

CAPITAL ASSET REFERENCE GUIDE

Ministry of Advanced Education and Skills Training

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FOREWORD

The Capital Asset Reference Guide (CARG) and its supporting appendices were developed for BC's Ministry of Advanced Education and Skills Training for use by BC's public post-secondary institutions.

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CAPITAL ASSET REFERENCE GUIDE

COMPANION DOCUMENT: TEMPLATES

The following Capital Asset Reference Guide Templates are accessible from the [Ministry's website](#) (see [Section 15.0](#) Definitions for website address).

TEMPLATE 1: Opportunity Assessment Report

TEMPLATE 2: Routine Capital and CNCP Project Proposal

TEMPLATE 3: Emergency Project Definition Report

TEMPLATE 4: Concept Plan Report

TEMPLATE 4A: Lease Concept Plan Report

TEMPLATE 5: Business Plan Report

TEMPLATE 6: Quarterly Project Report

TEMPLATE 7: Quarterly Cash Flow Forecast

TEMPLATE 8: Capital Project Risk Screen Tool

TEMPLATE 9: Risk Register

TEMPLATE 10: Capital Project Summary Report

TEMPLATE 10A: BC Knowledge Development Fund Project Summary

TEMPLATE 10B: BC Knowledge Development Fund Project Summary for Multi-BC Institution Project

TEMPLATE 11: Annual Accountability Report for:
Major Routine Capital Projects,
Minor Routine Capital Projects, and
Carbon Neutral Capital Program Projects

TEMPLATE 12: Project Close Out Report

TEMPLATE 12A: Carbon Neutral Capital Program Project Close Out Report

TEMPLATE 13: Capital Project Closure Form

TEMPLATE 13A: BC Knowledge Development Fund Project Closure Form

TEMPLATE 13B: BC Knowledge Development Fund Project Closure Form for Multi-BC Institution Project

1.0 INTRODUCTION

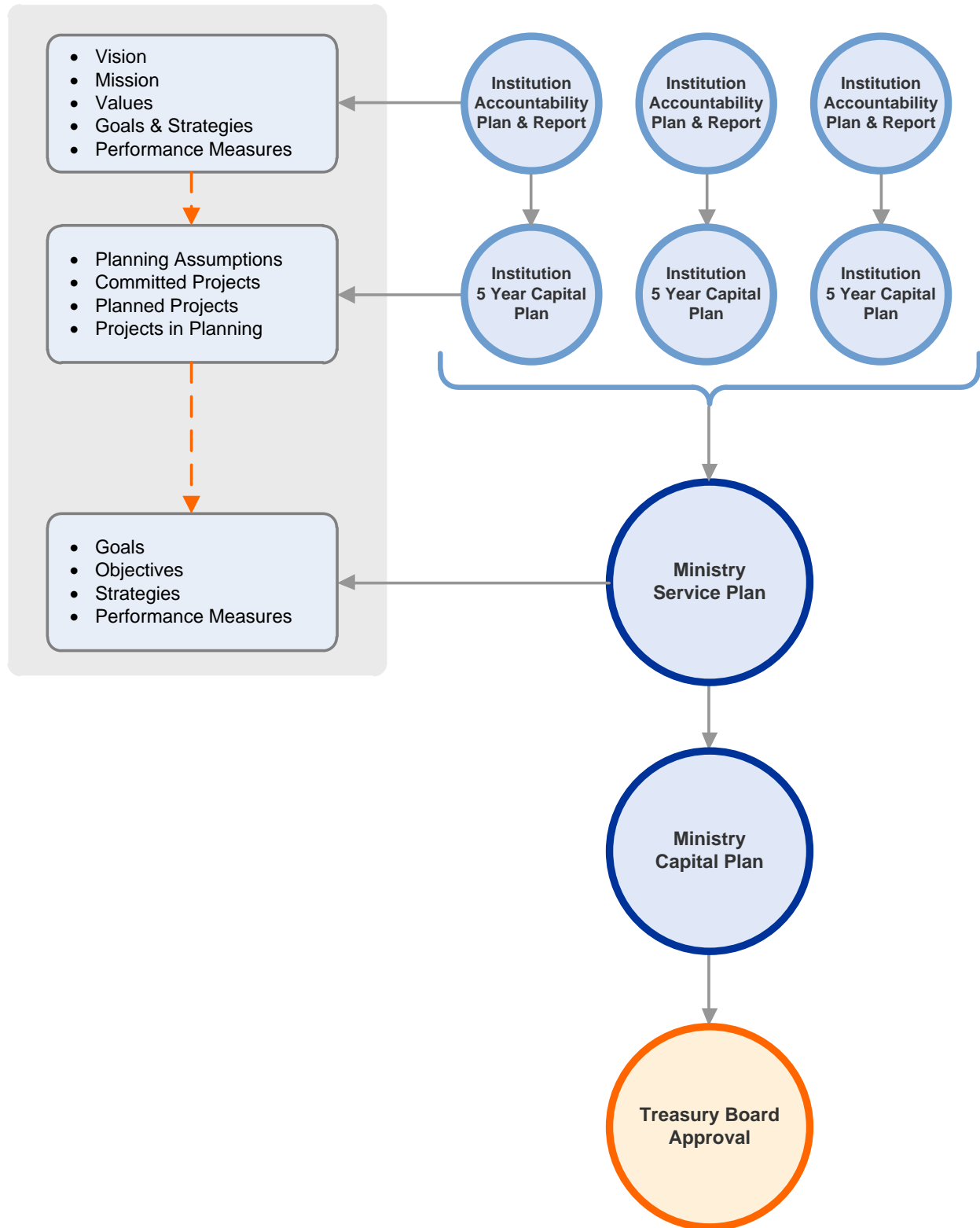
1.1 Capital Asset Reference Guide

The Capital Asset Reference Guide (CARG) is a tool developed by BC's Ministry of Advanced Education and Skills Training (the Ministry) for public¹ post-secondary institutions (Institutions) to guide project planning, approvals, and implementation for projects that are partially or wholly funded by the Ministry. The document is updated periodically to ensure it reflects current priorities and practices.

The CARG is informed by BC's [Capital Asset Management Framework](#) (CAMF) and is aligned with its objectives and principles, which are outlined in Section 1.4. The CARG strives to ensure that overarching government priorities are appropriately communicated and realized at the Ministerial and Institutional levels. There are various points of accountability throughout the guide to align the capital planning processes of the CARG with Institutions, the Ministry, Ministry of Finance requirements, and other ministries as required in the Government of BC's [Accountability Framework Standards Manual and Guidelines](#).

¹ The CARG is not intended for privately funded post-secondary institutions.

Figure 1-1. Strategic Alignment in the Capital Planning Process



1.2 Scope

The purpose of the CARG is to:

- Improve and streamline capital planning, approvals, and implementation processes for Institutions and the Ministry
- Ensure accountability and transparency in capital planning
- Ensure that approved capital projects align with the Ministry and cross-ministry priorities

1.3 Regional Context

BC's public post-secondary institutions are grouped into eight regions². Each Institution's Accountability Plan & Report and Five-Year Capital Plan captures regional differences where appropriate, for instance, regional economic development trends identified by the Province or the industry.

Table 1-1. Regions: BC Post-Secondary Institutions³

Vancouver Island/ Coast Region	Camosun College North Island College Royal Roads University University of Victoria Vancouver Island University
Mainland/Southwest Region	British Columbia Institute of Technology Capilano University Douglas College Emily Carr University of Art and Design Justice Institute of British Columbia Kwantlen Polytechnic University Langara College Simon Fraser University University of British Columbia – Vancouver University of the Fraser Valley Vancouver Community College
Thompson/Okanagan Region	Nicola Valley Institute of Technology Okanagan College Thompson Rivers University University of British Columbia - Okanagan
Kootenay Region	College of the Rockies Selkirk College
Cariboo Region	College of New Caledonia University of Northern British Columbia
North Coast Region	Coast Mountain College
Northeast Region	Northern Lights College

² Vancouver Island/Coast, Mainland/Southwest, Thompson/Okanagan, Kootenay, Cariboo, North Coast, Nechako, Northeast.

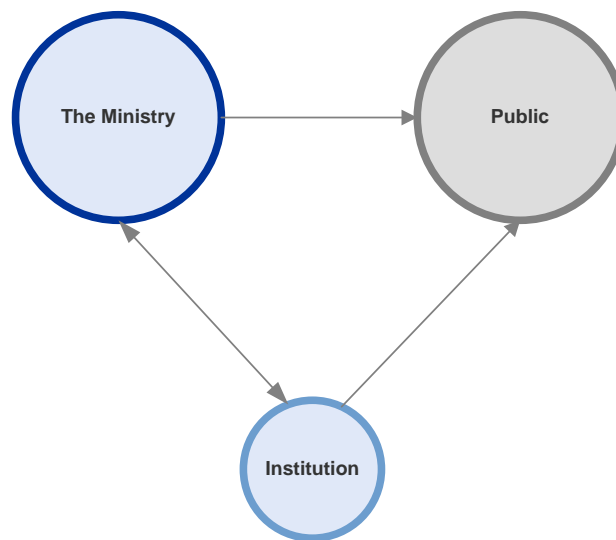
³ Based on Institution main campus location.

1.4 Capital Asset Management Framework

The [*Capital Asset Management Framework*](#) (CAMF) was developed by the Government of BC as a set of principles to help provincial level public sector agencies with their approach to capital asset management. It should be noted that the CARG does not replace the CAMF but is informed by the CAMF.

A key theme in the CAMF is accountability, which in the context of the CARG is twofold – the Institutions are accountable to the Ministry and to the public, and the Ministry is held accountable to the public and the Institutions.

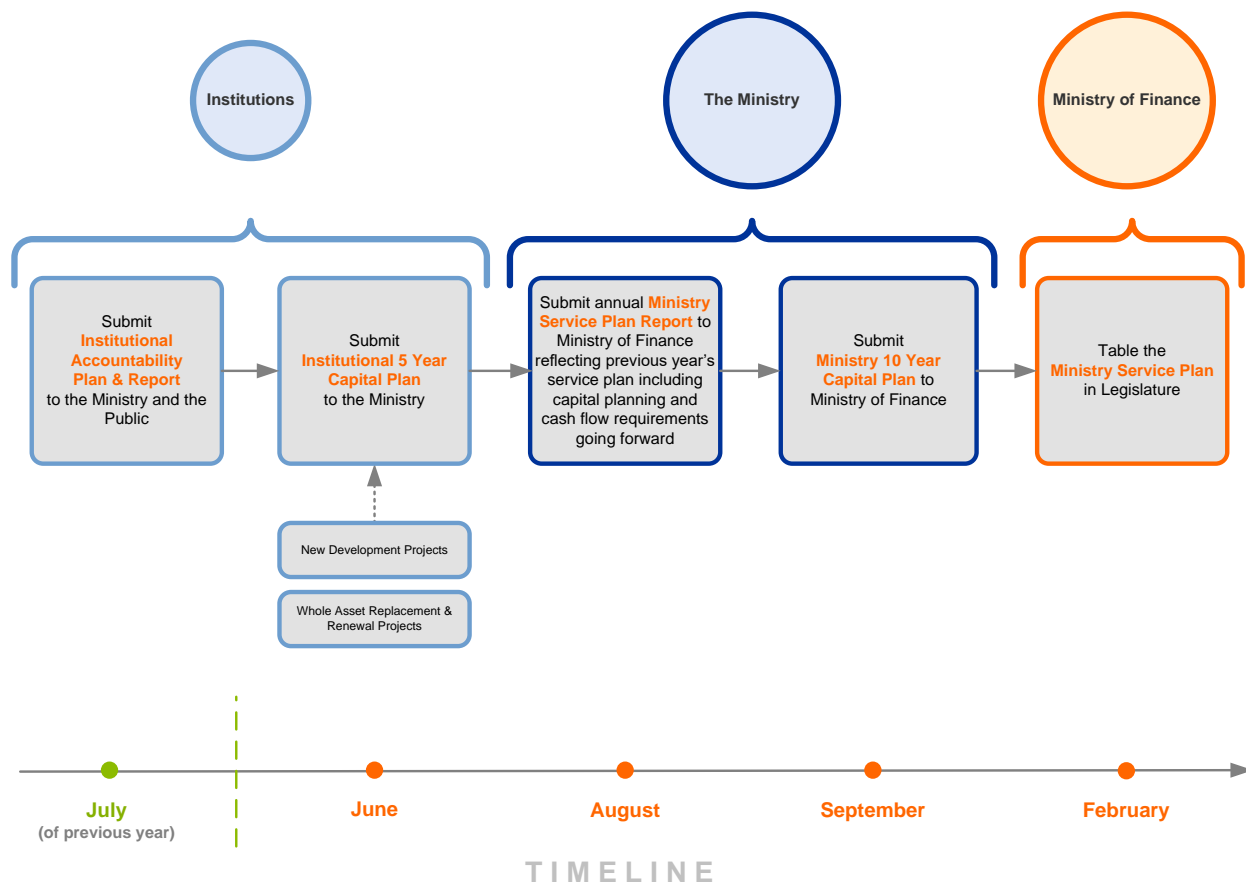
Figure 1-2. Accountability Context



2.0 CAPITAL PLANNING CYCLE

This section provides an overview of Institution and Ministry reporting and submission dates in the capital planning cycle. Information regarding an Institutional Accountability Plan & Report can be found in the Government of BC's [Accountability Framework Standards Manual and Guidelines](#). The capital planning cycle in Figure 2-1 depicts the sequence of Institution submissions to the Ministry, and the Ministry's submissions to Ministry of Finance.

Figure 2-1. Capital Planning Cycle



*Note: Routine Capital projects and Carbon Neutral Capital Program projects are submitted separately from the Institutional Five-Year Capital Plan as [Routine Capital and CNCP Project Proposals](#). These proposals are requested by the Ministry in April of each fiscal year and submitted by Institutions in May.

2.1 Institutional Accountability Plan & Report

On an annual cycle, each Institution is to submit their Annual Accountability Report to the Ministry in July. This report outlines all project cost actuals and project outcomes aligning with Ministry priorities and criteria.

2.2 Institutional Five-Year Capital Plan

In early spring of each fiscal year, the Ministry requests a Board-approved Five-Year Capital Plan from Institutions, which they submit in July. This includes a list of proposed projects under New Priority, Whole Asset Replacement or Renewal, Student Housing, Routine Capital, Carbon Neutral or Linear Infrastructure categories.

Where proposed capital projects from Institutional Five-Year Capital Plans are included in the Ministry's approved 10 Year Capital Plan, the institutions will receive direction from the Ministry regarding next steps, i.e., approval to proceed to a Concept Plan or Business Plan.

For details on the Ministry's requirements for the Five-Year Capital Plan submission, please refer to [Section 9.0](#).

2.3 Annual Ministry Service Plan

Each fall, the Ministry submits a Ministry Service Plan, for the Ministry of Finance to table in the legislature.

2.4 Ministry 10 Year Capital Plan

The Ministry submits a 10 Year Capital Plan to the Ministry of Finance in September, which includes selected capital projects from proposed Institutional Five-Year Capital Plans.

2.5 Ministry of Finance

The *Accountability Framework Standards Manual and Guidelines* states that the Ministry of Finance must table the Ministry's Service Plan in the legislature by February of each fiscal year.

3.0 PROGRAMS AND TYPES OF PROJECTS

The Ministry defines capital projects based on six types of projects, as indicated in the figure below. Each type of project responds to a specific primary driver that may also result in secondary benefits.

Table 3-1. Program & Project Types

Program	Project Types	Drivers & Benefits	Examples
New Priority Investment	New Development	Primary Driver: Accommodate growth in demand for graduates from the labour market.	Build an academic building on a greenfield site to launch a new program.
		Examples of Secondary Benefits: Increase capacity to accommodate future enrolment growth.	
	Whole Asset Replacement & Renewal	Primary Driver: Replace or renew an entire asset that is either economically or functionally obsolete.	Demolish an aged building & build new. Repurpose an existing building. Renovate an entire building.
		Examples of Secondary Benefits: Increase capacity & enhance outcomes by improving the functional efficiency & quality of the learning environment.	
Carbon Neutral Capital	Carbon Neutral	Primary Driver: Reduce carbon emissions from operations.	Enhance lighting system (e.g., incandescent to L.E.D.) Replace boiler with higher efficiency one. Replace windows with higher thermal efficiency units.
		Examples of Secondary Benefits: Reduce energy use and operating costs.	

Program	Project Types	Drivers & Benefits	Examples
Routine Capital	Maintenance & Rehabilitation	Primary Driver: Replace or renew a component that no longer meets health, safety &/or security standards, or building codes, or has reached the end of its economic life, and to reduce deferred maintenance liabilities.	Replace all or part of a component such as a roof, elevators, chillers, boilers, lighting. Replace linear infrastructure, such as decayed iron/lead pipes with plastic pipes. Replace obsolete technology, e.g., videoconferencing.
		Secondary Benefits: Preserve/extend the life of the entire asset; improve the quality of the learning environment.	
	Upgrade & Renovation	Primary Driver: Improve the functional efficiency & quality of the learning environment or support policy initiatives.	Preserve an historical building. Repurpose a classroom for different program delivery.
		Secondary Benefits: Increase capacity, preserve/extend life of asset, reduce carbon emissions, lower operating costs.	
	Emergency	Primary Driver: System failures and other unplanned breakdowns of building components or infrastructure, resulting in significant and immediate impacts on health, safety, security, or ongoing operations.	Water main break, boiler stops working, flooding and fire damage (excluding costs paid via insurance, warranty and/or service contract claims).
		Examples of Secondary Benefits: Preserve/extend the life of the entire asset; improve the quality of the learning environment.	

3.1 New Priority Investment Program – New Development Projects

New Development projects are primarily driven by the need to accommodate growth and to provide labour market demand-driven capacity. A secondary benefit is new system capacity.

Other characteristics of New Development projects include:

- Additional future program and facility lifecycle cost obligations
- Net new specialized equipment and Information Management/Information Technology (IM/IT) systems and infrastructure

The capital planning, approvals, and implementation process flowchart for New Priority Investments projects can be found in [Appendix A](#).

New Development Projects Examples

- New academic building with classrooms and labs
- Additions and renovations to an existing academic building that provides new system capacity
- Other new builds that provide new system capacity in response to market demand
- Projects related to IM/IT infrastructure, skills training equipment, etc. (excludes software, computers, and similar devices, etc.)
- Linear infrastructure (e.g., underground utilities, roadways, sidewalks, etc.)

3.2 New Priority Investment Program – Whole Asset Replacement & Renewal Projects

The primary driver of Whole Asset Replacement & Renewal projects is the need to improve the physical asset condition and to reduce the deferred maintenance backlog. A secondary benefit is increased system capacity due to improved functional efficiency.

Other characteristics of Whole Asset Replacement & Renewal projects include:

- When building systems and components are 50% or more of replacement value⁴ (Facility Condition Index [FCI] > 0.5⁵)
- Complete facility rehabilitation or renovation when more than 50% of all major components need to be replaced
- Demolition and full replacement

Whole Asset Replacement & Renewal Projects Examples

- Major renovation of an academic building with classrooms and labs due to poor physical condition (e.g., aged mechanical and electrical systems) and functional obsolescence (e.g., non-purpose-built facilities or classrooms and labs no longer serve the current academic programs)
- Complete replacement of a building envelope (e.g., wall and window systems)
- Projects related to IM/IT, skills training equipment, etc.
- Linear infrastructure (e.g., underground utilities, roadways, sidewalks, etc.)

⁴ Asset replacement value refers to total cost of construction required to replace a capital asset in current dollars with like, kind, and quality.

⁵ This threshold is provided as a guideline, not as a rule. In some instances, the Ministry may determine that it is prudent to undertake projects that do not meet the threshold.

The 50% FCI threshold is a guideline, since other factors such as shared HVAC, risk impacts and the facility's functionality need to be considered. The capital planning, approvals, and implementation process flowchart for Whole Asset Replacement & Renewal projects can be found in [Appendix B](#).

3.3 Student Housing

To be populated in subsequent update.

3.4 Carbon Neutral Capital Program (CNCP)

CNCP is a special funding program of the B.C. Government to provide post-secondary institutions with funding for capital investments dedicated to reducing energy costs, implementing environmentally friendly technologies, and lowering carbon emissions. The primary drivers of CNCP projects are to maintain the existing asset, improve efficiency and reduce greenhouse gas (GHG) emissions, and to yield a net positive financial return over the lifecycle of the capital asset. Secondary benefits include sustaining system capacity, or maintain/extend the life of the asset, or modify existing infrastructure.

Examples of CNCP projects include new boilers, air source heat pumps, and lighting/control upgrades.

Other characteristics of CNCP projects include:

- Innovative strategies that improve the functionality of the existing space for more efficient program delivery
- Energy conservation projects that reduce GHG emissions and carbon footprint

The capital planning, approvals, and implementation process flowchart for CNCP projects can be found in [Appendix C](#).

CNCP Projects Examples

- Lighting retrofit project to replace inefficient, high wattage bulbs
- Renewable energy project (e.g., biomass, cogeneration plant, etc.)
- Replace boiler with higher efficiency version
- Replace windows with higher thermal efficiency units

3.5 Routine Capital Program

The Routine Capital Program provides funding to post-secondary institutions to address capital expenditures that improve physical asset conditions, as well non-capital expenditures which address maintenance and ongoing upkeep.

There are three Routine Capital funding categories:

- Major projects which require amortization
- Minor projects which are expensed projects
- Emergency Projects

Major Routine Capital funding can be used to support the following project types:

- Maintenance & Rehabilitation (M&R) Projects
- Upgrades & Renovations (U&R) Projects
- Linear Infrastructure (LI) Projects

M&R projects are primarily driven by the need to improve the physical asset condition and to reduce the deferred maintenance backlog. A secondary benefit is the maintenance or extension of the asset's life.

Other characteristics of M&R projects include:

- Replacement of building systems and components (for illustrative projects, refer to the “Examples” figure) is less than 50% of the replacement value⁶ (FCI < 0.5⁷)
- Major routine capital projects are capitalized for accounting purposes and are funded via a “Certificate of Approval” (COA)
- Improves the FCI
- Prevents the premature obsolescence of the facility
- Addresses building code requirements
- Addresses life safety, health, and environmental risks
- Addresses accessibility requirements
- Includes repairs, refits or replacement of building systems and components, associated demolition, seismic upgrades, surveys, investigations, studies, and planning, that typically total to less than 50% of asset replacement value
- Includes replacement of specialized equipment and IM/IT infrastructure because of failure (or at risk of failure)
- Excludes minor repairs that are normally managed through operations and maintenance in typical property management practices, housekeeping, “beautification”, capacity enhancements

M&R Projects Examples

- Major repairs and refits (e.g., large roof replacement)
- Partial rehabilitation of an aged mechanical or electrical system
- Partial rehabilitation of a building envelope (e.g., windows only)

The 50% threshold for FCI is a guideline since other factors such as risk impacts need to be considered in the decision-making for replacement projects.

