, if there are extenuating circumstances that require an additional agreement between the Board and the Ministry in conjunction with this project, or obligations created to or by a third party, then the appropriate Letter of Understanding or Agreement will be included here.

Some typical examples might be:

- land exchange or disposal
- leases and rental opportunities
- deferral of demolition of old school or portions of old school
- partnership agreements with third parties i.e. childcare, Strong Start, Federal contributions, Francophone Authority, local jurisdiction, etc
- P3 projects
- heritage management agreements
- funding from other capital programs i.e. Building Envelop Program (BEP), renovations, consolidations, additions and/or reductions
- etc

If a project includes partnership opportunities with other public or private agencies, then the following supplemental information will be required and included in Schedule H:

- Identification of partner(s)
- Nature of partnership
- Facility requirements of partner
- Written commitment of support, including financial obligations
- Funding, governance and site management division of responsibilities
- Operational management on-site responsibilities
- Detailed timeline for project showing partner contributions and timing
- Identifiable risks

There is no standard format for this schedule. The appropriate information should be attached in sufficient detail to fully comprehend the complete scope of the project.