U&R projects are primarily driven by the need to improve functionality, efficiency, or by policy rationale (i.e., heritage restoration). A secondary benefit is that existing infrastructure is modified to meet the current standards of program delivery but does not result in net new programming capacity.

Other characteristics of Upgrade & Renovation projects include:

- Does not generally extend the useful life of the asset or improve FCI
- Includes replacement of specialized equipment and IM/IT infrastructure due to obsolescence
- Does not result in additional operating costs other than amortization (e.g., program costs, staff costs)
- Excludes projects undertaken to address deferred maintenance that have improved functionality as a side benefit

Upgrade & Renovation Projects Examples

- Renovation of a classroom to accommodate program change and create efficiencies

Linear Infrastructure projects include site services, underground civil works and infrastructure projects like roadways, sidewalks, and outdoor lighting required for safety. These projects do not include things like parking lots which generate revenue.

Linear Infrastructure Projects Examples

- Underground utilities
- Roadways, sidewalks, etc.

⁶ Asset replacement value refers to total cost of construction required to replace a capital asset in current dollars with like, kind, and quality.

⁷ This threshold is provided as a guideline, not as a rule. In some instances, the Ministry may determine that it is prudent to undertake projects that do not meet the threshold. If over 50% of the building systems and components require replacement, it is considered a WARR: Whole Asset Replacement & Renewal project.

Minor routine capital projects are typically those that are of a relatively small cost and are intended for “operational maintenance” to address ongoing assets, building systems, maintenance, and upkeep. They are defined as a capital expense.

Minor Routine Capital Projects Examples

- Painting
- Replacing light fixtures and exit signs
- Audits and studies

The capital planning, approvals, and implementation process flowchart for such projects can be found in the following appendices:

- [Appendix D](#) for Major Routine Capital Projects
- [Appendix E](#) for Minor Routine Capital Projects

3.6 Routine Capital Program – Emergency Projects

Emergency projects are defined as projects arising from an unanticipated, immediate incident resulting in a health and safety and/or operational risk that has occurred. Institutions are expected to fund emergency projects with their own resources after exhausting insurance, warranty and/or service contract claims. However, under extenuating circumstances, the project may be eligible for funding under the Ministry’s emergency funds. It should be noted that the Ministry holds only a nominal reserve for both Ministerial and Institutional capital and service delivery emergencies. Emergency projects, therefore, are not guaranteed to be funded through Ministry emergency funds.

Emergency Projects Examples

- Water main break
- Boiler stops working
- Flooding or fire damage

Other characteristics of such projects include:

- Does not generally extend the useful life of the asset or improve the FCI
- General urgency to address the issue

The capital planning, approvals, and implementation process flowchart for these projects can be found in [Appendix F](#).

4.0 OVERVIEW OF CAPITAL PLANNING, APPROVAL, IMPLEMENTATION & CLOSE OUT PROCESS

The capital planning, approval, implementation, reporting and close out process requires specific deliverables, depending on the type of the proposed project. For more details on the six types of projects, please refer to [Section 3.0 Programs and Types of Projects](#).

For instance, constructing a new academic building on a campus (New Priority Investment Program: New Development Project) has a different capital planning and approval process than renovating lecture theatres (Routine Capital Project).

The following tables and figures provide an overview of the typical capital planning process. Table 4-1 summarizes the process which includes planning, approvals, implementation, close out tasks, and associated phases and deliverables.

Note: The approval letter issued by the Ministry may identify additional project-specific reporting requirements depending on the project scope, complexity, and risk profile.

Table 4-1. Capital Planning Process & Deliverables

PROCESS	PHASE	DELIVERABLE
PLANNING	Initiate	Opportunity Assessment Report
		CNCP Project Proposal
		Emergency Project Definition Report
	Evaluate	Concept Plan Report ^{8 9}
		Lease Concept Plan Report
	Define	Business Plan Report ⁸
APPROVAL	Approve	Ministry Approval Letter
		Certificate of Approval
IMPLEMENTATION	Progress Reporting	Schematic Design Report
		Quarterly Project Report
		Quarterly Cash Flow Forecast
		Project Risk Register
		Project Summary Report
		Annual Accountability Report
		Procurement Audit Report
CLOSE OUT	Close Out	Financial & Compliance Audit Report
		Project Close Out Report
		CNCP Project Close Out Report

⁸ Only mandatory for New Priority Investment Projects

⁹ Projects that have a total dollar value of \$20M or less and are deemed low risk may proceed directly to a Business Plan with Ministry approval.

4.1 Accountability and Level of Approval

Table 4-2 identifies the approval authorities for each activity in the planning, approvals, implementation, and close out process.

(a) New Priority Investment Program: New Development Projects and Whole Asset Replacement & Renewal Projects

An Opportunity Assessment Report (recommended but not mandatory), Concept Plan Report⁹, Lease Concept Report, and Business Plan Report are required for New Development and Whole Asset Replacement & Renewal Projects. Projects that have a total dollar value of \$20 million or less and are deemed low risk, may proceed directly to a Business Plan. However, Institutions must submit a completed Capital Project Risk Screen Tool (Template 8) prior to proceeding. For details on the evaluation and approvals process on the New Priority Investment Program, please refer to the appendices below:

APPENDIX A: New Priority Investment Program: New Development Projects
Process Flowchart

APPENDIX B: New Priority Investment Program: Whole Asset Replacement & Renewal Projects
Process Flowchart

(b) Carbon Neutral Capital Program (CNCP)

A CNCP Project Proposal is required for CNCP projects. The level of detail required in the CNCP Project Proposal varies according to the projects scope, complexity, and risk profile. For details on the evaluation and approvals process for CNCP projects, please refer to the following appendix:

APPENDIX C: Carbon Neutral Capital Program Process Flowchart

(c) Routine Capital Projects

Due to the lower funding needed for Routine Capital projects they do not require the same level of due diligence during the planning phase as New Priority Investment projects. However, these projects have accountability requirements during the approval, implementation, and close out phases as indicated in Table 4-2. Capital Planning, Approvals and Reporting Process.

For details on the evaluation and approvals process for Routine Capital projects, please refer to the following appendices:

APPENDIX D: Routine Capital Program: Major Projects Process Flowchart

APPENDIX E: Routine Capital Program: Minor Projects Process Flowchart

APPENDIX F: Routine Capital Program: Emergency Projects Process Flowchart

Deliverables for New Priority Investment projects are key inputs into the Five-Year Capital Plan submission to the Ministry. More details can be found in [Section 9.0](#) Five Year Capital Plan Requirements.

Table 4-2. Capital Planning, Approvals and Reporting Process

LEGEND			PROGRAM				
			New Priority Investment	Carbon Neutral	Routine Capital		
			PROJECT TYPES				
PROCESS	PHASE	DELIVERABLE	New Development	Carbon Neutral Capital	Major	Minor	Emergency
			Whole Asset Replacement & Renewal				
PLANNING	Initiate	Idea /Opportunity Identification	●	●			
		Opportunity Assessment Report	❓❓				
		M&R, U&R, CNCP Project Proposal	❓❓	●●	●●		
		Emergency Project Definition Report					●
	Evaluate	Concept Plan Report ²	●●● ¹				
	Define	Business Plan Report ²	●●●				
APPROVAL	Approve	Ministry Approval Letter	●●●	●●	●●	●●	●
		Certificate of Approval	●	●	●	●	●
IMPLEMENTATION	Progress Reporting	Schematic Design Report	●●●				
		Quarterly Project Report	●●●	❓❓	❓❓	❓❓	❓❓
		Quarterly Cash Flow Forecast	●●●	●●	●●	●●	
		Project Risk Register	●●●	❓❓ ³	❓❓ ³		❓❓ ³
		Project Summary Report	●●●				
		Annual Accountability Report	●●●	●●●	●●●	●●●	●●●
		Procurement Audit Report	❓	❓	❓	❓	❓
CLOSE OUT	Close Out	Financial & Compliance Audit Report	❓	❓	❓	❓	❓
		Project Close Out Report	●●●		●●	●●	●●
		CNCP Project Close Out Report		●●			

¹ For projects that are deemed high risk by the Ministry, review and approval by the Ministry of Finance may be required for the Concept Plan Report.

² Includes completion of Capital Project Risk Screen Tool

³ Not typically required for projects under \$2M, although the Ministry may request the report if the project is deemed to be high risk.

4.2 Capital Planning, Project Definition & Budget Accuracy

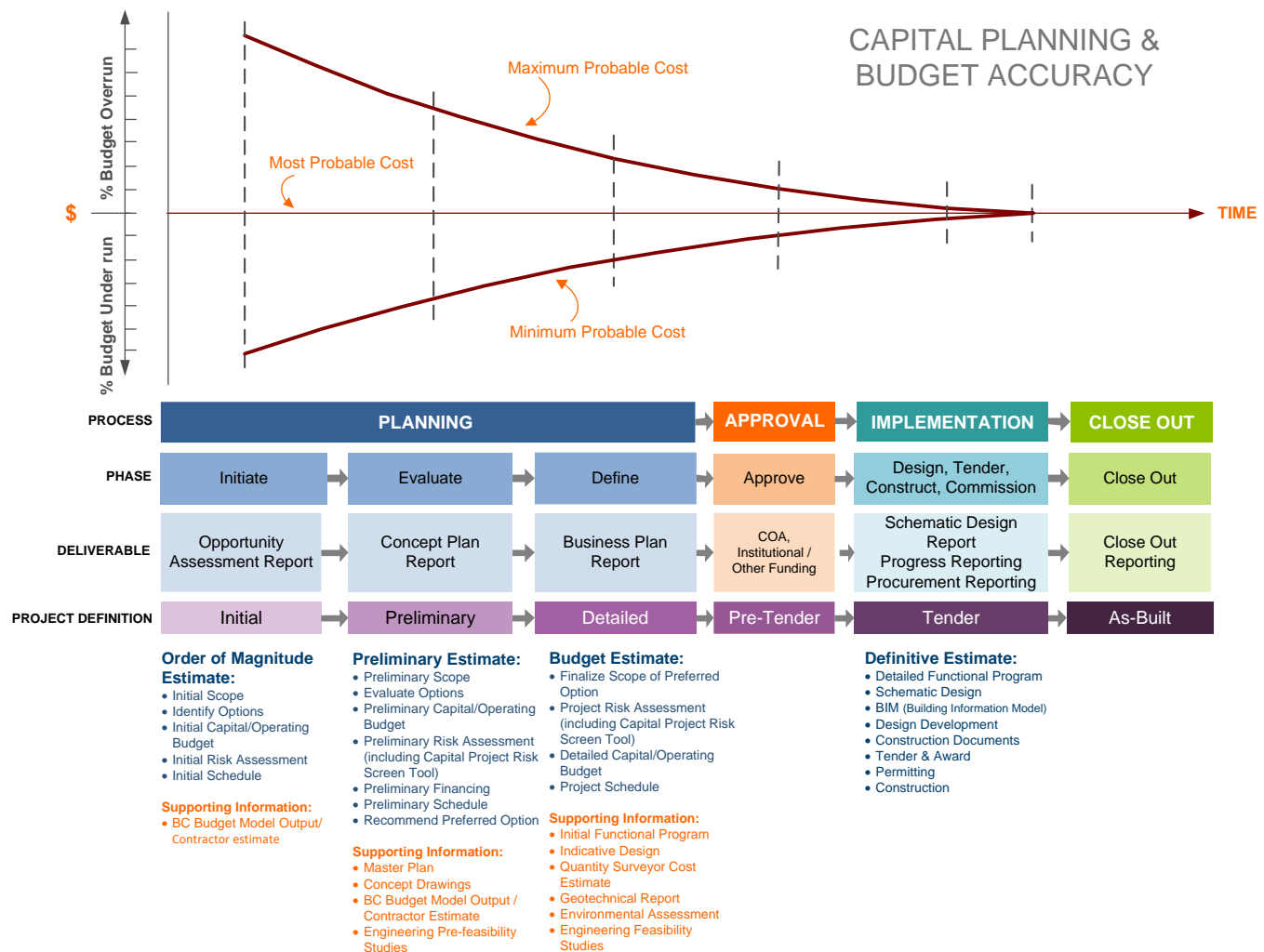
This capital planning process supports quality decision making to advance or reject a proposed project and ensures that the right strategic decisions are being made in a structured, efficient manner. After project approval, progress reporting is required to ensure that design, construction, and project close out proceeds in accordance with the terms and conditions of the project approval letter, and in conformance with the procurement guidelines in BC's Capital Asset Management Framework.

Figure 4-1 illustrates how the planning process results in improved accuracy of the project scope, budget, schedule, and risk profile with increasing levels of due diligence. The model illustrates the following points:

- As the project evolves through the initial, preliminary, and detailed stages of the planning phase, the project scope is refined based on functional programming, feasibility studies, options analysis, selection of the recommended option, design, drawings, and engineering efforts
- As these details are refined at each step, cost estimates can also be refined to a greater level of accuracy
- As project planning progresses to the approval stage, cost estimates with a greater level of accuracy are possible, which mitigates the risk of scope, cost, and schedule overruns and adequate capital funding as the project is constructed
- During the implementation phase there are a number of reports required to be prepared and submitted periodically, with variations by project type
- For the final phase of each project, all types of projects require that a Project Close Out Report be prepared and submitted. The Ministry may require a Financial and Compliance Audit Report to be submitted

Each phase of the capital planning process requires specific tasks and activities to be undertaken and corresponding approvals from the Institution, the Ministry, and/or Ministry of Finance. During the planning phase, the level of due diligence increases with each deliverable to ensure that the project scope, cost, schedule, and risk profile are sufficiently accurate. Templates for these reports are provided as separate companion documents on the [Ministry website](#).

Figure 4-1. Capital Planning & Budget Accuracy Model¹⁰



Note: Figure 4-1 does not apply to Routine Capital or CNCP projects

¹⁰ Adapted from the American Association of Cost Engineers

4.3 Level of Full-Time Effort

Each activity of the capital planning, approvals and reporting process requires a different level of effort, as depicted in Table 4-3. Illustrative Level of Full-Time Effort per Capital Planning Activity.

The Opportunity Assessment Report, Concept Plan Report and Business Plan Report require supporting appendices to be completed for submission to the Ministry in addition to the main body of the report. Table 4-3. Illustrative Level of Full-Time Effort per Capital Planning Activity provides an estimate of time required to complete each of these planning activity reports including supporting appendices; however, the Level of Full-Time Effort for supporting appendices varies in accordance with the project scope, complexity, and risk profile.

The last row of Table 4-3 indicates an illustrative estimated total effort as a percentage of capital cost for each activity.

Table 4-3. Illustrative Level of Full-Time Effort per Capital Planning Activity¹¹

	CAPITAL PLANNING ACTIVITIES: ILLUSTRATIVE LEVEL OF EFFORT		
	Opportunity Assessment Report	Concept Plan Report	Business Plan
Level of Full-Time Effort for Main Report	1 month	2 - 4 months	3 - 10 months
Level of Full-Time Effort for Supporting Information			
Ministry Budget Model Output/Contractor Estimate	✓	✓	✓
Ministry Space Standards	✓	✓	✓
Capital Project Risk Screen Tool (CARG Template 8)		✓	✓
Risk Register (CARG Template 9)	✓	✓	✓
Campus Master Plan/Concept Drawings		✓	
Engineering Pre-feasibility Studies		✓	
Initial Functional Program			✓
Indicative Design			✓
Quantity Surveyor Cost Estimate		✓	✓
Geotechnical Report			✓
Environmental Assessment			✓
Engineering Feasibility Studies			✓
Total Effort (% of Capital Cost)	0% - 0.1%	0.1% - 0.5%	0.5% - 1.5%

¹¹ Based on the American Association of Cost Engineers

5.0 CAPITAL PROJECTS: PLANNING PROCESS

5.1 Planning Deliverables for New Priority Investment Projects¹²

This section describes the deliverables required for New Priority Investment projects, which refer to the following categories of projects:

- New Development Projects
- Whole Asset Replacement & Renewal Projects

Descriptions of these project categories can be found in [Section 3.0 Programs and Types of Projects](#).

5.1.1 Opportunity Assessment Report

Opportunities should reflect industry trends, learner demand, and trends identified in other ministries. This ensures alignment with overarching government priorities and industry requirements. The Institution's senior management should be engaged to review and if approved, the Institution may move the proposed idea/opportunity forward to the "Initiate" phase and the activity of preparing an Opportunity Assessment Report. While not mandatory, institutions are encouraged to incorporate an Opportunity Assessment Report in their Five-Year Capital Plan, and to ensure the project aligns with Ministry's current plans and priorities, as well as Institutions' Master Plan.

Institutions must gain approval from their senior management team and the Ministry to advance the project from this initiation stage (Opportunity Assessment Report) to the evaluation stage (Concept Plan Report) of the capital planning process. This deliverable is a cost-effective activity that enables the Institution to determine whether the proposed project should move forward in the capital planning process. The Opportunity Assessment Report identifies the various options that may accommodate a new idea/opportunity, which includes capital and non-capital solutions. For more details on non-capital options (i.e., leasing) please refer to [Section 14.0 Acquisition & Disposition of Property](#).

The Opportunity Assessment Report also determines alignment with the Institution's Service Plan, the Ministry's Service Plan, and overarching government priorities. Furthermore, this activity establishes, on a high level, the initial capital/operating budget, initial schedule, and initial risk assessment. This provides a basis for a go or no-go decision for further due diligence during the "Evaluate" phase (Concept Plan Report) and "Define" phase (Business Plan) of the planning process.





PROCESS	PHASE	DELIVERABLE
PLANNING	Initiate	Opportunity Assessment Report
	Evaluate	Concept Plan Report
	Define	Business Plan Report




Please refer to the [Ministry website](#) for the following companion documents:
[Template 1 – Opportunity Assessment Report](#)

¹² New Priority Projects and Whole Asset Replacement & Renewal Projects

OPPORTUNITY ASSESSMENT REPORT OUTLINE

Executive Summary	<ul style="list-style-type: none"> Provides an overview of the proposed project, key assumptions, salient findings, available options, conclusions, and recommendations
1.0 Project Description	<ul style="list-style-type: none"> Describes the opportunity in the context of strategic and business drivers Identifies project objectives Provides a preliminary forecast of demand (need) Scope – number of full-time equivalents (FTE) accommodated based on a needs analysis, (e.g., institution’s projections, waitlists, industry data growth, student surveys, facility condition index [FCI] and preliminary space requirements Desired/Mandatory Outcomes <div>  RESOURCES <ul style="list-style-type: none"> Institution’s Enrollment projections/forecasts Program demand data Institutional Accountability Plan & Report Five Year Capital Plan BCStats Population Projections (P.E.O.P.L.E.) Provincial data on labour trends FTE utilization calculation Ministry Space Standards Ministry Budget Model </div>
2.0 Background Information	<ul style="list-style-type: none"> Summarizes the current situation and what led to this opportunity
3.0 Strategic Alignment	<ul style="list-style-type: none"> Describes how the proposed project’s objectives are aligned with government strategic directions, and with external and internal stakeholders <div>  RESOURCES <ul style="list-style-type: none"> Ministry Service Plans Cross-ministry initiatives </div>
4.0 Options Identification	<ul style="list-style-type: none"> Includes options identification, initial capital/operating budget estimates, and risk identification
4.1 Options Identification	<ul style="list-style-type: none"> Identify non-capital project options to meet demand, for example, outsourcing and distance learning solutions, increasing utilization of existing space, leasing Identify capital project options to meet demand (e.g., new build, whole asset replacement or renewal) Note that projects greater than \$100 million must be evaluated by Infrastructure BC for public private partnership (P3) viability during the next planning activity, the Concept Plan Report
4.2 Initial Capital/ Operating Budget	<ul style="list-style-type: none"> Provide initial cost estimates for each option identified Identify sources of capital and operating funding <div>  RESOURCES <ul style="list-style-type: none"> Ministry Budget Model Infrastructure BC </div>
4.3 Risk Identification	<ul style="list-style-type: none"> Prepare an initial risk register (as per the Ministry Risk Management Guide) that identifies the project lifecycle, potential risk events for each option, and corresponding triggers/root causes, and consequence on project performance <div>  RESOURCES <ul style="list-style-type: none"> Risk Register (CARG Template 9) Ministry Risk Management Guide </div>

OPPORTUNITY ASSESSMENT REPORT OUTLINE

<p>5.0 Conclusions & Recommendations</p>	<ul style="list-style-type: none"> Provides conclusions and recommended next steps to advance the opportunity to the preliminary project definition stage and the preparation of a Concept Plan Report if warranted
<p>Supporting Information</p>	<p> RESOURCES - Figure 4-1. Capital Planning & Budget Accuracy Model</p> <ul style="list-style-type: none"> Ministry Budget Model (New Development Projects) Quantity Survey or Cost Estimate (Whole Asset Replacement & Renewal Projects)

5.1.2 Concept Plan Report

A Concept Plan Report is prepared for a proposed project to ensure that all viable options have been evaluated to make the best strategic decision. The Concept Plan Report includes an options analysis and selects a preferred option before committing additional time and resources for further analysis in a [Business Plan](#). The rigor applied to the Concept Plan Report should be proportionate to the scope, complexity, and risk profile of the proposed project.

For projects that are deemed high risk by the Ministry, review and approval by the Ministry of Finance may be required for the Concept Plan Report.

PROCESS	PHASE	DELIVERABLE
PLANNING	Initiate	Opportunity Assessment Report
	Evaluate	Concept Plan Report
	Define	Business Plan Report



Projects that have a total dollar value of \$20 million or less and are deemed low risk may proceed directly to a Business Plan with Ministry approval.

The project begins to take form in the Concept Plan Report, and the options identified in the previous Opportunity Assessment phase are refined by preparing/updating a campus master plan and concept drawings, as per [Figure 4-1](#) Capital Planning & Budget Accuracy Model. The Concept Plan Report begins by clearly defining the need for investment and a broad scan of the environment. This includes identifying industry trends and political, economic, social, and technological factors that impact the project, as well as similar projects completed in other jurisdictions.

The crux of the Concept Plan Report is the program delivery options analysis, which examines the range of options available to address the opportunity. The options are evaluated against the Institution's criteria to identify which options are viable. Each viable option is then further analyzed with a preliminary estimate of a capital/operating budget, financing, procurement options, risk assessment, and schedule to select a preferred option.

Examples of evaluation criteria include:

- Program/ Labor Market Demand:** responds to specific program demand growth or labour market demand.
- Strategic Alignment:** Alignment with government priorities (e.g., Ministry Service Plan) and Institutional priorities (e.g., mission statement, master planning etc.)

- **Quality Education:** Improves student learning outcomes, and/or improve access to learning and/or student full-time equivalents (FTE) and space utilization rates
- **Space/Infrastructure Improvements:** Existing functional space efficiency increase or FCI improvement and/or reduction of life safety & occupational health risks.
- **Cost Effectiveness:** Funding potential or existing partnerships and/or cost benefits throughout lifecycle
- **Energy Usage and GHG Emissions:** Describe how and to what extent the project will reduce energy usage and greenhouse gas emissions.

The risk assessment includes the completion of the Capital Project Risk Screen Tool ([CARG Template 8](#)) to determine the level of oversight and approval required for the project. This tool evaluates risk on both the organizational and project level. Based on the Capital Project Risk Screen Tool information, it may be determined that a Project Board is required for the proposed project. This arises from best practices in managing capital projects and follows a structure that has been in place in other Ministries. The Terms of Reference will be project-specific and Board membership will include Institution and government representatives. Project Boards will be responsible for providing overall direction, project oversight and key decision-making on scope, budget, schedule, risks, procurement, communications, and consultation.

In addition to the Capital Project Risk Screen Tool, risks are also identified in a risk register ([CARG Template 9](#)) and evaluated on a preliminary basis for each viable option in accordance with the Ministry's [Risk Management Guide](#). The risk register should be updated throughout the project lifecycle on a monthly basis and submitted quarterly to the Ministry. Based on the findings, a preferred option is recommended for development in the next stage of the Business Plan Report.

Projects greater than \$100 million must be evaluated by Infrastructure BC (IBC) for public private partnership (P3) viability during the Concept Plan Report activity. Institutions are instructed to coordinate with the Ministry for any services provided by IBC. While it is not mandatory to use IBC's services to plan, deliver, and oversee project delivery, they do offer those services. Please refer to [Section 13.0 Governance & Risk Management](#) or <https://www.infrastructurebc.com/> for more details about PBC.

Note that the Concept Plan Report (including supporting information such as an engineering pre-feasibility report) can be funded from the Institution's Minor Routine Capital funding envelope. Costs associated with planning of small projects are not capitalized, because the funds to implement those same projects are not spent in the same year as the planning.

Please refer to the [Ministry website](#) for the following companion documents:





[Template 4 – Concept Plan Report](#)

[Template 4A – Lease Concept Plan Report](#)

[Template 8 – Capital Project Risk Screen Tool](#)

[Template 9 – Risk Register](#)

CONCEPT PLAN REPORT OUTLINE

Executive Summary	<ul style="list-style-type: none"> Provides an overview of the proposed project, key assumptions, salient findings, conclusions, and recommendations
1.0 Project Description	<ul style="list-style-type: none"> Update the project description from the Opportunity Assessment Report, including the opportunity in the context of strategic and business drivers, as well as project objectives Update project scope in the Opportunity Assessment Report including the number of FTEs that can be accommodated, as well as programs affected. <div>  RESOURCES <ul style="list-style-type: none"> - Approved Opportunity Assessment Report - Institutional Accountability Plan & Report - Five Year Capital Plan - FTE and space utilization rates - Program data, waitlists - Ministry Space Standards - Ministry Budget Model </div>
2.0 Background Information	<ul style="list-style-type: none"> Update the background information from the Opportunity Assessment Report, including the current situation and forecast demand (need) <div>  RESOURCES <ul style="list-style-type: none"> - Approved Opportunity Assessment Report - BCStats Population Projections (P.E.O.P.L.E.) - Provincial data on labour trends </div>
3.0 Strategic Alignment	<ul style="list-style-type: none"> Update the strategic alignment information from the Opportunity Assessment Report, including how the proposed project is aligned with government strategic directions, and with external and internal stakeholders <div>  RESOURCES <ul style="list-style-type: none"> - Approved Opportunity Assessment Report - Ministry Service Plans - Cross-ministry initiatives </div>
4.0 Environment Analysis	<ul style="list-style-type: none"> Provides additional market research and lessons learned from similar initiatives identified in the Opportunity Assessment Report, including labour market demand, programs delivered, scope, cost, schedule, risks, and procurement method. <div>  RESOURCES <ul style="list-style-type: none"> - Approved Opportunity Assessment Report - Post-secondary institutions and similar agencies in BC and other jurisdictions (provinces, states, international) </div>
5.0 Program Delivery Options Analysis	<ul style="list-style-type: none"> The options identified in the Opportunity Assessment Report are evaluated against a set of Institution-specified criteria to determine which options are viable Each viable option is then further analyzed with preliminary lifecycle costing estimates including capital costs, operating and maintenance costs, capital renewal costs, etc., financing, and risk assessment
5.1 Step 1: Identify All Options	<ul style="list-style-type: none"> List all options (both capital and non-capital options) as identified in the approved Opportunity Assessment Report Include “do nothing” as an option to identify the costs and disadvantages of maintaining status quo Identify a set of criteria to evaluate a shortlist of viable options (e.g., strategic, capacity, or schedule requirements) Options that do not meet the criteria are dismissed from further evaluation

CONCEPT PLAN REPORT OUTLINE (continued)

5.2 Step 2: Evaluate Viable Options

- Analyze viable options in detail and compare to the status quo
- Quantitative (Lifecycle Costing) Analysis
 - Preliminary estimates of annual capital and operating costs, including program/service delivery costs and facility lifecycle costs
 - Prepare a present value lifecycle costing analysis for the viable options
 - Include schedules detailing the annual principal and interest payments to accompany the cash flow forecast, as well as the total capital cost estimate
- Qualitative Analysis
 - Determine a list of qualitative criteria to evaluate the non-financial costs (disadvantages) and benefits (advantages) of each viable option
- Preliminary Financing
 - Potential sources of capital and operating funding for the viable options, including direct capital funding (e.g., provincial funding/grants), federal grants, own resources, debt financing, private financing, disposition of surplus property (e.g., lease or sale to third party)
 - Financing must include details of conditions, associated with external funding, borrowing assumptions, and planned commercial revenues (if applicable)
- Preliminary Risk Assessment
 - Update the initial risk register completed in the Opportunity Assessment Report by evaluating the risks and risk owner, probability, impact, and mitigation strategies



RESOURCES

- Ministry Budget Model
- [Infrastructure BC](#)
- [Municipal Finance Authority of BC](#) (discount rates for lifecycle costing)
- Complete the Capital Project Risk Screen Tool ([CARG Template 8](#))
- Update the risk register ([CARG Template 9](#))
- [Ministry Risk Management Guide](#)

5.3 Summary of Options Analysis

- Summarize the results from Sections 5.1-5.2, providing advantages and disadvantages, to select a preferred option

6.0 Conclusions & Recommendations

- Provide conclusions for the preferred option
- Recommend next steps (e.g., Initial Functional Program, Indicative Design, Business Plan, etc.)

7.0 Implementation Strategy

- Procurement options, which provide a preliminary analysis of procurement models
- Planned approach to project governance
- Preliminary schedule that identifies the expected duration of each of the project phases leading to implementation

Supporting Information

- Capital Project Risk Screen Tool ([CARG Template 8](#))
- Risk Register ([CARG Template 9](#))
- [Ministry Risk Management Guide](#)
- Campus Master Plan
- Concept Drawings
- Ministry Budget Model Output/Quantity Surveyor Cost Estimate
- Engineering Pre-feasibility Studies

5.1.3 Business Plan Report

The Business Plan is the final deliverable in the planning process, and strives to establish an accurate degree of scope, cost, and schedule certainty for the recommended option selected in the Concept Plan Report. This ensures that funding for the recommended option, if approved, is sufficient to successfully implement the project.

A Business Plan demonstrates the need, viability, desirability, and affordability for the recommended option and requires all three levels of approval – the Institution, the Ministry, and Ministry of Finance.

The Business Plan ensures that the best strategic option has been selected and further develops the preferred option in the Concept Plan Report into a plan with a degree of accuracy that can be successfully implemented. Specifically, the Business Plan confirms the project's alignment with the Ministry's goals and government priorities, and includes a detailed capital/operating budget, project risk assessment, and project schedule. A financing section should indicate what sources of financing are expected to contribute to the capital cost of the project, the estimated amounts from each source, and their current status (received, committed, uncommitted). If there is a fundraising component to the project, provide as much detail as currently available. Details should also include current status. If applicable, identify any potential for contributions or gifts in kind (e.g., donation of equipment and materials). An implementation plan is also developed, which includes the recommended procurement option and governance structure for the proposed project.

In instances where the opportunity for a proposed New Development Project or Whole Asset Replacement & Renewal Project arises due to unforeseen government priorities, Institutions can potentially fast track the due diligence activity and project approval process. That is, Institutions may submit a modified Business Plan that includes an options analysis normally completed within the Concept Plan Report (i.e., Concept Plan Report – Section 5.0 Program Delivery Options Analysis) in lieu of preparing an Opportunity Assessment Report and a Concept Plan Report prior to preparing the Business Plan.

PROCESS	PHASE	DELIVERABLE
PLANNING	Initiate	Opportunity Assessment Report
	Evaluate	Concept Plan Report
	Define	Business Plan Report



Please refer to the [Ministry website](#) for the following companion documents:

[Template 5 – Business Plan Report](#)


[Template 8 – Capital Project Risk Screen Tool](#)

[Template 9 – Risk Register](#)

BUSINESS PLAN REPORT OUTLINE

Executive Summary	<ul style="list-style-type: none"> Summarize the key elements of the Business Plan
1.0 Project Description	<ul style="list-style-type: none"> Further define the project scope for the option recommended in the approved Concept Plan Report including the number of FTEs that can be accommodated and programs affected Summarize the proposed project's strategic and business drivers and objectives Summarize the options analyzed in the Concept Plan Report and justify the selection of the preferred option <div>  RESOURCES <ul style="list-style-type: none"> Approved Concept Plan Report Ministry Space Standards </div>
2.0 Background Information	<ul style="list-style-type: none"> Summarize the background information in the approved Concept Plan Report, including the current situation and forecast demand, as well as institution-specific program data <div>  RESOURCES <ul style="list-style-type: none"> Approved Concept Plan Report </div>
3.0 Strategic Alignment	<ul style="list-style-type: none"> Update the strategic alignment information in the approved Concept Plan Report, including how the proposed project is aligned with government strategic directions, and with external and internal stakeholders Alignment with provincial data on labour trends – economic stimulus through job creation <div>  RESOURCES <ul style="list-style-type: none"> Approved Concept Plan Report </div>
4.0 Environment Analysis	<ul style="list-style-type: none"> Update the environment analysis information in the approved Concept Plan, including market research and lessons learned <div>  RESOURCES <ul style="list-style-type: none"> Approved Concept Plan Report </div>
5.0 Detailed Capital/ Operating Budget	<ul style="list-style-type: none"> Detailed capital costs, operating costs, and facility lifecycle costs for the recommended option
6.0 Detailed Financing	<ul style="list-style-type: none"> Confirm multi-year cash flows Confirm sources of capital and operating funding for the recommended option, including direct capital funding (e.g., provincial funding/grants), federal grants, own resources, debt financing, private financing, disposition of surplus property, etc. Financing must include details of conditions, associated with external funding, borrowing assumptions, and planned commercial revenues (if applicable)

BUSINESS PLAN REPORT OUTLINE (continued)

<p>7.0 Project Risk Assessment</p>	<ul style="list-style-type: none"> • Update the risk register completed in the Concept Plan Report for the recommended option with the Ministry, in accordance with the Ministry's Risk Management Guide • Update the Capital Project Risk Screen Tool completed in the Concept Plan Report <p> RESOURCES</p> <ul style="list-style-type: none"> - Approved Concept Plan Report - Update the Capital Project Risk Screen Tool (CARG Template 8) - Update the Risk Register (CARG Template 9) - Ministry Risk Management Guide
<p>8.0 Conclusions & Recommendations</p>	<ul style="list-style-type: none"> • Summarize the conclusions for the recommended option, based on the analysis above • Recommended scope, cost, schedule, and financing
<p>9.0 Implementation Strategy</p>	<ul style="list-style-type: none"> • Lists the steps for executing the recommendations outlined in the previous section • Includes the proposed procurement model and justification for the selected project delivery, governance structure, and schedule • Communication Plan – roles and responsibilities • Project Governance – roles and responsibilities
<p>10.0 Review & Approval Process</p>	<ul style="list-style-type: none"> • Contains the procedure for obtaining approval within the Institution and the Province
<p>Supporting Information</p>	<ul style="list-style-type: none"> • Update the Capital Project Risk Screen Tool (CARG Template 8) completed for the Concept Plan Report • Update the Risk Register completed for the Concept Plan Report (CARG Template 4) • Initial Functional Program • Indicative Design • Quantity Surveyor Cost Estimate • Geotechnical Report • Environmental Assessment • Engineering Feasibility Studies

5.2 Planning Deliverables for Carbon Neutral Capital Program

5.2.1 Idea/Opportunity Identification

As with New Priority Investment projects, this is the first activity in the planning phase for CNCP Projects but does not require a deliverable to be submitted to the Ministry.

Although a deliverable is not required during the Idea/Opportunity Identification stage, the Institution's senior management should be engaged at this stage to review and, if appropriate, approve the idea/opportunity for further development. Ideas and opportunities should reflect industry trends, learner demand, and trends identified in other ministries. This ensures alignment with overarching government priorities and industry requirements.

If approved, the Institution's senior management may move the proposed idea/opportunity forward to the "Define" phase and the activity of preparing a CNCP Project Proposal.

PROCESS	PHASE	DELIVERABLE
PLANNING	Initiate	Idea/Opportunity Identification
		CNC Project Proposal



5.2.2 CNCP Project Proposal

Certain projects are eligible for funding under a separate dedicated allocation from the Ministry's Capital Plan. The CNCP Project Proposal is tailored to the due diligence requirements for CNCP and should demonstrate how the proposed project yields a net positive financial return to the Province over the lifecycle of the capital asset.

The level of detail expected from Institutions in the CNCP Project Proposal varies in accordance with the scope, complexity, and risk profile of the project. For instance, a renewable energy (e.g., biomass plant) project requires more due diligence than a simple lighting retrofit.

PROCESS	PHASE	DELIVERABLE
PLANNING	Initiate	Idea/Opportunity Identification
		CNCP Project Proposal



Please refer to the [Ministry website](#) for the following companion documents:

[Template 2 – Routine Capital and CNCP Project Proposal](#)

[Template 9 – Risk Register](#)


5.3 Planning Deliverables for Routine Capital Projects¹³

This section describes the deliverables required for Routine Capital projects. The Ministry provides notification of envelope funding on an annual basis for a three-year rolling time frame.

5.3.1 Major Routine Capital Projects

Institutions shall submit a project proposal which the Ministry will review and evaluate prior to the Ministry's approval. Evaluation criteria includes:

PROCESS	PHASE	DELIVERABLE
PLANNING	Initiate	Major Project Proposal



- **Infrastructure Improvements:** Describe how and to what extent the project will improve FCI and/or reduce life safety & occupational health risks. Although the proposed project may not relate directly to learning outcomes, describe how it is critical to the Institution's business continuity.
- **Cost Effectiveness:** Describe how and to what extent there are funding partnerships and/or cost benefits throughout the project lifecycle.
- **Innovation:** Describe how and to what extent it demonstrates sustainable solutions and/or demonstrates collaboration.
- **Strategic Alignment:** Describe how the project aligns with government priorities (e.g., Ministry Service Plan) and how the project aligns with Institutional priorities? (e.g., mission statement, master planning, etc.).
- **Quality Education:** Describe how and to what extent the project will improve student learning outcomes, and/or improve access to learning and/or student FTE and space utilization rates.
- **Energy usage and GHG emissions:** Describe how and to what extent the project will reduce energy usage and GHG emissions.

For Major Routine Capital Projects that are approved by the Ministry, a project approval letter, and Certificate of Approval (COA) will be issued by the Ministry. Please note that funding for M&R and U&R projects will be provided together on the same COA.

The proposal shall include the following, at a minimum:

- Project Category
- Project Priority Number
- Project Objectives
- Project Outcomes
- Project Cost/Funding
- Procurement
- Key Risks
- Project Schedule

Please refer to the [Ministry website](#) for the following companion documents:

[Template 2 – Routine Capital and CNCP Project Proposal](#)

¹³ Major Projects, Minor Projects, and Emergency Projects

5.3.2 Minor Routine Capital Projects


The Ministry will issue a capital funding envelope via Electronic Funds Transfer (EFT) to Institutions which shall be used to address ongoing assets, building systems, maintenance, and upkeep, as well as accumulated deferred maintenance backlog in accordance with the Ministry’s provided guidelines. Institutions are to provide an Annual Accountability Report at year end. For details on the Annual Accountability Report, please refer to [Section 7.1.4](#). Progress Reporting for Minor Routine Capital projects.

5.3.3 Emergency Projects

Emergency Projects are defined as projects arising from an unanticipated, immediate incident resulting in a health and safety and/or operational risk that has occurred or is expected to occur. Please refer to [Section 3.6](#) for the definition of Emergency Projects and eligibility.

For Emergency Projects, Institutions shall provide a brief summary regarding the nature of the emergency as well as project costs, key project risks, funding sources, and start/end dates.

PROCESS	PHASE	DELIVERABLE
PLANNING	Initiate	Emergency Project Definition Report



The Emergency Project Definition Report shall include the following, at a minimum:

- Project Scope
- Project Cost
- Key Risks
- Implementation (e.g., anticipated start/end dates, fiscal cash flow projections for all funding sources, etc.)
- Outcomes

Note that Emergency Projects are defined as projects arising from an unanticipated, immediate incident resulting in a health and safety and/or operational risk that has occurred. Institutions are expected to fund Emergency Projects with their own resources. However, under extenuating circumstances, the project may be eligible for funding under the Ministry’s emergency funds. It should be noted that the Ministry holds only a nominal reserve for Emergency Projects, and therefore, does not guarantee funding.

Please refer to the [Ministry website](#) for the following companion documents:
[Template 3 – Emergency Project Definition Report](#)

6.0 CAPITAL PROJECTS: APPROVALS PROCESS

6.1 Approval Letter

Once a project is approved, the Ministry issues an approval letter with the approved scope, budget and schedule, details on reporting requirements as well as project-specific terms and conditions if any. Typically, project status data from Institutions is required quarterly (with exception of Routine Capital Projects) with more frequent data submissions for high-risk or larger scope projects.

PROCESS	PHASE	DELIVERABLE
APPROVAL	Approve	Ministry Approval Letter
		Certificate of Approval



6.2 Certificate of Approval (COA)

The Certificate of Approval is a funding document certifying that all Ministry requirements have been met. Project funding cannot be released until the COA has been issued. A COA is issued under a project-specific identification number and if required, future releases of funds are provided under a revision to that original number. Prior to the initial COA issue or COA revision, Institutions must submit an updated and signed Capital Project Summary Report for the project. The typical COA process is as follows:

PROCESS	PHASE	DELIVERABLE
APPROVAL	Approve	Ministry Approval Letter
		Certificate of Approval



- The initial COA is issued for the funding approved by the Ministry, for up to 90% of total Ministry contribution.
- A final COA for the release of the 10% holdback is issued once the project closeout documents have been received and approved by the Ministry. Prior to the final COA, Institutions must submit a signed Project Closeout Form, in order for the COA to be issued

For cost-shared projects, COAs will not be issued until all other sources of funding have been committed and endorsed by the Institution. Until a COA is issued to the Institution, the Institution may be taking a risk if they proceed with the project. A verbal approval to proceed is inadequate.

Please refer to the [Ministry website](#) for the following companion document:

[Template 10 – Capital Project Summary Report](#)

7.0 CAPITAL PROJECTS: IMPLEMENTATION PROCESS

The Ministry provides an oversight during project implementation to ensure that government policies and mandates are followed, and to assist the Institution in delivering the project within the approved scope, budget, and schedule as per the funding approval letter. Institutions have flexibility in selecting the most appropriate procurement method for goods and services in accordance with the principles and policies set out in CAMF and any specific approval instructions or conditions required by the Ministry as stated in the approval letter. The Ministry may invoke additional controls for projects that are deemed to be high risk and/or where an Institution has not demonstrated its capacity or experience to successfully deliver a capital project.

Throughout project implementation, including design, construction, and commissioning, Institutions are required to provide the Ministry with information at specific milestones (or upon Ministry request) to confirm projects are progressing as planned and achieving the intended goals of scope, budget, and schedule. Project specific reporting requirements, such as the frequency and detail of information on project schedule and cash flow, are typically outlined in the covering letter sent to the Institution with the first COA.

At a minimum, Institutions are required to submit quarterly financial reports (including cash flow, actual versus forecast, etc.). New Priority Investment projects are also required to submit Quarterly Project Reports and updated Capital Project Summary Reports prior to each COA issuance. The COA is issued to a maximum of 90 percent of the total funding from the Ministry.

Please refer to the [Ministry website](#) for the following companion document:

[Template 6 – Quarterly Project Report](#)

[Template 7 – Quarterly Cash Flow Forecast](#)

[Template 10 – Capital Project Summary Report](#)

Table 7-1. Implementation Requirements, by Project Type

LEGEND

- Mandatory by Institution
- Mandatory by the Ministry
- Mandatory by Ministry of Finance
- ▲ Optional by Institution
- ▲ Optional by the Ministry
- ▲ Optional by Ministry of Finance

LEGEND			PROGRAM				
			New Priority Investment	Carbon Neutral	Routine Capital		
			PROJECT TYPES				
PROCESS	PHASE	DELIVERABLE	New Development	Carbon Neutral Capital	Major	Minor	Emergency
			Whole Asset Replacement & Renewal				
IMPLEMENTATION	Progress Reporting	Schematic Design Report	● ●				
		Quarterly Project Report	● ●	▲ ▲	▲ ▲	▲ ▲	▲ ▲
		Quarterly Cash Flow Forecast	● ●	● ●	● ●	● ●	
		Project Risk Register	● ●	▲ ▲ ³	▲ ▲ ³		▲ ▲ ³
		Project Summary Report	● ●				
		Annual Accountability Report	● ●	● ●	● ●	● ●	● ●
		Procurement Audit Report	▲	▲	▲	▲	▲

¹ For projects that are deemed high risk by the Ministry, review and approval by the Ministry of Finance may be required for the Concept Plan Report.

² Includes completion of Capital Project Risk Screen Tool

³ Not typically required for projects under \$2M, although the Ministry may request the report if the project is deemed to be high risk.

7.1 Progress Reporting

7.1.1 Progress Reporting for New Development Projects and Whole Asset Replacement & Renewal Projects

The CAMF refers to the principle whereby the agency (Institution) has earned independence from the responsible ministry's oversight activities. That is, the level of authority, monitoring and control from the Ministry depends on each Institution's demonstrated success in the delivery of capital projects. As such, the Ministry has the option of requesting more detail and reporting, for example, a procurement audit, variance reporting, etc. Further reporting may be requested during implementation.

Specific reporting requirements will be detailed in the project approval letter and will include the following:

[Template 6 – Quarterly Project Report](#)

[Template 9 – Risk Register](#)

[Template 11 – Annual Accountability Reports](#)

7.1.2 Progress Reporting for Carbon Neutral Capital Program

Progress reporting for CNCP Projects will vary according to the scope, complexity, and risk profile of the project.

Specific reporting requirements will be detailed in the project approval letter.

Please refer to the [Ministry website](#) for the following companion documents:

[Template 6 – Quarterly Project Report](#)

[Template 9 – Risk Register](#)

[Template 11 – Annual Accountability Reports](#)

7.1.3 Progress Reporting for Major Routine Capital Projects

Institutions may be required, with Ministry instructions, to report on the progress of Major Routine Capital projects through the submission of the following reports:

- Quarterly Project Report:
 - Quarterly project financial update (costs to date, forecast to complete, variance from budget, etc.)
 - Quarterly project progress update¹⁴ (description on work remaining, identify scope, schedule, and/or budget concerns, etc.)
- Major Routine Capital Annual Accountability Report to be completed at year end (Priority per Capital Asset Management System database, project outcomes, actual cost vs. project budget, etc.)

Please refer to the [Ministry website](#) for the following companion documents:

[Template 6 – Quarterly Project Report](#)

[Template 9 – Risk Register](#)

[Template 11 – Annual Accountability Reports](#)

7.1.4 Progress Reporting for Minor Routine Capital Projects

The Annual Accountability Report is required at year end, which includes:

- Reporting Category (e.g., life safety, building maintenance, GHG reduction, etc.)
- Priority per Capital Asset Management System database
- Ministry Priorities
- Project Outcomes
- Expenditure

Please refer to the [Ministry website](#) for the following companion document:

[Template 11 – Annual Accountability Reports](#)

¹⁴ Not typically required for Major Routine Capital projects under \$2 million, although the Ministry may request the report if the project is deemed to be high risk.

7.1.5 Progress Reporting for Emergency Projects

Institutions may be required, with Ministry instructions, to report on the progress of Emergency Projects through the submission of the following reports:

- Quarterly Project Report
 - Quarterly project financial update (costs to date, forecast to complete, variance from budget, etc.)
 - Quarterly project progress update ¹⁵ (description on work remaining, identify scope, schedule, and/or budget concerns, etc.)
- Updated Risk Register
- Major Routine Capital Annual Accountability Report to be completed at year end (Priority per Capital Asset Management System database, project outcomes, actual cost vs. project budget, etc.)

Please refer to the [Ministry website](#) for the following companion documents:

[Template 6 – Quarterly Project Report](#)

[Template 7 – Quarterly Cash Flow Forecast Report](#)

[Template 9 – Risk Register](#)

[Template 11 – Annual Accountability Reports](#)

7.2 Risk Reporting

During the planning phase, the proposed project's risks are incrementally assessed throughout the initiation, evaluation, and definition phases. The implementation phase requires that risks are actively managed through the use of a risk register ([CARG Template 9](#)). Additional information can be found in the Ministry's companion document, the [Risk Management Guide](#).

During implementation, risks are monitored and evaluated, as indicated in the "Risk Monitor & Control" and "Risk Evaluation (With Response)" portions of the risk register in Table 7-2.

A project risk register is to be completed for the types of projects indicated below and updated regularly throughout the project lifecycle, and submitted to the Ministry on a quarterly basis as part of [Template 6: Quarterly Project Report](#):

A project risk register is mandatory for the following projects:

- New Development Projects
- Whole Asset Replacement & Renewal Projects

A project risk register may be required, as per the Ministry, for the following projects:

- CNCP: Carbon Neutral Capital Program¹⁶
- Routine Capital: Major Projects ¹⁶
- Routine Capital: Emergency Projects¹⁶

¹⁵ Not typically required for emergency projects under \$2M, although the Ministry may request this report if the project is deemed high risk.

¹⁶ A risk register is not typically required for projects under \$2 million, although the Ministry may request that a risk register be completed if the project is deemed to be high risk.

Table 7-2. Risk Register – Risk Monitor & Control and Evaluation (With Response)

RISK IDENTIFICATION
(Inherent)

RISK RESPONSE

Risk Identification						Risk Response														
Risk ID	Life Cycle	Risk Event	Trigger / Root Cause	Consequence on Project Performance	Notes	Risk Probability	Risk Impact	Risk Ranking	Status	Risk Owner	Organization	Risk Response	Expected Results of Risk Response	Response Cost	Due Date of Risk Response	Response Percentage Complete	Notes on Risk Response (progress, effectiveness, other notes)	Probability w/ Risk Response	Impact w/ Risk Response	Risk Ranking w/ Risk Response

Risk Identification Details

Risk Evaluation (Inherent)

Risk Response Details

Risk Monitor & Control

Risk Evaluation (With Response)

Please refer to the [Ministry website](#) for the following companion documents:

Template 6 – Quarterly Project Report

Template 9 – Risk Register

7.3 Procurement Audits

In accordance with Section 10.6 Audits, Reviews & Oversight of the [CAME](#), the Ministry retains the right to conduct a procurement audit to ensure that the procurement processes during the planning, design, construction, and commissioning phases, align with the policies and objectives of CAMF primarily being competitive, open, fair, and transparent. This ensures that Institutions are accountable to the Province as well as the public.

Ministry of Finance has developed a [Capital Procurement Checklist](#) as a guide to assist public agencies, including Institutions, in following CAMF principles while procuring goods and services for capital projects. The checklist includes objectives, risks, criteria, evidence, and sample policy references for the design, approval, and tender & award phases of the project.

A procurement audit may be required for the following types of projects:

- New Development Projects
- Whole Asset Replacement & Renewal Projects
- CNCP: Carbon Neutral Capital Program
- Routine Capital: Major Projects
- Routine Capital: Emergency Projects

8.0 CAPITAL PROJECTS: CLOSE OUT PROCESS

8.1 Project Close Out

8.1.1 Project Close Out Reporting for New Priority Investment Program: New Development Projects and Whole Asset Replacement & Renewal Projects

At project completion, Institutions will be required to complete project close out requirements.

Requirements for New Development and Whole Asset Replacement & Renewal Projects include:

- Project Close Out Report
 - Project tombstone information
 - Project progress and milestones
 - Cost, funding, cash flow, space & capacity summary
 - Communications
 - Economic stimulus (i.e., job creation)
 - Health & safety
 - Confirmation of stage of LEED® certification process
 - Copy of LEED® certificate (to be submitted after receipt from CaGBC)
 - Energy efficiency and greenhouse gas emission reduction calculations
 - Wood First report
 - Procurement
 - Impact on local economy
 - Total cost/m²
 - Data on asset replacement to update Capital Asset Management System Database
 - Lessons learned
- Capital Project Closure Form
 - Compares the Ministry's approved budget with actual project costs
 - Cash flow (actuals)
 - Space summary (including approved vs. actual gross square meters, approved vs. actual FTE capacity of the building, etc.)

PROCESS	PHASE	DELIVERABLE
CLOSE OUT	Close Out	Financial & Compliance Audit Report
		Project Close Out Report

Please refer to the [Ministry website](#) for the following companion document:

[Template 12 – Project Close Out Report](#)

[Template 13 – Capital Project Closure Form](#)

8.1.2 Project Close Out Reporting for CNCP: Carbon Neutral Capital Program

Project close out requirements for CNCP Projects are similar to the requirements for New Priority Investment projects.

The CNCP Project Close Out Report includes the following sections:

1. Tombstone Information
2. Project Outcomes and Milestones
3. Cost, Funding and Cash Flow Summary
4. Health & Safety
5. Energy Efficiency and Greenhouse Gas Emissions
6. Procurement
7. Other

PROCESS	PHASE	DELIVERABLE
CLOSE OUT	Close Out	Financial & Compliance Audit Report
		CNCP Project Close Out Report

Also, the institution should forward, as soon as available, replacement cost data associated with the project so that the Ministry can update the Capital Asset Management System Database.

The Annual Accountability Report must also be completed. This report's primary purpose is to compare and reconcile the differences, on a project-by-project basis, Budgeted vs. Actual Costs and Approved Funding vs. Actual Funding Contributions

Please refer to the [Ministry website](#) for the following companion documents:

[Template 12a – CNCP Project Close Out Report](#)

[Template 13 – Capital Project Closure Form](#)

8.1.3 Project Close Out Reporting for Routine Capital Projects

Routine capital projects have annual reporting requirements as detailed in Section 7.1 Progress Reporting, as follows:

- [Section 7.1.3](#) Progress Reporting for Major Projects
- [Section 7.1.4](#) Progress Reporting for Minor Projects
- [Section 7.1.5](#) Progress Reporting for Emergency Projects

PROCESS	PHASE	DELIVERABLE
CLOSE OUT	Close Out	Financial & Compliance Audit Report
		Project Close Out Report

8.2 Financial & Compliance Audits

The Ministry reviews project close out documents prepared by Institutions in depth and upon satisfactory submission, releases the final 10 percent funding hold-back to the Institutions through a final COA issuance.

Institutions may be required to submit a financial and compliance audit undertaken by a certified, independent third party. This pertains to the following types of projects:

- New Priority Investment Projects
- Whole Asset Replacement & Renewal Projects
- CNCP: Carbon Neutral Capital Program
- Major Routine Capital Projects

The Ministry may require a financial and compliance audit to ensure that incurred costs are in accordance with Ministry-approved funding for the project. The Ministry will provide specific audit objectives and criteria when the request is issued to the Institution.

9.0 FIVE YEAR CAPITAL PLAN REQUIREMENTS

An Institution's Five-Year Capital Plan (Plan) provides the Ministry with a high-level understanding of the Institution's capital requests, such as New Priority Investment Projects, Whole Asset Replacement & Renewal Projects, and CNCP: Carbon Neutral Capital Projects.

The Ministry requests Plan submissions in Spring from all public post-secondary institutions as part of a planning cycle that enables the Ministry to develop capital priorities for future consideration and funding. The submission is generally due in June of the same year.

In an effort to standardize Plan submissions from Institutions, a set of requirements will be provided in a letter to the Institutions. This is intended to help Institutions structure their Plans and ensure alignment with Institutional and government priorities and strategic goals. The Plan is to be approved by the Institution (i.e., Board of Governor Resolution) prior to submission to the Ministry.

Institutions must ensure that projects included in the plan comply with the following frameworks and policies:

- [Capital Asset Management Framework](#)
- [Capital Asset Reference Guide](#)
- [Greenhouse Gas Reduction Targets Act](#)
- [Wood First Initiative](#)
- All new provincial public buildings are to be constructed to LEED Gold standards in accordance with the Canada Green Building Council (CaGBC)
- [University Act](#)
- [Royal Roads University Act](#)
- [Thompson Rivers University Act](#)
- [College and Institute Act](#)

For projects with a provincial investment over \$15 million, the Prime contractors are required to demonstrate an engagement in apprenticeship training by utilizing Registered Apprentices on Project-related contracts for Specified Trades valued at \$500,000. Full details are included in the policy below:

- [Apprenticeship Policy](#)

For projects with provincial investment less than \$15 million, if appropriate or applicable, the institutions may also choose to implement the apprenticeship policy. Further details will be provided in a Five-Year Capital Plan instruction letter to Institutions.

10.0 FINANCING

10.1 Overview

In support of budget cost estimates, a description of the proposed sources of capital and operating funding is to be included in the Opportunity Assessment Report, Concept Plan Report and Business Plan Report. Government funding sources must distinguish between donations and funds raised by the institution. The description of financing must include details of conditions associated with external funding, borrowing assumptions and detailed description of planned commercial revenues, if applicable.

10.2 Traditional Financing

Traditional capital financing may be provided by the Province as Direct Capital Funding. This is provided by the Province as a transfer of funds made directly to the Institution to finance capital projects fully or partially. The distinguishing factor between direct capital funding and all other types of provincial financing is that it is non-repayable. Types of direct capital funding include government transfers, grants, and capital contributions. Although non-repayable, some direct capital funding may have specific conditions for use ('conditional') whereas others may be 'unconditional'.

10.3 Alternative Financing

Alternative financing refers to all methods of capital funding other than the traditional methods. These methods of funding may be structured with or without recourse to and/or guarantees from the Province. The various methods of alternative financing also differ with respect to the degree of financial control, transfer of risk, and reporting requirements. The selection of an alternative financing method should always be based on economic and business outcomes, not for more desirable accounting and reporting outcomes. Some possible economic and business outcomes may include:

- Self-supporting projects where revenue sources such as user fees, tolls etc., are sufficient to cover incremental operating and debt service costs
- Internal payback projects where future savings are generated (e.g., energy retrofits) to fully recover incremental operating and debt service costs
- Projects where other external revenue sources such as endowments, donations, etc. are available to fully fund the project
- Ownership and control over revenues (e.g., collateral values, governance requirements, price, or demand risks)
- Ownership/type of assets (e.g., assets pledged as security, specialized or multi-purpose assets)
- Capital structure requirements of a project as a result of capital funding sources, partners, etc.
- Overall business and financial risk factors such as competition, cash flow stability, and interest rate/currency risk, etc.

This section will discuss the following alternative financing methods:

- Capital and Operating Leases
- Financing through the BC Immigrant Investment Fund
- Borrowing by the Agencies in the Financial Markets
 - Self-Supporting Project
 - Internal Payback Project
 - Other Projects
- Private Financing by Private Sector Partners

10.3.1 Capital and Operating Leases

For additional information on acquisition and disposition of property, please refer to [Section 14.0 Acquisition and Disposition of Property](#).

Capital and operating leases are in effect a “renting” (leasing) of an asset for a stated period of time in exchange for periodical payments. The terminology for each party in a lease arrangement is the ‘lessee’ being the party making the payments and the ‘lessor’ the party receiving the payments. In all situations, the lessor has full recourse to the lessee for payments for the lease term. Differentiation of capital and operating leases is based primarily on ownership of the asset and the transfer of risk, as described below.

Operating Lease

An operating lease is a lease where substantially all of the risks and rewards of asset ownership remain with the lessor. This is generally represented by the use of an asset for a shorter duration and subsequently returning the asset back to the lessor well before the asset’s economic life has expired. Essentially, any lease where none of the lease criteria listed below is present can be treated as an operating lease.

Capital Lease

A capital lease is a lease which transfers ‘substantially all’ of the risks and rewards of asset ownership to the lessee as evidenced by any of the following conditions:

- Ownership of the asset transfers to the lessee at the end of the lease term
- The lessee has an opportunity to purchase the asset at a ‘bargain price’ that is much lower than the asset’s fair market value
- The term of the lease is at least 75% of the economic life of the asset
- The present value¹⁷ of the lease payments over the term of the lease is at least 90% of the fair market value of the asset

In regard to capital lease approvals, with the exception of universities, Institutions require approval from the Minister of Advanced Education and Skills Training prior to entering into a lease agreement. Refer to [Section 14.0 Acquisition and Disposition of Property](#) for details and requirements for approval of leases. Institutions are advised to consult with the Ministry’s Capital Asset Coordinator prior to commencing any lease negotiations.

10.3.2 Financing through the InBC Investment Corp

The InBC Investment Corp ([InBC](#)) (formally the BC Immigrant Investment Fund) is a program available to Institutions to finance eligible capital projects at competitive terms. To be eligible for InBC funding, a project must demonstrate that it will have regional economic development impact, lead to job creation, advance reconciliation with Indigenous peoples, and promote diversity and inclusion.

10.3.3 Borrowing by the Agencies in the Financial Markets

Borrowing directly from financial markets in certain instances is allowable, but subject to appropriate government authorization. To be eligible for borrowing from financial markets, a project must be a Self-Supporting Project, Internal Payback Project, or other project where the portion of the project to be financed from financial markets is supported by external (non-taxpayer) revenues. These projects are defined as follows:

¹⁷ The lessee’s incremental borrowing rate is used to discount the lease payments to present value

Self-Supporting Project

Self-supporting projects rely on identifiable external (non-taxpayer) revenues to cover all operating costs, capital maintenance costs, and debt servicing costs. To be considered self-supporting, a project must demonstrate the following to be sustainable:

- Positive net income after depreciation
- Debt service coverage ratio (free cash flow/debt service cost) of one-to-one

The measures are considered sustainable if evidenced by the previous three years' operations and/or for the life of the project on a pro-forma basis.

Internal Payback Project

Internal payback projects are similar to self-supporting projects except that future cost savings, not external revenues, are used to support incremental operating, capital and debt service costs. An example of an internal payback project would be an energy retrofit project where future utility savings were sufficient to carry the debt servicing costs on the capital improvements. An internal payback project is deemed to be sustainable if it generates a positive net present value over the useful life of the project, on a pro-forma basis.

Other Projects

Following are examples of other projects where funding from financial markets may be appropriate.

- Financing of projects where investors' recourse is limited solely to the cash flows and assets of the project
- Financing of projects where specific revenues are securitized (i.e., the lender's only recourse is a dedicated revenue stream such as tolls, levies, tariffs, rentals etc.)
- Projects where the Institution borrows directly from financial markets on its own credit where the lender's recourse is to the Institution only (i.e., not guaranteed by the province)
- Arrangements where the funding requirements of several projects are pooled together and financed from a special purpose vehicle established to deliver lower borrowing costs, greater liquidity and/or improved access to financial markets

All of the above examples assume that the financing is not guaranteed by the Province. Hybrids of these examples may also include full or partial guarantees from the Province.

10.3.4 Private Financing by Private Sector Partners

Projects where Institutions fund capital expenditures using financing from private sector partners are referred to as ‘public-private partnerships’, ‘PPPs’ or ‘P3s’. These partnerships are discussed in detail in [Section 10.5](#) Public-Private Partnerships and [Section 12.6](#) Project Delivery Models – Public-Private Partnerships.

10.4 Asset Leveraging

Asset leveraging is a financing method where Institutions use existing assets to provide financing for new projects. Typical examples of asset leveraging include selling unused land and/or buildings, sale, and leaseback transactions, leasing unused portions of buildings, etc. The Ministry supports these innovative funding alternatives as long as the revenue obtained is used strictly for educational purposes or to offset the costs of new educational capital projects that would typically require provincial funding. In order for an Institution to dispose of an asset, the Institution must first declare the asset as surplus to its long-term needs (e.g., 25 years). For detailed requirements regarding asset disposition, refer to [Section 14.0](#) Acquisition & Disposition of Property.

10.5 Public-Private Partnerships

Public-Private Partnerships (P3) are an alternative capital procurement method deployed to design, build, finance, and/or operate a public facility. P3s can be very complex and considerable planning is required to quantify and measure both the costs and benefits of a P3, as well as to fully develop a similar cost-benefit analysis of a traditionally funded and developed project as a public comparator. Generally speaking, *the benefits and risks in a P3 must be shared appropriately between the public and private partners for it to be successful*. Ideally, the P3 should match the operating, capital, and financial requirements of the project to the partner who is most qualified and capable of managing those areas. Additional information regarding P3s is available in [Section 12.6 Project Delivery Models – Public-Private Partnerships](#).

Note: [Infrastructure BC](#), owned by the Province, is responsible for assisting public agencies in analyzing P3 proposals. Projects with a provincial contribution greater than \$100 million must be evaluated by Infrastructure BC for P3 viability during the Concept Plan Report activity. Institutions are instructed to coordinate with the Ministry for any services provided by Infrastructure BC.

11.0 BC KNOWLEDGE DEVELOPMENT FUND (BCKDF)

11.1 General

The BCKDF was established in 1998 to provide funding for research infrastructure (i.e., scientific equipment, computer hardware, renovations, etc.) for the province's public post-secondary institutions, research hospitals and affiliated non-profit agencies. BCKDF represents the provincial government's primary capital investment in support of research infrastructure. The objectives of BCKDF are to:

- Maximize the economic and social benefits of investing in research infrastructure within British Columbia.
- Promote excellence in research and the enhancement of research infrastructure within the province.
- Encourage increased collaboration among the province's public post-secondary institutions, as well as between post-secondary institutions and industry.
- Improve British Columbia's ability to attract and retain high-quality researchers and skilled technicians; and
- Ensure British Columbia's public post-secondary institutions and research hospitals are able to compete successfully for private sector and federal funding.

BCKDF is a cost-sharing program, with the federal Canada Foundation for Innovation (CFI) and non-provincial government partners contributing a minimum of 60 percent of the total project costs. The provincial funding is provided out of the Ministry's Capital Budget.

11.2 Project Approval and Implementation Process

The BCKDF is collaboratively managed between the Ministry and the Ministry of Jobs, Economic Recovery, and Innovation (JERI). JERI is responsible for program policy, and review of a proposal's eligibility and alignment with provincial priorities. The Ministry is responsible for budget allocations, review of a proposal's financial information and management of the BCKDF funding awards. Further information on the administration of the BCKDF program can be found at:

<https://www2.gov.bc.ca/gov/content/governments/technology-innovation/bckdf>

All BCKDF projects must be implemented within regular procedures for debt-serviced capital project funding.

12.0 PROJECT DELIVERY MODELS

12.1 Introduction

The selection of the most appropriate project delivery option is dependent on a number of factors such as time constraints, risk tolerance, budget/cost issues, quality/functional objectives, project scope complexity, cash flow and funding constraints. The procurement models identified in this section include the following:

1. Design-Bid-Build
2. Design-Build
3. Construction Manager At Risk – Guaranteed Maximum Price (GMP)
4. Construction Manager – Fixed Fee (CM as agent)
5. Public-Private Partnerships (P3s)

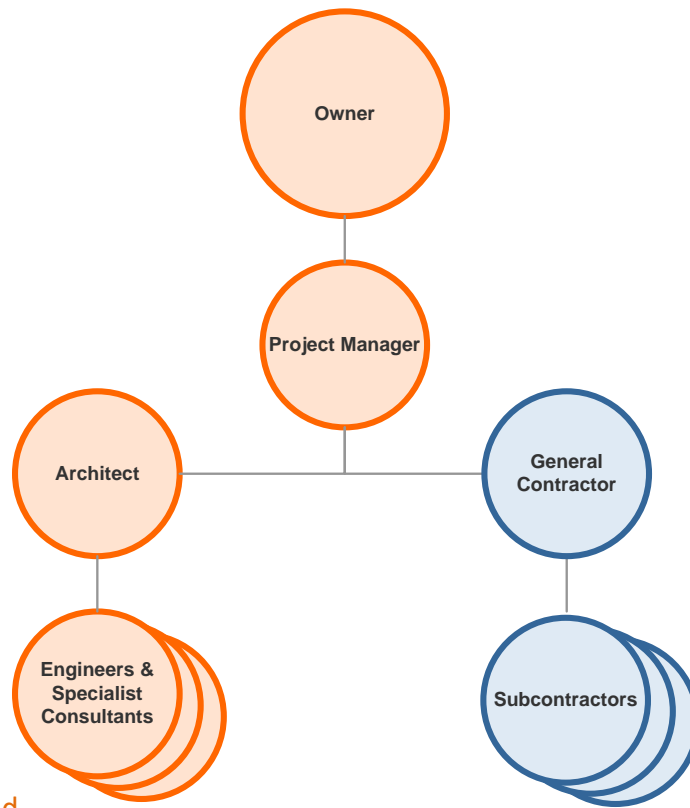
Procurement options are evaluated for both the Concept Plan Report and the Business Plan Report due diligence activities.

12.2 Design-Bid-Build

12.2.1 Description

- Traditional approach, also known as Stipulated Price Contract or Stipulated Lump Sum
- Typically used on a well-defined project of a routine nature where there is no requirement for a fast-track schedule overlapping design and construction, and an Owner risk requirement exists for a fixed price prior to starting construction
- Characterized by:
 - Three distinct phases that occur sequentially:
 1. Design
 2. Bid or Tendering
 3. Build or Construction
 - Separate contracts:
 1. Owner and Architect
 2. Owner and Contractor
- Owner acts as Project Manager (PM) or hires a project management firm as its representative
- The Owner/PM hires an architect, engineers, and other specialist consultants, to prepare a program, drawings, and specifications for the total project scope under the Owner/PM's direction
- The Owner/PM (or the Architect) hires cost consultants to monitor the project scope and provide cost advice as the design develops
- Competitive lump sum tenders are typically solicited by posting tenders on BC Bid and receiving quotes from interested bidders, then a single General Contractor is selected based on the lowest price, compliant with the tender documents
- The General Contractor constructs and commissions the facility under a single lump sum/stipulated price contract, which is administered by the Owner/PM and assisted by the architect, engineers, and other specialist consultants

Figure 12-1. Design-Bid-Build Project



12.2.2 Advantages and

Disadvantages

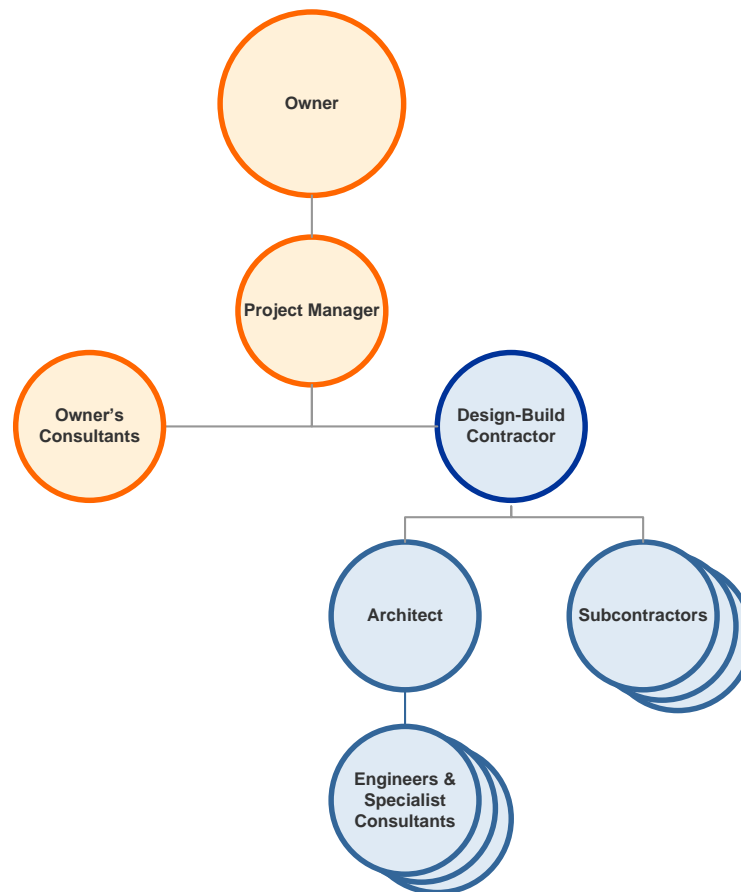
Advantages	Disadvantages
<ul style="list-style-type: none"> • Common use and familiarity • Costs are known early • Competitive market pricing with minimal contingency in the contractor's price • Design is resolved prior to construction start • Scope of project and quality requirements of the Owner is usually well defined • Architects administer the contract with the builder • Owner transfers full construction performance risk to the contractor • Construction health and safety risk is clearly with the contractor 	<ul style="list-style-type: none"> • Schedule is lengthy due to sequential process of design, tender, and construction activities • Sequential schedule prevents coordination and communication • Often minimal or no contractor input to design • Costly to incorporate major changes or revised Owner requirements into the project and may lead to delay claims • Minimal opportunity for value engineering and constructability reviews after tenders are received • Contract price and hence budget performance are not known until drawings completed and tendered; risk of cost overrun and re-design to reduce costs • Any cost savings or unspent contingencies revert to the contractor

12.3 Design-Build

12.3.1 Description

- Typically used when the Owner can develop functional and performance requirements to a high degree and requires single source responsibility for total project delivery on a fast-track schedule
- Owner/PM retains an architect, engineers, and other specialist consultants (Owner's consultants) to complete a space program, project concept and performance specifications
- Owner/PM selects a short list of pre-qualified design-build contractors to submit designs and fixed price tenders for the project based upon the Owner's stated requirements
- Each design-build contractor retains its own architect, engineers, and other specialist consultants to assist in the development of its own unique design solution
- The successful design-build contractor completes the following, using its own architects, engineers, and other specialist consultants:
 - Design
 - Drawings
 - Detailed specifications
 - Constructs and commissions the new facility

Figure 12-2. Design-Build Project



12.3.2 Advantages & Disadvantages

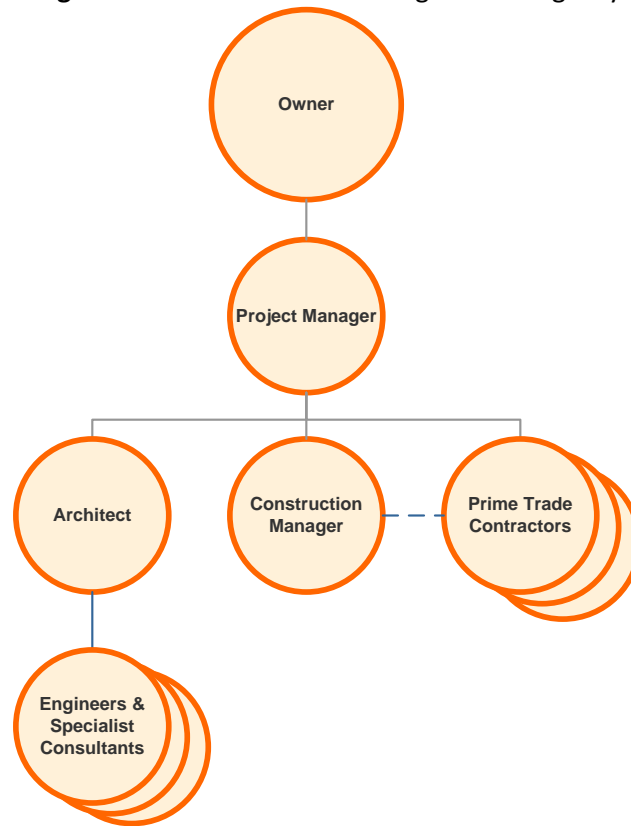
Advantages	Disadvantages
<ul style="list-style-type: none">• Design and construction are overlapped to reduce the overall schedule• Total design and construction costs are theoretically fixed prior to design and construction start subject only to changes in the Owner's requirements• Allows more than one design solution to be developed to fulfill the intent of the Owner's requirements• Competitive design-build process can result in creative and cost-effective design solutions• Single source responsibility for delivery of the total project• Design and construction risk is theoretically transferred to the contractor	<ul style="list-style-type: none">• Owner does not have direct control over the design team• Owner's requirements must be very well defined at the outset• Limited flexibility for the Owner to introduce changes in requirements• Savings resulting from value engineering during the design phase or favorable market conditions accrue to the contractor• Evaluation and comparison of the various design-build solutions is difficult to ensure best value in terms of price, performance, and function, including accounting for lifecycle costs• Owner requires a strong consultant team to be actively involved to enforce requirements of the contract and perform adequate due diligence through the process• Design-build tendering process is costly to the bidders—some form of compensation may be required to losing design-build teams that are not successful as the low bidder• Design innovations developed by the unsuccessful teams remain the respective “copyrights” of the contractors

12.4 Construction Manager, Fixed Fee (CM as Agent)

12.4.1 Description

- Typically used when the Owner is not risk adverse and prefers a hands-on involvement in the project working closely with the Construction Manager (CM) or doing the construction management directly with its own staff
- Owner/PM retains an architect, engineers, and specialist consultants, who initially prepare a program, then subsequently prepare drawings and specifications under the direction of the Owner/PM for a series of separate and sequential trade contract tenders. Design and construction activities run concurrently and are overlapped
- The Owner/PM retains a construction management company (Construction Manager) on a fee-for-services basis who is responsible for:
 - Constructability and value engineering input during the design
 - Arranging competitive trade contract tenders
 - Managing schedule and construction costs
 - Managing all construction activities
- Competitive separate trade contract tenders are issued and received by the CM sequentially throughout the course of the project as per the project schedule
 - Trade contracts are awarded based on CM's recommendations
 - Separate trade contractors may be pre-qualified by the CM
 - The CM manages and administers separate trade contracts with oversight and inspection from the architect, engineers, and other specialist consultants
- Contracts are typically between the Owner and the individual trade contractors, wherein the CM is acting as an agent for the Owner, with limited liability risk and virtually no financial risk

Figure 12-3. Construction Management – Agency



12.4.2 Advantages & Disadvantages

Advantages	Disadvantages
<ul style="list-style-type: none"> • Design process can be managed to control scope and quality • Flexibility exists during the design and construction phases to overcome problems, incorporate changes, and vary schedule requirements • Design and construction overlap to reduce the overall schedule and achieve an earlier construction start and hence occupancy • Construction Manager provides value engineering and constructability input to the design • Cost savings due to budget under-runs, favorable market conditions, design and construction innovation revert to the Owner, in whole or in part • Owner retains and manages project contingencies as deemed appropriate 	<ul style="list-style-type: none"> • Total costs are not firmly known at the start of construction • Contractor's own forces work needs to be clearly identified • The Owner must exercise a great degree of "due diligence" in selection of the construction management firm, as the Construction Manager is typically acting in a relationship that involves trust and confidence • Coordination challenges due to multiple contracts

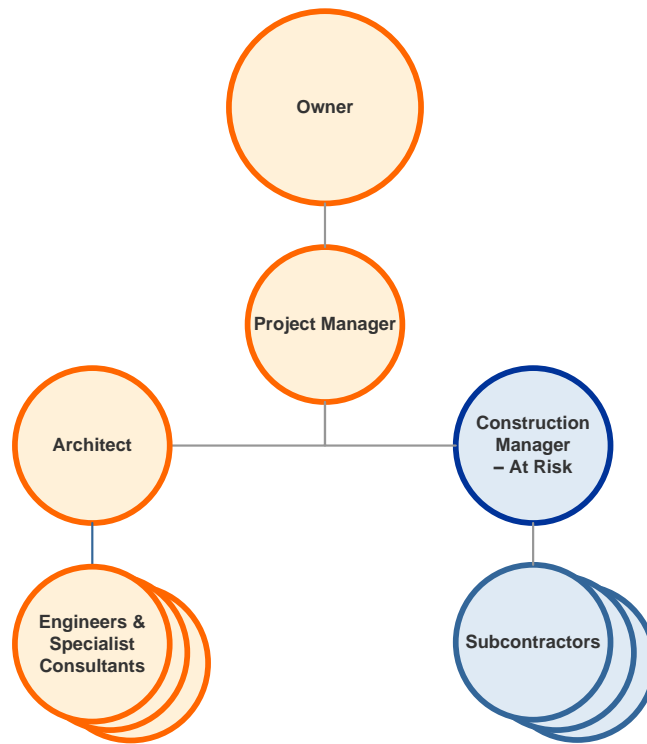
12.5 Construction Manager at Risk – Guaranteed Maximum Price (GMP)

12.5.1 Description

- Typically used where the project is straightforward and not overly complex, and the Owner is somewhat risk adverse, but wishes to enjoy many of the same benefits of the Construction Management approach with the added benefit of “a not to exceed” figure before construction proceeds
- Owner/PM retains an architect, engineers and specialist consultants who prepare a program, drawings, and specifications under the Owner/PM’s direction for a series of separate and sequential trade contract tenders
- Design and construction activities run concurrently and are overlapped
- Owner/PM retains a Construction Manager (CM)
 - Design Phase: CM provides constructability and value engineering input
 - Construction phase: CM acts as a general contractor under a GMP form of contract
- The selected CM develops a detailed budget (GMP) for the project
- The architect, engineers, and other specialist consultants, in conjunction with the CM with a GMP contract, complete drawings and specifications for separate, sequential sub-trade contract tenders
- CM obtains competitive sub-trade tenders and Owner/PM’s approval to award each separate sub-trade contract

At project completion, the Owner/PM reconciles the final cost of the project with the GMP CM based on actual costs incurred by the GMP CM plus the GMP CM’s fee including all approved changes, with the GMP price originally established. Any cost overrun beyond the GMP contract price is absorbed by the GMP CM. Any cost under-run below the GMP reverts to the Owner or is shared between the parties based upon the cost sharing formula. Any incentives to meet schedule are also applied.

Figure 12-4. Construction Management – At Risk



12.5.2 Advantages &

Disadvantages

Advantages	Disadvantages
<ul style="list-style-type: none"> Advantages similar to Construction Management (agency model) with the following additional benefits: <ul style="list-style-type: none"> Owner has the benefit of a not-to-exceed cost figure during project development, assuming no changes are made to the scope of the contract Risk of cost performance is transferred to the Contractor after the GMP is established 	<ul style="list-style-type: none"> Owner and Contractor share in any costs savings regardless of reason Owner is reliant on the ability of the Contractor to develop a GMP and negotiate competitive sub-trade prices Owner must have a high degree of trust and confidence in the Contractor's integrity not to overly inflate the GMP price Owner requires a strong and knowledgeable Owner's team to review and approve/accept the initial GMP price and administer the GMP contract The Owner and Contractor run the risk of haggling over changes (i.e., changes inside or outside the original GMP amount) The Contractor may propose to do some of the work with own forces, hence reducing the competitive advantages of sub-trade tendering Fee for overhead and profit, which is part of the GMP, is higher, due to additional risk assumed by the Contractor

12.6 Public-Private Partnerships

12.6.1 Description

Projects with a provincial funding contribution greater than \$100 million must be evaluated by Infrastructure BC (IBC) for public private partnership (P3) viability during the Concept Plan Report activity. Institutions are instructed to coordinate with the Ministry for any services provided by IBC. While it is not mandatory to use IBC's services to plan, deliver and oversee project delivery, they do offer those services.

P3s can be structured in a variety of ways and are complex in that no two P3 projects are identical. The Canadian Council for Public-Private Partnerships identifies a number of commonly used partnership agreements, found in Table 12-1.

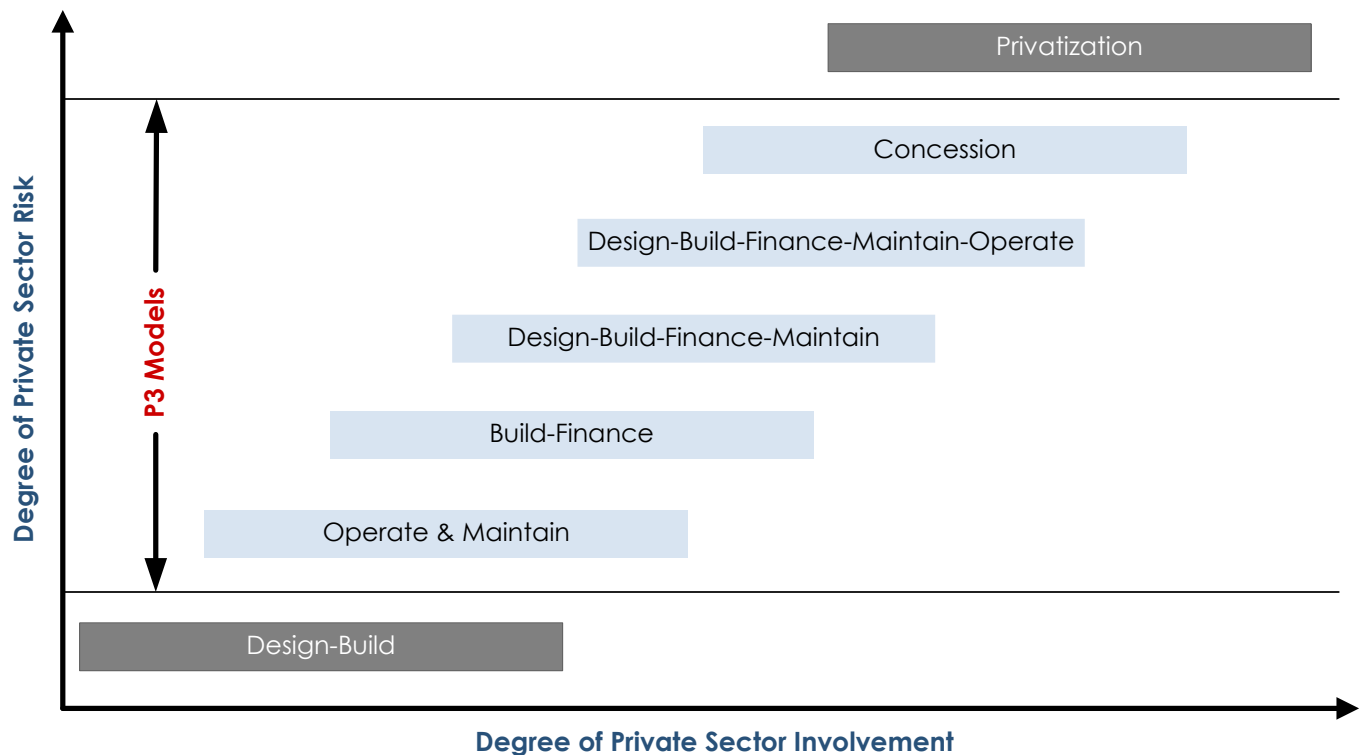
Table 12-1. Common P3 Agreements in Canada¹⁸

Design-Build (DB)	The private sector designs and builds infrastructure to meet public sector performance specifications, often for a fixed price, so the risk of cost overruns is transferred to the private sector (many do not consider DB's to be within the spectrum of PPP's).
Finance Only	A private entity, usually a financial services company, funds a project directly or uses various mechanisms such as a long-term lease or bond issue.
Operation & Maintenance Contract (O&M)	A private operator, under contract, operates a publicly owned asset for a specified term. Ownership of the asset remains with the public entity.
Build-Finance	The private sector constructs an asset and finances the capital cost only during the construction period.
Design-Build-Finance-Maintain (DBFM)	The private sector designs, builds and finances an asset and provides hard facility management or maintenance services under a long-term agreement.
Design-Build-Finance-Maintain-Operate (DBFMO)	The private sector designs, builds, and finances an asset, provides hard and/or soft facility management services as well as operations under a long-term agreement.
Build-Own-Operate (BOO)	The private sector finances, builds, owns, and operates a facility or service in perpetuity. The public constraints are stated in the original agreement and through ongoing regulatory authority.
Concession	A private sector concessionaire undertakes investments and operates the facility for a fixed period of time after which the ownership reverts back to the public sector.

¹⁸ The Canadian Council for Public-Private Partnerships

The range of P3 agreements span from design-build to privatization, depending on the degree of private sector commitment and how the risk is transferred. The image below provides an abbreviated spectrum of P3 delivery models.

Figure 12-5. The Scale of Public-Private Partnerships:
Risk Transfer & Private Sector Involvement¹⁹



12.6.2 Advantages & Disadvantages

The advantages and disadvantages of P3s vary according to each P3 agreement structure. Please refer to the BC Ministry of Municipal Affairs' document, [Public Private Partnership: A Guide for Local Government](#). More details can also be found at [Infrastructure BC](#).

¹⁹ The Canadian Council for Public-Private Partnerships

12.7 Timeline Illustration for Project Delivery Models

Project delivery schedules differ from one option to the next. Table 12-2 provides an illustrative example of project schedules for delivery options including Design-Bid-Build, Design-build, Construction Manager at Risk (GMP), and Construction Manager – Fixed Fee (CM as Agent).

The examples highlight major activities and sample durations only. Project scheduling should always be completed by a knowledgeable and experienced individual to help improve accuracy. Institutions may also consider the following points when developing specific project schedules:

- Has sufficient work been completed in the business planning stages to identify project and faculty staff requirements in advance of design? The design activity duration should consider the level of planning work already completed.
- How will fast-tracking or overlapping of activities affect the project and the Institutions risk exposure? For example, status of design, permits and approvals affects when trade contracts should be awarded and when construction should realistically commence.
- If necessary, what is the optimal timing and process for converting from a construction at fee to construction at risk (fixed fee) contract? How long will this take and when should it commence?
- Are there any external factors that might impact the proposed schedule? For example, weather or construction labour limitations, funding mechanisms and timing, Board approvals etc.
- How are existing faculty operations affected by the project and how can impact be suitably reduced and scheduled? For example, scheduling construction work to be done during the summer break and allocation of temporary space.

Table 12-2. Project Delivery Models – Timeline Comparison

Number of Months		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40
Design-Bid-Build																																									
Tender & Award Arch./Eng'r & Consultants	T&A																																								
Design																																									
Tender & Award Gen. Construction Contract																																									
Construction																																									
Design-Build																																									
Tender & Award Owner's Consultants	T&A																																								
Prepare Design-Bid Specification																																									
Design-Build Tender & Award																																									
Design																																									
Award Trade Contracts																																									
Construction																																									
Construction Manager At Risk – GMP																																									
Tender & Award Arch./Eng'r & Consultants	T&A																																								
Design																																									
Tender & Award GMP Contract																																									
Negotiate & Award GMP Contract																																									
Tender & Award Trade Contracts																																									
Construction																																									
Construction Manager – Fixed Fee (CM as Agent)																																									
Tender & Award Arch./Eng'r & Consultants	T&A																																								
Design																																									
Tender & Award Construction Manager																																									
Tender & Award Trade Contracts																																									
Construction																																									

13.0 GOVERNANCE & RISK MANAGEMENT

13.1 Project Governance

The capital planning process is governed by numerous government agencies and policies. Each agency plays a specific role in the facilitation and approval of a post-secondary capital project.

PROVINCIAL AGENCY

MINISTRY OF FINANCE

Role: Approves the Ministry's Service Plan and 10 Year Capital Plan. Also sanctions Institutions' Business Plans approved by the Ministry.

The Ministry of Finance is responsible for BC's economic, fiscal, financial management, and taxation policies. There are a number of divisions within the Ministry of Finance that collectively provide funding for government programs in BC. For instance, Ministry of Finance is responsible for budget and management matters, the Office of the Comptroller General is responsible for the overall quality and integrity of government's financial management and control systems, and the Provincial Treasury is responsible for the province's borrowing/financing needs and manages banking and cash.

MINISTRY OF ADVANCED EDUCATION AND SKILLS TRAINING

Role: Prioritizes Institutions' Service Plans and Capital Plans.

The Ministry ensures that BC is supplied with knowledgeable and skilled individuals that reflect economic development requirements. The Ministry is also responsible for ensuring accountability in the financial decision-making process throughout BC's network of post-secondary institutions. At a high level, the Ministry prioritizes capital submissions from Institutions and submits high priority projects to Ministry of Finance for approval.

The Ministry employs the policy of "earned independence" in governing post-secondary institutions, where the level of reporting required from each Institution varies according to its proven track record in fiscal responsibility. At a minimum, the Ministry provides authorization for Institutions to proceed from an Opportunity Assessment Report to Concept Plan Report, to Business Plan Report, and project implementation.

CROWN CORPORATIONS

Infrastructure British Columbia Inc.

Role: Reviews capital project proposals exceeding \$100 million for Public Private Partnerships (P3) viability.

Infrastructure BC is owned by the Province of BC and is accountable to the Ministry of Finance. Capital project proposals from post-secondary institutions with provincial contributions funding exceeding \$100 million are required to be submitted through the Ministry to Infrastructure BC for P3 viability.

LOCAL AGENCIES

Post-Secondary Institutions Role: Prioritize capital projects for submission to the Ministry and monitor and report on projects underway.

Institutions are responsible for reporting to the Ministry on current capital projects as well as submit a prioritized list of capital project proposals through their Service Plans and Capital Plans. The extent of which Institutions are to report to the Ministry varies according to their proven track record in fiscal responsibility.

In addition to the government agencies above, the capital planning process is governed by legislation including, but not limited to, the following:

- [*Capital Asset Management Framework*](#)
- [*Financial Administration Act \(FAA\)*](#)
- [*Financial Information Act \(FIA\)*](#)
- [*Balanced Budget and Ministerial Accountability Act \(BBMAA\)*](#)
- [*Budget Transparency and Accountability Act \(BTAA\)*](#)
- [*New West Partnership Trade Agreement \(NWPTA\)*](#)
- [*Agreement on Internal Trade \(AIT\)*](#)
- [*Greenhouse Gas Reduction Targets Act \(Bill 44\)*](#)
- [*Wood First Initiative*](#)
- All new provincial public buildings are to be constructed to LEED Gold standards in accordance with the+ Canada Green Building Council (CaGBC)[*University Act*](#)
- [*Royal Roads University Act*](#)
- [*Thompson Rivers University Act*](#)
- [*College and Institute Act*](#)

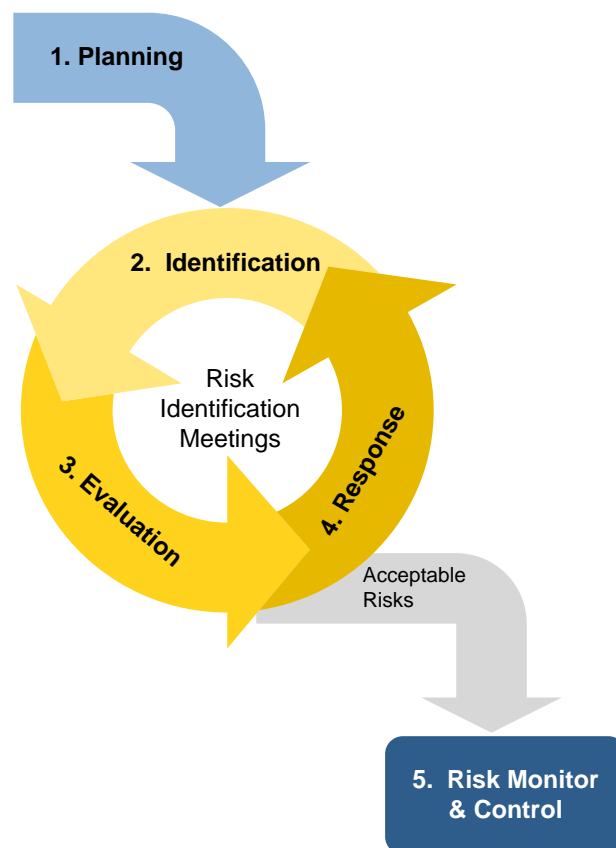
13.2 Risk Management Overview

A risk management framework provides guidance in the identification, evaluation, response, and monitoring and control of response to risks that arise throughout the project lifecycle. The framework, when used effectively, can help to increase the chances of project success in terms of implementing the project in accordance with the approved scope, schedule, and budget.

Risk management has five key process steps as indicated in the Figure 13-1.

For more details, please refer to the Ministry's [Risk Management Guide](#).

Figure 13-1. Risk Management Process



1. RISK PLANNING

- Assign roles and responsibilities
- Defines probability and impact tables, risk tolerance, risk break down structure, and risk management schedule



2. RISK IDENTIFICATION

- Locating and defining project risk including a description, trigger(s), and impact on scope, schedule, and budget



3. RISK EVALUATION

- Determine probability of risk occurring and its severity, should it occur
- Probability and impact of a risk are recorded in the risk register and combined to provide the expected value of a risk
- All risks are sorted by expected value to identify the most critical risks
- Those risks that exceed the project's level of risk tolerance must be addressed



4. RISK RESPONSE

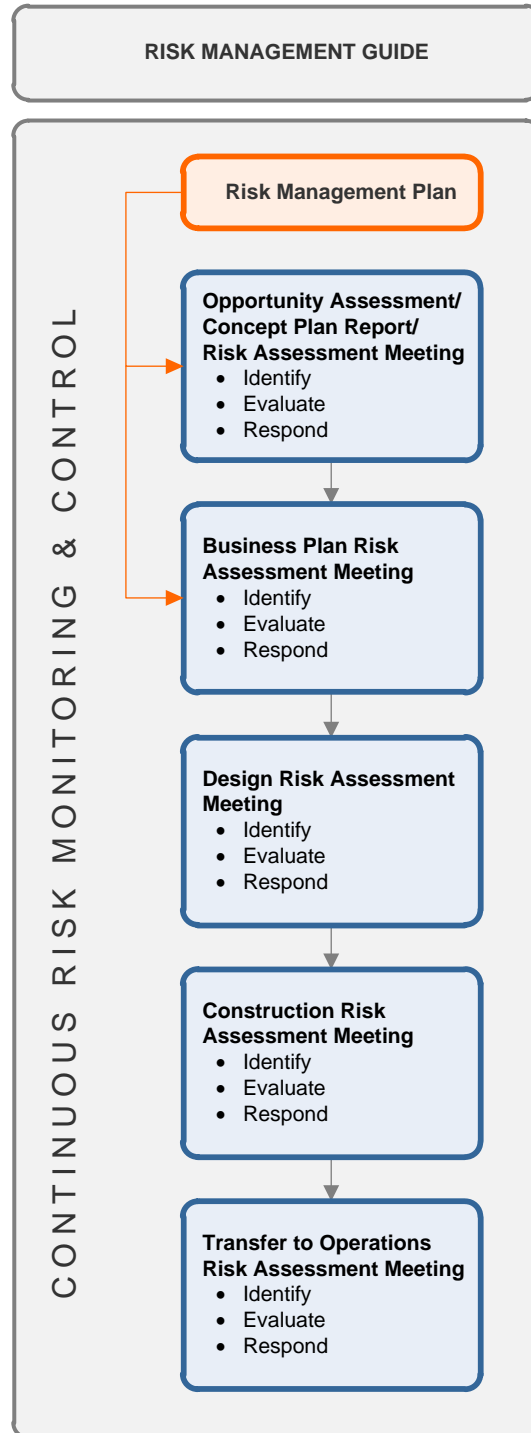
- Addresses unacceptable risks so that they become tolerable
- Risk responses include mitigation, avoidance, transference, and acceptance
- Action items required to respond to a risk are recorded in the risk register and evaluated for effectiveness
- If the expected value of the risk is still not acceptable, additional action items are required.



5. RISK MONITORING & CONTROL

- Most critical part of the risk management
- Planned risk responses are tracked to ensure corrective actions occur and that these activities have the desired effect

Figure 13-2. Overview of the Risk Management Guide in the Context of the CARG



14.0 ACQUISITION & DISPOSITION OF PROPERTY

Universities, colleges, and institutes must comply with statutory requirements applicable to the acquisition and disposition of property.

It is imperative that intentions for all requests for consent to acquire or dispose of property be made known to the Ministry 6 to 12 months in advance of entering into an agreement to support planning by the Institution and the Ministry.

The Ministry will conduct a review of the request to determine if the request is supported with all relevant documentation and otherwise meets the requirements of the applicable Act and Ministerial policy.

The process to complete the Ministry review and to obtain a Ministerial decision may take up to two months after receipt of all required documentation. For complex transactions, this process can take up to three months, or longer. Universities, colleges, and institutes should negotiate and provide draft documentation relating to the transaction in a manner that will allow sufficient time to obtain a decision of the Minister in advance of the desired closing date of the transaction. In order to proceed with a request for Ministerial consent, draft Agreements must be substantially the same as the final Agreement.

NOTE: The post-secondary legislation refers to the terms “acquire” and “dispose”, defined under Section 29 of the *Interpretation Act* as follows:

"Acquire" means to obtain by any method and includes accept, receive, purchase, be vested with, lease, take possession, control, or occupation of, and agree to do any of those things, but does not include expropriate.

"Dispose" means to transfer by any method and includes assign, give, sell, grant, charge, convey, bequeath, devise, lease, divest, release, and agree to do any of those things.

Please also note that the requirement for Ministerial consent applies to all interests in land, buildings and/or space, including interests granted through rights of way, easements, and covenants, in addition to sales and leases. **The Minister cannot approve an executed agreement or an agreement that pre-dates the Minister's decision.**

14.1 Universities

14.1.1 Acquisitions of Land, Buildings, and/or Space

Section 50(1) of the *University Act* provides:

- (1) For the purposes of carrying out and advancing, directly or indirectly, the purposes of a university, a university may acquire, by gift, purchase or any other manner, and hold, property of any kind.

Approval of the Ministry is not required for universities to acquire property.

14.1.2 Dispositions of Land, Buildings, and/or Space

Section 50 (2) and (3) provide:

- (2) Subject to the approval of the Minister and to the terms of any grant, conveyance, gift or devise of land, a university may
 - (a) Mortgage, sell, transfer, lease for not more than 99 years, or otherwise dispose of its land, and
 - (b) Lease for any term any of its land to a college affiliated with the university.
- (3) Subject to the terms of any grant, conveyance, gift or bequest of any personal property, a university may mortgage, sell, transfer, lease or otherwise dispose of its property.

14.1.2.1 General Obligations

1. The net proceeds from the sale or lease of property owned by the institution must be applied to any outstanding provincial debt on the property.
2. Universities are to identify First Nation(s) that could be impacted by its proposed decision or activity; (as identified using the First Nations Consultation Area Database, located at <http://maps.gov.bc.ca/ess/hm/cadb/>). Refer to Section 14.3 First Nations Consultation.

14.1.2.2 Approval Procedure for Dispositions Excluding Leases

Prior to the commitment of substantial time and funds, it is strongly recommended that universities discuss with the Ministry any proposal to dispose of an interest in land. Approval of the Minister is required prior to any disposition of an interest in land, buildings, and/or space.

1. In instances where a disposition may trigger a duty on the part of the Crown to consult with First Nations, the Ministry may engage a consultation process involving the Institution; and
2. If approval of the Minister is granted, the Institution is notified, and the signed Consent Form or Ministerial Order is forwarded to the University.

14.1.2.3 Required Documentation for Dispositions Excluding Leases

The required documentation for universities for dispositions of land, buildings, and/or space is as follows:

A copy of the proposed agreement
A copy of the survey plan with the disposal property clearly outlined in red
A legal description of the property including the civic address and measurements (property size in hectares, building area in square metres) ⁽¹⁾
A Board Resolution approving the disposition
A Board approved statement declaring that “the disposal will not affect the future delivery of educational programs”
Copy(ies) of the Certificate of Title, including PIDs, Certificate of Encumbrance and any Reversion Clauses:
<ul style="list-style-type: none">• verifying any specific public purpose limitations on the land established by a Crown land grant
Current use of land/space and proposed future use of land/space, if known.
An estimate of property value prepared by an independent Appraiser ⁽²⁾
A statement from the Institution declaring that “the agreement(s) have been vetted by their legal advisor to ensure full protection of the Institution’s rights and interests”
First Nations Consultation Record if applicable
<p>⁽¹⁾ This information can be included as part of an agreement instead of a separate attachment.</p> <p>⁽²⁾ Not required for leases.</p>

14.1.3 Dispositions of Land, Buildings, and/or Space through Lease

14.1.3.1 Approval Procedure

Prior to the commitment of substantial time and funds, it is strongly recommended that universities discuss with the Ministry any proposal to dispose of an interest in land by Lease Agreement. Approval of the Minister is required prior to any disposition of an interest in land, buildings, and/or space.

1. In instances where a disposition may trigger a duty on the part of the Crown to consult with First Nations, the Ministry may engage a consultation process involving the Institution; and
2. If approval of the Minister is granted, the Institution is notified, and the signed Consent Form or Ministerial Order is forwarded to the University.

14.1.3.2 General Obligations

1. The net proceeds from the lease of property owned by the institution must be applied to any outstanding provincial debt on the property.
2. Universities are to identify First Nation(s) that could be impacted by its proposed decision or activity; (as identified using the First Nations Consultation Area Database, located at <http://maps.gov.bc.ca/ess/hm/cadb/>). Refer to Section 14.3 First Nations Consultation.

14.1.3.3 Required Documentation

The required documentation for Universities for dispositions of land, buildings, and/or space through lease is as follows:

A copy of the proposed agreement, including any renewal term(s)
A copy of the survey plan with the disposal property clearly outlined in red
A legal description of the property including the civic address ⁽¹⁾
A Board Resolution approving the request
A Board approved statement declaring that “the disposal will not affect the future delivery of educational programs”
Current use of land/space and proposed future use of land/space, if known.
Copy(ies) of the Certificate of Title, including PIDs, Certificate of title and any Reversion Clauses:
<ul style="list-style-type: none">• verifying any specific public purpose limitations on the land established by a crown land grant
A statement from the Institution declaring that “the agreement(s) have been vetted by their legal advisor to ensure full protection of the Institution’s rights and interests”
First Nations Consultation Record if applicable
⁽¹⁾ This information is typically part of an agreement instead of a separate attachment

14.2 Dispositions of Land, Buildings, and/or Space through Lease Renewal

14.2.1 Disposition by Lease Renewal

1. To exercise a renewal option which was included in the original Ministerial approval for the same or less amount of space or land, the institution must submit a written request to the Ministry 6 months in advance of the lease term expiry date.
2. The renewal request must include the lease renewal cost and terms.
3. If all documentation received is acceptable, the Ministry will issue a letter to notify the Institution on its approval to proceed.
4. The institution must provide the Ministry with a signed copy of the lease renewal agreement.
5. If the renewal option was not included in the original approval, or the terms of the renewal have substantially changed, a new request for Ministerial approval must be submitted as per the steps in 14.1.3.

14.2.1.1 Required Documentation

The lease rate for the renewal term
A copy of the renewal agreement
A statement from the Institution declaring that “the disposal will not affect the future delivery of educational programs”
A statement from the Institution declaring “the agreement has been vetted by their legal advisor to ensure full protection of the Institutions rights and interests”

14.3 Colleges and Institutes

14.3.1 Acquisition of Land, Buildings, and/or Space - excluding Leases

Part 6, Section 50 of the *College and Institute Act* provides:

- (1) An institution is for all its purposes an agent of the government and its powers may be exercised only as an agent of the government.
- (2) An institution may, in its own name, carry out its powers and duties under this Act and, with the consent of the minister, acquire and dispose of land or buildings .
- (3) Despite subsection (2), an institution may lease, or enter into an agreement to lease, land or buildings for a term that ends on or before the end of the fiscal year in which the Institution entered into the lease or agreement.
- (4) If an institution disposes of land or buildings, **it must not spend the proceeds of the disposition without the consent of the minister.**

14.3.1.1 Approval Procedure

Institutions' requests to acquire land, buildings and/or space are made to the Ministry. The procedure for requesting approval to acquire land, buildings, and/or space is described below. Educational facilities should not be proposed for land in the Agricultural Land Reserve.

1. Where the acquisition of land, buildings and/or space is for purposes of an educational program, the Ministry will work with the relevant institutional and program areas to determine Ministry support for the acquisition.
2. If the acquisition is supported, the Institution is notified, at which time it submits to the Ministry an acquisition request with required documentation.
3. If Consent of the Minister is obtained, the Institution will be notified, and the original signed Consent Form or filed Ministerial Order is forwarded to the Institution.

14.3.1.2 Required Documentation

The required documentation for Colleges and Institutes for acquisition of land, buildings, and/or space—excluding leases is as follows:

A copy of the proposed agreement
A copy of a plan for the acquired land/building/space clearly outlined in red
A legal description of the property including the civic address ⁽¹⁾
Estimate of the total capital cost of the acquisition, including the costs of any improvements
Estimated annual operating and maintenance costs for the asset ⁽¹⁾
Listing of the Programs being provided in the new space
Listing of the number of FTEs the new space will accommodate
A Board Resolution approving the request
Copy(ies) of the Certificate of Title, including PIDs, and Certificate(s) of Encumbrance:
<ul style="list-style-type: none">• evidencing that seller owns the asset(s) to be acquired, or• verifying any specific public purpose limitations on the land established by a crown land grant
A Business Plan for loan or Tenant Improvement payments, if applicable
A statement from the Institution declaring that “the agreement(s) have been vetted by their legal advisor to ensure full protection of the Institution’s rights and interests”
A statement from the institution declaring that the agreement(s) have been vetted by Risk Management at the Ministry of Finance.
Details of all capital and operating cost-sharing formulae, if applicable ⁽¹⁾
Details of liability and other required insurance ⁽¹⁾
Details of arbitration guidelines and other procedures to resolve disputes ⁽¹⁾
Current Zoning, showing proposed use is allowed
Site and/or parking lot has sufficient designated parking stalls for staff & visitors ⁽¹⁾
⁽¹⁾ This information is typically part of an agreement instead of a separate attachment

14.3.2 Acquisition of Land, Buildings, and/or Space through Leases

Please refer to Part 6, Section 50 of the *College and Institute Act*, above.

14.3.2.1 Introduction

A new lease agreement requires consent of the Minister, while the renewal of an existing lease agreement does not require Ministerial consent. However, if for example, a lease with renewal terms has been fully exercised, then the lease is considered a new lease requiring Ministerial consent, or if the terms of the agreement are substantially revised, then the agreement would be considered a new agreement.

Government funding of a lease is neither automatic nor a certainty. The Institution must request funding and funding will only be provided if the request is supported by the Ministry and funding is available.

Similar to the acquisition of non-lease assets, acquisition of lease assets requires applicable due diligence reporting including:

- A Lease Concept Plan Report including a lease vs. purchase comparative analysis, if applicable
- A Lease Request Submission, including an unsigned but negotiated lease that is substantially complete and includes other documents listed in Section 14.2.2.3.

14.3.2.2 Lease Approval Procedure

Any proposal to lease land, buildings, and/or space should be discussed with the Ministry prior to the commitment of time and funds in pursuit of specific proposals. Prior to entering into a lease as tenant, Institutions require the consent of the Minister. Several steps are required to complete the process of requesting consent for a lease. The steps required for all lease requests are summarized in [Appendix H – Lease Process Flowchart](#).

14.3.2.3 Lease Due Diligence Reports

A. Lease Concept Plan Report

The Ministry requires institutions to submit a Lease Concept Plan Report when an institution wants to enter into a new lease for a campus in a new city or different regional area. A Lease Concept Plan Report is not required for a lease being renewed or, if the Institution is looking for a new location for an existing leased space.

Where the acquisition of land, buildings and/or space through lease is for purposes of an educational program, the Ministry will work with the relevant institutional and program areas to determine Ministry support for the acquisition.

Please refer to the [Ministry website](#) for the following companion documents:

[Template 4A – Lease Concept Plan Report](#)

If the Concept Plan Report is supported, the Institution is notified, and thereafter the Institution:

1. Negotiates the terms of the lease it requires with a willing landlord.
2. Ensures that the lease is fully reviewed and vetted by their legal advisor and the Risk Management Branch of the Ministry of Finance to ensure full protection of the Institution's rights and interests.

At the end of these two steps, the lease at this point is unsigned (not executed) and its status is conditional upon the approval of the Minister.

B. Lease Request Submission

After the conditional lease is fully reviewed and vetted by the Institution's legal advisor, and Risk Management Branch of the Ministry of Finance the Institution's staff (with assistance from the Ministry) prepares a Lease Request Submission.

When the Lease Request Submission is prepared, the Institution submits it for review and approval by the Minister.

The required documentation for Colleges and Institutes for acquisition of land, buildings, and/or space through leases is as follows:

A copy of the proposed agreement, including renewal terms
A copy of a plan for the acquired land/building/space clearly outlined in red
A board resolution approving the acquisition
A legal description of the property including the civic address ⁽¹⁾
Estimate of the total capital cost of the acquisition, including the costs of any tenant improvements
Estimated annual operating and maintenance costs for the assets/lease ⁽¹⁾
Listing of the Programs being provided in the new space
Listing of the number of FTEs the new space will accommodate
Copy(ies) of the Certificate of Title, including PIDs, and Certificate of Encumbrance:
<ul style="list-style-type: none"> • evidencing that seller owns the asset(s) to be acquired, or
<ul style="list-style-type: none"> • verifying any specific public purpose limitations on the land established by a crown land grant
Sketch plans of any proposed Tenant Improvements, if applicable ⁽¹⁾
A Business Plan for loan or Tenant Improvement payments, if applicable
A statement from the Institution declaring that “the agreement(s) have been vetted by their legal advisor to ensure full protection of the Institution’s rights and interests”
A statement from the institution declaring that the agreement(s) have been vetted by Risk Management at the Ministry of Finance.
Details of all capital and operating cost-sharing formulae ⁽¹⁾
Details of liability and other required insurance ⁽¹⁾
Details of arbitration guidelines and other procedures to resolve disputes ⁽¹⁾
Current Zoning, showing proposed use is allowed
Site and/or parking lot has sufficient designated parking stalls for staff & visitors ⁽¹⁾
⁽¹⁾ This information is typically part of an agreement instead of a separate attachment

14.3.2.4 Acquisition by Lease Renewals

1. To exercise a renewal option for the same or less amount of space or land, the Institution must submit a written request to the Ministry at least 6 months in advance of the lease term expiry date (or longer depending on the requirements of the lease).
2. Where the renewal is for purposes of an educational program, the Ministry will work with the relevant institutional and program areas to determine Ministry support for the renewal.

3. The renewal request must include the lease costs, terms, square footage and a description of the educational programs including the number of FTEs intended to occupy the space. The Ministry will review all documentation submitted and ensure that the space or land is still required.
4. If all documentation received is acceptable and the space is still required, the Ministry will issue a letter to notify the Institution of its approval to proceed.
5. The Institution must provide the Ministry with a signed copy of the lease renewal agreement. Only upon receipt of the fully executed agreement will funding of the lease, if requested and approved, be provided.

14.3.2.5 Required Documentation

The required documentation for Colleges and Institutes for lease renewals is as follows:

Listing of the Programs being provided in the space
Listing of the number of FTEs the space will accommodate
The lease rate for the renewal term
A copy of the renewal agreement
A statement from the Institution declaring that “the renewal agreement(s) have been vetted by their legal advisor to ensure full protection of the Institution’s rights and interests”

14.3.2.6 General Obligations

1. All operating and maintenance costs for leases shall be paid out of the Institution’s operating budget.
2. Property insurance for leased space must be maintained by the landlord. Third party liability insurance is the responsibility of the tenant. Fire loss and other standard property risk insurance should be provided by the Institution as lessee and built into the lease cost. Colleges and Institutions should refer to the Leased Facilities/Leased Equipment section of the [University, College and Institute Protection Program](#) (UCIPP) website for insurance requirements relating to leases.
3. Reference to the [Arbitration Act of BC](#) for the settlement of disputes regarding the agreement should be included in the agreement.

14.3.3 Acquisition of Land, Buildings and/or Space through Joint-Use Capital and/or Operating Agreements

Joint-Use Agreements are usually applicable to college/institution/municipal/regional properties such as schools, park grounds, recreational, and cultural facilities. Capital and/or operating funding for an Institution’s involvement in a Joint-Use Facility is normally directly proportional to the Institution’s use of the facility.

Once the Institution has received Ministry support to undertake negotiations, it may proceed to negotiate a Joint-Use Capital and/or Operating Agreement.

14.3.3.1 Approval Procedure

It is recommended that Institutions obtain, from the Ministry, preliminary approval to enter into negotiations for a Joint-Use Capital and/or Operating Agreement. This will avoid the commitment of time and funds to proposals that will not qualify for Ministry support. Where the joint-use is associated with an educational program, Institutions obtain educational approval through the Institution's education council or equivalent for the program for which approval of a joint-use facility is being requested.

An Institution's request to enter into Joint-Use Agreement is submitted to the Ministry. The procedures below describe the approval process for Joint-Use Capital and/or Operating Agreements:

1. The Ministry will work with the relevant institutional and program areas to determine Ministry support for a joint-use facility.
2. If the request is supported, the Institution is notified at which time it submits a request to the Ministry for preliminary approval to enter into negotiations for a Joint-Use Agreement.
3. Once preliminary approval is obtained from the Ministry, an Institution may enter into negotiations for a Joint-Use Agreement.
4. When an Institution has negotiated a Joint-Use Agreement, it then prepares a submission to the Ministry to obtain final approval of the Agreement in accordance with Section 14.3.3.2 Required Documentation.
5. If consent of the Ministers is obtained, the Institution is notified, and the original signed Consent Form is forwarded to the Institution.
6. Institutions must send the Ministry a copy of the signed Joint-Use Agreement.
7. Government funding of a Joint Use Agreement is neither automatic nor a certainty. The Institution must request funding and funding will only be provided if the request is supported by the Ministry and funding is available.

14.3.3.2 Required Documentation

The required documentation for Colleges and Institutes for acquisition of land, buildings and/or space through joint-use capital and/or operating agreements is as follows:

A copy of the proposed agreement, including costs, renewal terms and square footage
A copy of a plan for the acquired land/building/space clearly outlined in red
Listing of the Programs being provided in the new space
Listing of the number of FTEs the new space will accommodate
A Board Resolution approving the acquisition
Copy(ies) of the Certificate of Title, including PIDs, and Certificate of Encumbrance:
<ul style="list-style-type: none">• evidencing that seller owns the asset(s) to be acquired, or• verifying any specific public purpose limitations on the land established by a crown land grant
Sketch plans of any proposed tenant improvements, if applicable ⁽¹⁾
A Business Plan for loan or Tenant Improvement payments, if applicable
A statement from the Institution declaring that “the agreement(s) have been vetted by their legal advisor to ensure full protection of the Institution’s rights and interests”
A statement from the institution declaring that the agreement(s) have been vetted by Risk Management at the Ministry of Finance.
A description of the Parties to the joint use agreement ⁽¹⁾
Details of all capital and operating cost-sharing formulae ⁽¹⁾
Details of liability and other required insurance ⁽¹⁾
Details of arbitration guidelines and other procedures to resolve disputes ⁽¹⁾
⁽¹⁾ This information is typically part of an agreement instead of a separate attachment

14.3.4 Disposition of Land, Buildings, and/or Space through Sale

Please refer to Part 6, Section 50 of the *College and Institute Act*, above.

14.3.4.1 Approval Procedure

The procedure for obtaining approval to dispose of an interest in land, buildings and/or space by way of sale is described below.

1. The Institution submits its request for consent to dispose to the Ministry. After reviewing the disposition request, the Ministry will submit the request for consent to the Minister.
2. In instances where a disposition may trigger a duty on the part of the Crown to consult with First Nations, the Ministry may engage a consultation process involving the Institution.
3. If consent of the Minister is obtained, the Institution is notified, and the signed Consent Form is forwarded to the College/Institution.

14.3.4.2 Required Documentation

The required documentation for Colleges and Institutes for disposition of land, buildings, and/or space through sale is as follows:

A copy of the proposed agreement
A copy of the survey plan with the disposal property clearly outlined in red
A legal description of the property including the civic address ⁽¹⁾
A Board Resolution approving the disposition
Copy(ies) of the Certificate of Title, including PIDs, Certificate of Encumbrance and any Reversion Clauses
A Board approved statement declaring that “the disposal will not affect the future delivery of educational programs”
A statement from the Institution declaring that “the agreement(s) have been vetted by their legal advisor to ensure full protection of the Institution’s rights and interests”
An estimate of property value prepared by an independent Appraiser
Current use of land/space and proposed future use of land/space, if known.
First Nations Consultation Record if applicable
⁽¹⁾ This information is typically part of an agreement instead of a separate attachment

14.3.4.3 General Obligations

1. The net proceeds from the sale of property owned by the institution must be applied to any outstanding provincial debt on the property.
2. Please refer to the requirements under Section 50(4) of the *College and Institute Act*, with respect to the proceeds of a disposition.
3. If a College or Institute does not request permission to spend the net proceeds following a Consent to Dispose, then the net proceeds must be deposited into a trust bearing account. Thereafter the College or Institute must seek approval from the Minister prior to any expenditure of the funds from the account.
4. Institutions are to identify First Nation(s) that could be impacted by its proposed decision or activity (as identified using the First Nations Consultation Area Database, located at <http://maps.gov.bc.ca/ess/hm/cadb/>). Refer to Section 14.3 First Nations Consultation.

14.3.5 Disposition of Land, Buildings and/or Space by other than Sale

Please refer to Part 6, Section 50 of the *College and Institute Act*, above.

14.3.5.1 Approval Procedure

The procedure for obtaining approval to dispose of an interest in land, buildings and/or space by way of lease or another grant is described below.

1. The Institution submits to the Ministry a request for approval of the disposition.
2. After reviewing the request, the Ministry will forward the request for Consent to dispose to the Minister of Advanced Education and Skills Training and Minister of Finance.
3. In instances where a disposition may trigger a duty on the part of the Crown to consult with First Nations, the Ministry may engage a consultation process involving the Institution.
4. If consent of the Ministers is obtained, the Institution is notified, and the original signed Consent Form or Ministerial Order is forwarded to the Institution.

14.3.5.2 Required Documentation

The required documentation for Colleges and Institutes for disposition of land, buildings and/or space by other than sale, is as follows:

A copy of the proposed agreement, including any renewal terms
A copy of the survey plan with the disposal property clearly outlined in red
A legal description of the property including the civic address ⁽¹⁾
A Board Resolution approving the request
A Board approved statement declaring that “the disposal will not affect the future delivery of educational programs”
A statement from the Institution declaring that “the agreement(s) have been vetted by their legal advisor to ensure full protection of the Institution’s rights and interests”
Current use of land/space and proposed future use of land/space, if known.
Copy(ies) of the Certificate of Title, including PIDs, and Certificate of Encumbrance:
<ul style="list-style-type: none">• verifying any specific public purpose limitations on the land established by a crown land grant
⁽¹⁾ This information is typically part of an agreement instead of a separate attachment

14.3.5.3 Disposition by Lease Renewal

1. To exercise a renewal option for the same or less amount of space or land, the institution must submit a written request to the Ministry 6 months in advance of the lease term expiry date.
2. The renewal request must include the lease cost and terms.
3. If all documentation received is acceptable, the Ministry will issue a letter to notify the Institution on its approval to proceed.
4. The institution must provide the Ministry with a signed copy of the lease renewal agreement.

The required documentation is as follows

The lease rate for the renewal term
A copy of the renewal agreement
A statement from the Institution declaring that “the disposal will not affect the future delivery of educational programs”
A statement from the Institution declaring “the agreement has been vetted by their legal advisor to ensure full protection of the Institutions rights and interests”

14.3.5.4 General Obligations

1. Reference to the *Arbitration Act of BC* for the settlement of disputes regarding the agreement should be included in the agreement.
2. Third party liability insurance is the responsibility of the tenant. Fire loss and other standard property risk insurance should be provided by the Institution as the lessor and built into the lease cost.
3. The Institution is expected to advertise available land, buildings and/or space and invite bids. Lease rates should normally reflect current local market conditions.
4. Refer to Part 6, Section 50(4) of the *College and Institute Act*, with respect to the proceeds of a disposition. **The Institution must not spend the proceeds of the disposition without the consent of the minister.**
5. If a College or Institute does not request permission to spend the net proceeds following a Consent to Dispose, then the net proceeds must be deposited into a trust bearing account. Thereafter the College or Institute must seek approval from the Minister prior to any expenditure of the funds from the account.
6. Institutions are to identify First Nation(s) that could be impacted by its proposed decision or activity as identified using the First Nations Consultation Area Database, located at <http://maps.gov.bc.ca/ess/hm/cadb/>.

14.4 First Nations Consultation

The Province has a duty to consult with First Nations prior to making a decision regarding a request to approve a disposition of land under Section 50 of the *University Act*, R.S.B.C. 1996, c 468, or Part 6, Section 50(2) of the *College and Institution Act*, R.S.B.C. 1996, c 52.

Where provincial decisions or actions could adversely impact claimed or proven Aboriginal rights (including title) or treaty rights, the Province has a legal obligation to consult with and, where appropriate, accommodate First Nations. Prior to approving a disposition of land under the *University Act* or the *College and Institution Act*, the Minister of Advanced Education and Skills Training (the Minister), the Minister of Indigenous Relations and Reconciliation (IRR) and the Minister of Finance must consider whether the duty to consult with First Nations is triggered by the proposed disposition. The courts have determined: “where asserted or proven Aboriginal rights may be adversely impacted by a provincial decision, the duty to consult is readily triggered”. Where the duty is triggered, the Minister, MIRR and the Minister of Finance must be satisfied that it has been discharged before approving a proposed disposition.

Depending on the nature of the Aboriginal interests and the seriousness of impacts of the provincial decision, the extent of the Province’s obligations to consult will vary in the circumstances. Where the impacts of the proposed decision are minor, the duty is likely to fall at the lower end of the spectrum, requiring notice and an opportunity to respond. If the impacts are determined to be more serious, deeper consultation, and possibly accommodation of the Aboriginal rights claimed, may be required.

The courts have held that consultation should be initiated at the earliest possible stages in the decision-making process. In this instance, institutions are asked to engage with First Nations as soon as they have identified a proposal to dispose of land and have information about any proposed future use of the lands.

The Province has developed several guides to assist with First Nations consultation. The [Updated Procedures for Meeting Legal Obligations](#) was created to provide guidance to government when carrying out First Nations consultation. The Ministry will be following the process set out in those procedures.

The Ministry has developed a Ministry-specific guidance document tailored to post-secondary institutions engaging with First Nations on requests for statutory approval. [The Guide to Involving Post-Secondary Institutions When Consulting First Nations](#) was developed to assist post-secondary institutions who have been asked to engage with First Nations in the initial stages of consultation.

Please contact the Ministry for access to templates and tools, and for further details on this process.

15.0 DEFINITIONS

Where possible, definitions have been sourced from the Public Sector Accounting Board (PSAB). However, PSAB have not published all the definitions required for this document. Therefore, their definitions have been supplemented with definitions sourced from the National Association of Realtors (NAR). In certain cases, the Ministry has developed and adopted its own definitions for terms unique to Ministry processes and this document.

Accounting Period – means the period of time for which financial statements are prepared regularly, e.g., month, quarter, and year. (PSAB)

Accounting Policies – means the specific accounting principles followed by an organization and the procedures for applying those principles. (PSAB)

Accounting Records – means the formal books of account and supporting documentary evidence. (PSAB)

Accumulated Amortization – means the total to date of the periodic amortization charges relating to tangible capital assets (TCAs) since the assets were placed in use. (PSAB)

Acquisition Date – means the earliest of:

- the date the asset is received by the Government; or,
- The date legal ownership of the asset passes from the seller/contributor to the Government. (PSAB)

Agencies – Government and government bodies as defined in the *Financial Administration Act* R.S.B.C. 1996.ch 138. These include ministries, taxpayer supported and commercial Crown corporations and their subsidiaries, and local agencies such as school districts, health authorities, universities and colleges. The definition does not include central agencies.

Alternative Capital Procurement – The acquisition of capital assets involving any of the following three criteria: (a) without direct purchase by the province, or (b) financed with limited or no recourse to the Province, and (c) transferring all or some of the project's life cycle risks to outside parties.

Alternative Financing – Financing through innovative and cost-effective alternative methods (excluding direct Provincial debt) that would assist in mitigating and transferring project finance risks to outside parties, protecting the province's credit rating, and accelerating the delivery of capital infrastructure.

Alternative Service Delivery – In the context of capital asset management, this term refers to the spectrum of strategies which, by their nature, constitute a change in the way a service is being delivered or asset-related demand is being managed. For the purposes of this guide, alternative service delivery could include private delivery options, non-asset related strategies (e.g., eliminating or reducing demand for a particular service) and existing asset strategies (e.g., using existing assets more intensively rather than expanding capacity).

Amortization – means the writing off, in a rational and systematic manner over an appropriate number of accounting periods, of a balance in an account. (PSAB)

Ancillary Projects – Ancillary projects are out of scope for the Capital Asset Reference Guide and refer to projects that do not directly support education delivery. This includes projects such as food service facilities, parkades, retail, students' union, sports, and recreation and student residences.

Appropriation – means the authority contained in an Act to incur an expenditure. (PSAB)

Approval Letter – Upon the approval of a project, the Ministry issues an approval letter with the approved scope, budget and schedule, as well as details conditions of approval and reporting requirements.

Asset Leveraging – A financing method where Institutions use existing assets to provide financing for new projects. Typical examples of asset leveraging include selling unused land and/or buildings, sale and leaseback transactions, leasing unused portions of buildings, etc. The Ministry supports these innovative funding alternatives as long as the revenue obtained is used strictly for educational purposes or to offset the costs of new educational capital projects that would typically require provincial funding.

Asset Replacement Value – The total cost of construction required to replace a capital asset in current dollars with like, kind, and quality.

BC Immigrant Investment Fund – The BC Immigrant Investment Fund (BCIIF) is a program available to Institutions to finance eligible capital projects at competitive terms. To be eligible for BCIIF funding, a project must demonstrate that it will have regional economic development impact and lead to job creation.

BC Knowledge Development Fund (BCKDF) – The BCKDF program provides capital funding for research infrastructure (i.e., scientific equipment, computer hardware, renovations, construction, etc.) for the province's public post-secondary institutions, research hospitals, and affiliated non-profit agencies. Funding for BCKDF projects is provided out of the total overall public post-secondary institutions' capital budget, responsibility for which resides with the Ministry's Post-Secondary Finance Branch.

Best Practices – The set of processes, techniques or management methods generally endorsed by professionals in a given field as having either a demonstrable record of success or representing the approach most likely to achieve significant improvements in terms of cost, quality, schedule or other specified criteria.

Betterment – A material cost incurred to enhance the service potential (useful life or capacity) of a tangible capital asset. A betterment will increase the assets previously assessed physical output or service capacity, significantly lower associated operating costs (improving efficiency), extend the life of the property or improve the quality of the output.

Business Plan Report – The Business Plan is the final deliverable in the planning process for New Development Projects and Whole Asset Replacement & Renewal Projects. The Business Plan Report strives to establish an accurate degree of scope, cost, and schedule certainty for the recommended option identified in the Concept Plan Report. The Business Plan Report presents a clearly reasoned justification for the recommended option, and demonstrates viability, desirability, and affordability.

Capital Asset Management Framework – The Capital Asset Management Framework guidelines are part of a broader Capital Asset Management Framework which includes a set of principles and objectives, as well as practical tools to support best practices. All framework documents are available online at <http://www.fin.gov.bc.ca/tbs>

Capital Asset Management Plan – The principal product resulting from the processes an agency uses to: identify its current and future capital expenditure needs; devise strategies and plan specific projects to address those needs; and determine priorities for the ongoing management of its assets.

Capital Expenditure – Any expenditure associated with the planning, development, acquisition, leasing, construction, maintenance, repair, deconstruction, disposition, or other such activity in the life cycle of a tangible capital asset, irrespective of the funding source (i.e., operating expenditures, debt financed/borrowings) and accounting treatment (i.e., whether the expenditure is capitalized and recorded on an agency's balance sheet).

Capital Lease – A lease which transfers ‘substantially all’ risks and rewards of asset ownership to the lessee. Conditions of a capital lease include the transfer of the asset’s ownership to the lessee at the end of the lease term; an opportunity for the lessee to purchase the asset at a ‘bargain price’ that is much lower than the asset’s fair market value; the term of the lease is at least 75% of the economic life of the asset; or the present value²⁰ of the lease payments over the term of the lease is at least 90% of the fair market value of the asset.

Capital and Operating Leases – Capital and operating leases are in effect a “renting” (leasing) of an asset for a stated period of time in exchange for periodical payments. The terminology for each party in a lease arrangement is the ‘lessee’ being the party making the payments and the ‘lessor’ the party receiving the payments. In all situations, the lessor has full recourse to the lessee for payments for the lease term.

Capital Planning Website – The electronic version of this document, as well as the referenced documents and Templates can be found on the Ministry’s Capital Planning website at <http://www2.gov.bc.ca/gov/content/education-training/post-secondary-education/institution-resources-administration/capital-planning>.

Capital Program – A grouping of capital expenditures or projects with similar characteristics or attributes. Capital programs can generally be subject to standard or simplified evaluation and decision (approval) processes.

Carbon Neutral Capital Program – is a special funding program of the B.C. Government to provide post-secondary institutions (as well as school districts and health authorities) with funding for capital investments dedicated to reducing energy costs, demonstrating clean technology and lowering carbon emissions

Concept Plan Report – A Concept Plan Report is prepared for a proposed New Development Project or a Whole Asset Replacement & Renewal Project to ensure the optimal strategic decision is made, provided that the Institution’s senior management and the Ministry have approved the Opportunity Assessment Report. The Concept Plan Report includes an options analysis and identifies a preferred option before committing additional time and resources for further analysis in a Business Plan.

Certificate of Approval (COA) – When appropriate, a COA is issued under an identification number and if required, future releases of funds are provided under a revision to that original number. Typically, an initial COA is issued for funding to complete the scope of work (e.g., planning and design, site works, etc.) approved by the Ministry. A subsequent COA(s) is issued for funding to complete the remaining scope of work (e.g., tender and construction phases) approved by the Ministry, up to 90% of total Ministry funding. A final COA for release of the 10% holdback is issued once the project close out documents have been received and approved by the Ministry

²⁰ The lessee's incremental borrowing rate is used to discount the lease payments to present value

Consolidated Capital Planning – The process by which the Province assesses agencies’ capital plans, identifies and prioritizes its multi-year capital needs, and approves capital expenditures.

Deferred Capital Contribution – means that the *fair value* has been capitalized for acquisitions transferred with title to the Government an offset is recorded as a “*deferred capital contribution*”. Deferred revenue is also the result of assets that have been cost-shared by other governments and the title remains with the Government of British Columbia. (PSAB)

Deferred Maintenance – The cost of facility maintenance and repairs that are delayed or deferred.

Direct Capital Funding – Provided by the Province as a transfer of non-repayable funds made directly to the Institution to finance capital projects fully or partially.

Direct Debt – Funds borrowed directly by the government for operational funding, capital advances, refinancing of maturing debt and other financing transactions.

Discount Rate – The percentage rate at which money or cash flows are discounted. The discount rate reflects both the market risk-free rate of interest and a risk premium. The standard source for this data is the currently published rate from the Municipal Finance Authority of BC using the term applicable to the asset life to which the loan pertains. See <http://mfa.bc.ca/clients/long-term-borrowing>.

Discounted Cash Flow – The stream of expected cash flows, including the effect of any risk adjustments generated by the procurement, discounted back to today’s values by applying an appropriate discount rate.

Disposal – means the processes involved in the removal of personal property from use and from the property accounting system after assignment for: utilization, donation, sale, abandonment, or destruction. (PSAB)

Due diligence – The process of examining a property, related documents, and procedures conducted by or for the potential lender or purchaser to reduce risk. Applying a consistent standard of inspection and investigation one can determine if the actual conditions do or do not reflect the information as represented. (NAR)

Economic obsolescence – The reduction in a property’s value due to external circumstances such as legislation or changes in nearby property use. (NAR)

Efficiency – A measure of the capacity or effectiveness of space to produce the desired results with a minimum expenditure of time, money, energy, and materials. (NAR)

Emergency Projects – Emergency Projects are defined as projects arising from an unanticipated, immediate incident resulting in a health and safety and/or operational risk that has occurred. Institutions are expected to fund Emergency Projects with their own resources. However, under extenuating circumstances, the project may be eligible for funding under the Ministry’s emergency funds. It should be noted that the Ministry holds only a nominal reserve for Emergency Projects, and therefore, does not guarantee funding.

Emergency Project Definition Report – The Emergency Project Definition Report provides a brief summary regarding the nature of the emergency as well as project costs, key project risks, funding sources, and start/end dates. For details on emergency projects, refer to the definition for Emergency projects.

Expansion – Expenditures required to provide a new asset or increase capacity to respond to growth in service demand.

Expense – means a cost properly identifiable with the operations of a period or with revenues earned during that period or that is not identifiable with the operations or revenues of a future period or periods. (PSAB)

Facility Condition Index (FCI) – The Facility Condition Index is an industry-standard index that measures the relative condition of a facility by considering the costs of deferred maintenance and repairs as well as the value of the facility. FCI allows condition benchmarking between facilities of unequal size and composition, both within and among Institutions. FCI, along with other funding analysis tools, can help decision makers understand funding needs and comparisons, and provide a rule of thumb for the annual reinvestment rate to prevent future accumulation of deferred maintenance. Using FCI, Institutions can set targets to achieve an overall acceptable condition for facilities.

FCI = \$ Deferred Maintenance Costs / \$ Asset Replacement Value

Fair Value – means the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. (PSAB)

Feasibility Analysis – The process of evaluating a proposed project to determine if that project will satisfy the objectives set forth by the agents involved, including owners, investors, developers, and lessees. (NAR)

Fiscal Agency Loan Program – Provides most of the capital funding needs of Institutions in BC. Under the Program, the Province borrows from financial markets at favorable rates reflecting the Province's credit rating, and loans the funds back to Institutions. Institutions are generally responsible for the debt servicing costs required to repay the loan to the Province in its entirety.

Fixed Expenses – Costs that do not change with a building's occupancy rate. They include property insurance, and some forms of building maintenance. (NAR)

FTE – Student FTEs (full-time equivalents) represent all full-time and part-time enrollments, converted to represent the number of students carrying a full-time course load. A student FTE represents the instructional activity (course registrations) of one student completing all the requirements of a full-time program in a period that extends over one normal academic year.

Functional Obsolescence – A form or source of accrued depreciation considered in the cost approach to market value. The reduced capacity of a property or improvements to perform their intended functions due to new technology, poor design, or changes in market standards. (NAR)

Geographic Information System(s) (GIS) – System(s) (usually computer-based) used for capturing, handling, storing, retrieving, managing, manipulating, and displaying geographic information or geo-coded data. (NAR)

Governance – In the context of this guide, governance refers broadly to the legislation, policy, procedures, controls and decision-making processes, systems and reporting relationships that guide the management of capital assets through their full life cycles. Governance concepts can be applied at both the agency and central government levels.

Gross Area – The entire floor area of a building or the total square footage of a floor. (NAR)

Gross Lease – A lease in which all expenses associated with owning and operating the property are paid by the landlord. (NAR) Also see *net lease*.

Ground Lease – A lease of the land only. Usually, the land is leased for a relatively long period of time to a tenant that constructs a building on the property. A land lease separates ownership of the land from ownership of buildings and improvements constructed on the land. (NAR)

Heritage Assets – means assets to be preserved for future generations for cultural, aesthetic, environmental or historical reasons, ranging from historic buildings and treasures through works of art. Heritage assets are not recognized as TCAs in the Government's financial statements because a reasonable estimate of future benefits associated with such property cannot be made. (PSAB)

Inactive Project – means a project that has remained dormant during the current fiscal year and has no budget allocated in the capital budget plan. (PSAB)

Incremental labour – means compensation and benefits costs incurred as a result of a capital project through direct hire or resources transferred full time to the capital project. (PSAB)

Indicative Design – Developed as part of the Business Plan to achieve an acceptable project outcome that meets the Institutions' requirements, including:

- The intended program of uses, their adjacencies, and how they are placed on the available site
- The scope of the project
- The constraints of massing of the program applied to the site to indicate the acceptable limits of building form and bulk
- The anticipated site coverage
- Indications of the acceptable dimensional limits, orientation and visibility of site access and servicing
- Definition of edge conditions of the site as it relates to community, issues of scale and appropriateness of adjacent uses
- Building code and life safety code issues
- Compliance with local land development and zoning by-laws applicable to the site

Internal Payback Project – Projects which generate sufficient cost savings to fully fund any associated operating and debt service costs (i.e., principal and interest).

Insurable Value – The value of the portions of the property that are physically destructible. (NAR)

Joint Venture – A partnership wherein two or more parties agree to jointly finance and share the risks, responsibilities and rewards of a specific project, according to the terms of a joint venture agreement.

Lease – A conveyance by a lessor to a lessee of the right to use a tangible asset, usually for a specified period of time, in return for rent. An operating lease is a lease in which the lessor retains substantially all the risks and benefits related to the asset's ownership. A capital lease transfers substantially all the risks and benefits of ownership to the lessee and is a form of alternative financing.

Lease Concept Plan Report – Where the acquisition of land, buildings and/or space is for purposes of an educational program, the Ministry will work with the relevant institutional and program areas to determine Ministry support for the acquisition. Institutions are to submit a Lease Concept Plan Report including a lease vs. purchase comparative analysis.

Leased Tangible Capital Asset – means a non-financial asset that has physical substance and a useful life extending beyond an accounting period and is held under lease by a government for use, on a continuing basis, in the production or supply of goods and services. Under the terms and conditions of the lease, substantially all of the benefits and risks incident to ownership are, in substance, transferred to the government without necessarily transferring legal ownership. (PSAB)

Leasehold Improvement – means additions, improvements or alterations made to leased property by the *lessee* that cannot be removed upon termination of the lease because they are attached to, or form part of, the leased premises. (PSAB)

Leasehold Interest – The value (to the tenant) of the lease. The value of the leasehold interest is determined by present value of the difference between market rent and the contract rent. (NAR)

Lease Term – means the fixed non-cancelable period of the lease plus:

- all periods covered by bargain renewal options.
- all periods for which failure to renew would impose on the lessee a penalty sufficiently large that, at the inception of the lease, renewal appears reasonably assured.
- all periods covered by ordinary renewal options during which the lessee has undertaken to guarantee the lessor's debt related to the leased property.
- all periods covered by ordinary renewal options preceding the date on which a bargain purchase option is exercisable; and
- all periods representing renewals or extensions of the lease at the lessor's option; provided that the lease term does not extend beyond the date a bargain purchase option becomes exercisable.
- The lease term is considered to be non-cancelable if cancellation is possible only:
 - upon the occurrence of some unlikely contingency; or
 - with permission of the lessor; or
 - upon the lessee entering into a lease for the same or equivalent property with the same lessor; or
 - upon payment by the lessee of a penalty sufficiently large that, at the inception of the lease, continuation of the lease appears reasonably assured. (PSAB)

Lease Request Submission – after the Lease Concept Plan Report is approved and after the conditional lease is fully reviewed and vetted by the Institution's legal advisor, the Institution's staff (with assistance from the Ministry) prepares a Lease Request Submission.

Lessee – means a party that holds a lease or using under lease an asset owned by another party. (PSAB)

Lessor – means the owner of an asset who permits another party to use the asset under a lease. (PSAB)

Lifecycle – The totality of the capital management process including the conceptual, planning, project justification, budgeting, approval, administration, procurement, operation and disposal phases in the economic life of a tangible capital asset. In the context of this guide, “economic life cycle” encompasses an asset’s pre–implementation, implementation and post–implementation stages.

Lifecycle Cost – The aggregate present value of all capital and operating cash outlays over the economic life of a capital asset, net of any salvage value.

Linear Infrastructure – Refers to infrastructure such as underground utilities, roadways, and sidewalks.

Local Agency – Generally refers to public–sector entities other than central agencies, Ministries and Crown corporations. Examples of local agencies include health authorities, post–secondary institutions and school districts.

Maintenance & Rehabilitation Projects – are projects that typically total less than 50% of the asset replacement value. These projects address life safety, health, and environmental risk, as well as deferred maintenance and rehabilitation backlog in order to improve facility condition, maintain or extend the life of an asset, and prevent the premature replacement of facilities. Examples include fire alarm system upgrades, HVAC system upgrades, and lighting system upgrades.

Market Analysis – The process of examining market supply and demand conditions, demographic characteristics, and opportunities; identifying alternative locations/sites that meet specific objectives or satisfy various criteria; and assessing the financial feasibility of those locations/sites to facilitate decision making regarding the commercial potential or suitability of various locations/sites to support a given activity or use. (NAR)

Market Value – The most probable price that a property would bring in a competitive and open market under fair sale conditions. Market value also refers to an estimate of this price. (NAR)

Major Routine Capital Projects – are capitalized and are funded with a Certificate of Approval (The Ministry)

Minor Routine Capital Projects – are intended for operational maintenance and are funded via Electronic Funds Transfer (The Ministry)

Monitoring – The ongoing review and analysis of actual performance compared to planned performance, including the identification and analysis of variances from the original capital expenditure approval.

Moving Allowance – A specified dollar amount paid by the owner to cover, in part or in whole, tenant moving expenses. Also known as owner’s moving expense. (NAR)

Multiple Criteria Evaluation – A methodology used to assess and document the incremental impacts of projects on a series of accounts that encompass both financial and non–financial criteria (e.g., environmental accounts, customer service accounts, social and economic accounts) to assist in comparing the advantages and disadvantages of different options.

Net Book Value – means the cost of a *tangible capital asset*, less both *accumulated amortization* and the amount of any *write-down*. (PSAB)

Net Lease – A lease in which the tenant pays, in addition to rent, all operating expenses such as utilities, insurance premiums and maintenance costs. Also see gross lease. (NAR)

Net Present Value – Most commonly used method for assessing the economics of a project. It is the present value of expected future net cash flows (e.g., cash revenues less cash costs) discounted at an appropriate discounted rate.

New Development Projects – Capital projects that provide new, additional facilities and expand system capacity, usually to accommodate the need for a new academic program or growth in demand for graduates of an existing program

New Priority Investment Program – Capital projects that result in new system capacity and additional future program and facility lifecycle obligations. Examples include new academic building with classrooms and labs, additions to existing academic building that provides new system capacity, or other new builds that provide new system capacity in response to market demand (e.g., projects related to IM/IT, skills training equipment, etc.). New Priority Investment Projects require the submission of deliverables for approval by the Province, which includes an Opportunity Assessment Report (recommended but not mandatory), Concept Plan Report, and Business Plan Report.

Occupancy Cost – The actual dollars paid out by the tenant to occupy the space. (NAR)

Obsolescence – In reference to the inadequacy, disuse, outdated, or non-functionality of facilities, infrastructure, products, or production technologies due to effects of time, changing market conditions, or decay (a factor considered in depreciation to cover the decline in value of fixed assets due to the invention and adoption of new production technologies, or changing consumer demand). (NAR)

Off-Credit Financing – Financing with no impact on taxpayer-supported or self-supporting debt classifications.

Operating Costs – The costs associated with using an asset, including debt service costs and amortization. May also include program-related operating costs (staff, salaries, etc.).

Operating Lease – A lease where substantially all of the risks and rewards of asset ownership remain with the lessor. This is generally represented by the use of an asset for a shorter duration and subsequently returning the asset back to the lessor well before the asset's economic life has expired. Essentially, any lease where none of the lease criteria listed under "Capital Lease" are present can be treated as an operating lease.

Opportunity Assessment Report – This is the first deliverable in the planning process of a New Development Project or Whole Asset Replacement & Renewal Project. The Opportunity Assessment Report identifies the various options that may accommodate a new idea/opportunity, which includes capital and non-capital solutions. This report determines alignment with the Institution's Service Plan, the Ministry's Service Plan, and overarching government priorities. Furthermore, this activity establishes, on a high level, the initial capital/operating budget, initial schedule, and initial risk assessment.

Owning – A means of obtaining the full economic use of a property for an unspecified period by obtaining an ownership interest. (NAR)

Prepaid Capital Advances (PCAs) – Grants paid to qualifying Institutions for the acquisition of tangible capital assets. These grants are booked as assets recorded as prepaid expenses and expensed over the useful life of the asset acquired.

Present Value (PV) – The sum of all future benefits or costs accruing to the owner of an asset when such benefits or costs are discounted to the present by an appropriate discount rate. See also *discount rate*. (NAR)

Procurement Audit – The Ministry retains the right to conduct a procurement audit to ensure that the Institution's procurement processes align with the policies and objectives of CAMF, primarily being competitive, open, fair, and transparent. This ensures that Institutions are accountable to the Province as well as the public. The Ministry of Finance has developed a [Capital Procurement Checklist](#) as a guide to assist public agencies, including Institutions, in following CAMF principles while procuring goods and services for capital projects.

Project – An undertaking of defined scope, time frame and budget intended to develop, maintain, improve or acquire a tangible capital asset.

Project Management – The direction and coordination of human and material resources through the life of a project (including planning, project justification, budgeting, approval, administration, procurement, operation and disposal) using management techniques to achieve predetermined objectives of scope, cost, time, quality and stakeholder satisfaction.

Public-Private Partnership (P3) – A venture that formally engages the expertise of both the public and private sectors to meet clearly-defined public needs through the appropriate allocation of resources, responsibilities, risks and rewards. More specifically, a P3 is a partnership between the public and private sectors for some combination of ownership, design, construction, financing, operation and/or maintenance of public capital assets. The partnership may rely on user fees or alternative sources of revenue to recover all or part of the related capital (debt servicing and return on equity if applicable), operation and capital maintenance costs.

PSAB – the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants (CICA). An independent body with the authority to set financial reporting standards and generally accepted accounting principles as per the *CICA – Public Sector Accounting Handbook*.

Quarterly Project Report – This report provides the Ministry with a (a) financial and (b) project progress update. The quarterly financial update on the approved project provides a snapshot of the project's costs for the period, costs to date, estimate to complete, estimate at completion, variance from the budget, etc. The quarterly project progress update provides the Ministry with a quarterly update on the approved project. The report provides a snapshot of the project's progress including anticipated date of substantial completion, program area analysis, expenditure status, key risks, and communication to date, economic impact, etc.

Real Estate – Means land and improvements, including buildings, standing timber, orchard trees, etc. (PSAB)

Recourse – The right of recovery by the lender in the event of the borrower's default in payment of its obligations under a financing agreement.

Regulatory Requirements – In reference to land use, they are restrictions or guidelines on development or use of land, properties, or facilities as defined in accordance with design standards, building construction requirements, land use plans, occupancy codes, and zoning classifications as determined by the controlling or governing parties at the municipal or county levels. (NAR)

Related Party – Means parties related when one party has the ability to exercise, directly or indirectly, control or significant influence over the operating and financial decisions of the other, or if one party has an interest in both parties, which guarantees control and the possibility of exercising significant influence. (PSAB)

Rentable Area – The computed area of a building as defined by the guidelines of Building Owners and Managers Association (BOMA) and typically measured in square feet, including both core/structure and useable area. The actual square foot area for which the tenant will pay rent. It is the gross area of an office building, less uninterrupted vertical space (such as stairways and elevators). Unlike useable area, rentable area includes common areas such as lobbies, restrooms, and hallways as well as the measurement of structural columns and architectural projections. (NAR)

Rentable-to-useable ratio – Defined as rentable area divided by useable area. Also known as the *add-on factor* or *load factor*. (NAR)

Repairs and Maintenance – Means costs which are necessary to realize the originally projected benefits of an asset. Repairs and maintenance are expenses for normal maintenance and upkeep of capital assets that are necessary to keep the assets in their usual condition. These expenses are recurring in nature and do not directly lengthen the useful life of the asset. They would include such things as repairs to restore assets damaged by fire, flood or similar events, to the condition just prior to the event. Costs are charged to operations in the year they are incurred. The cost incurred in the maintenance of the service potential of a TCA is a repair. (PSAB)

Replacement Cost – Means the cost of replacing an asset with another that will render similar services. (PSAB)

Reporting – The regime by which appropriate stakeholders receive timely and relevant information regarding the status of a project's progress (e.g., scope, schedule, budget, and other identified risks or performance measures) to support informed decision making.

Residual Value – Means the value of an asset at the end of its period of use by a particular individual or organization. (PSAB)

Risk Management – The culture, processes and structures directed to the effective management of potential opportunities and adverse effects. This includes a systematic process for the identification, analysis of, and response to risk factors throughout a project's life cycle.

Risk Register – A tool used in risk management to identify, evaluate, respond to, monitor, and control risks throughout the life of the project. Varying levels of risk identification and response are required for each phase of the project.

Routine Capital – A category of funding for capital expenditures that support Major Maintenance & Rehabilitation Projects, Upgrade & Renovation Projects, Linear Infrastructure Projects, and Emergency Projects that improve physical asset conditions, as well non-capital expenditures through Minor projects which address maintenance and ongoing upkeep.

Schematic Design – The Royal Architectural Institute of Canada (RAIC) defines schematic design as those documents which illustrate the scale and character of the project and how the parts of the project functionally relate to each other. This includes architectural schematic design drawings and documents, structural, mechanical, electrical, and civil design concepts, special studies (e.g., environmental impact assessments), as well as related estimates of probable costs (including probable construction costs based on current area or volume unit costs.).

Scope – The limits within which critical objectives are to be achieved and accountability assessed. Scope is fully described by identifying tasks performed, resources consumed and the end products that result, including quality standards.

Seismic Retrofit Guidelines – Seismic Retrofit Guidelines and Documents have been developed by the Ministry through the Association of Professional Engineers and Geoscientists of British Columbia (APEGBC) to help the post-secondary sector with their approach to capital asset management. The Seismic Retrofit Guidelines, Version 2 are now applicable for the performance-based assessment and retrofit of mid-rise post-secondary buildings in BC.

APEGBC completed the development of seismic retrofit guidelines to accommodate structural elements of the mid-rise buildings up to eight storeys in height. In addition to the guidelines, companion web-based “Seismic Performance Analyzer” software has also been developed which will allow users to determine the seismic risk of an existing building and optimize the extent of new structural components required to achieve a life-safety seismic performance effectively and consistently.

APEGBC provided a Training Seminar to the consulting structural engineering firms on the Seismic Retrofit Guidelines and the Seismic Performance Analyzer, in Vancouver. Institutions, if interested, can obtain Seismic Retrofit Guidelines and the Seismic Performance Analyzer from APEGBC. Please refer to <https://www.apeg.bc.ca/> for further information.

Self-supporting Debt – Debt of entities which generate sufficient revenues from external sources to cover their operating and capital expenses, including debt service payments, and may include self-supporting project debt of Non-Consolidated Institutions.

Self-supporting Projects – Projects that rely on user fees or other non-taxpayer supported revenues to recover all or some of the costs associated with debt servicing, operations and/or capital maintenance. Self-supporting projects can be structured as P3s or without partnership components.

Sensitivity Analysis – The process of recalculating outcomes under alternative assumptions to determine the impact of the variable under analysis. (NAR)

Service Capacity – Means the output or service potential of a TCA and is normally determined by reference to attributes such as physical output capacity, quality of output, associated operating costs, and *useful life*. (PSAB)

Service Plan – A document prepared annually by each public-sector agency, articulating its plans (including goals, performance measures, challenges, and opportunities) for the next three fiscal years, as required under the amended *Budget Transparency and Accountability Act*. Service plans are updated yearly on a rolling basis and represent an important part of the government’s commitment to openness and accountability.

Step-up Lease – A lease in which the rental amount paid by the lessee increases by a preset rate or set dollar amount at predetermined intervals. A step lease is a means for the lessor to hedge against inflation and future maintenance or operational expenses. (NAR)

Straight-line Method – Means the method in which the periodic charge or credit is computed by dividing the total amount to be amortized by the number of *accounting periods* over the *useful life* of the TCA. (PSAB)

Sublease – A lease in which the original tenant (lessee) sublets all or part of the leasehold interest to another tenant (known as a subtenant) while still retaining a leasehold interest in the property. (NAR)

Substantial Completion – Means the stage at which a TCA is sufficiently constructed or developed that it may be put into productive use although it is not 100% complete. Determining when a TCA or a portion is ready for productive use depends on production capacity, occupancy level, or the passage of time. (PSAB)

Surplus Item – Means an item that is surplus to operational requirements and should be authorized for disposal and removed from the TCAs record. (PSAB)

Tangible Capital Asset (TCA) – Means a non-financial asset having physical substance that is acquired, constructed, or developed and:

- is held for use in the production or supply of goods, delivery of services or program outputs.
- has a useful life beyond one fiscal year;
- is intended to be used on a continuing basis.
- is not intended for resale in the ordinary course of operations; and,
- cost is equal to or greater than \$50,000. (PSAB)

Target Market – Likely users or investors whose needs match the property's features. Alternatively, when representing users, the target market is the kind of property that matches your user-client's needs. (NAR)

Taxpayer-Supported Debt – Generally, debt incurred for government operations and capital purposes. This includes the debt of Crown corporations and agencies which undertake capital projects to provide essential services to the Province and require an operating or debt-service subsidy from the provincial government.

Tenant – A person or entity that has possession of the property through a lease. A tenant also may be referred to as a lessee. (NAR)

Tenant improvements (TI) – Preparation of leased premises prior to or during a tenant's occupancy, which may be paid for by either the landlord, the tenant, or both. (NAR)

TI Allowance from Owner – A specified amount of money the owner will pay for tenant improvement. (NAR)

Total Effective Rent – The total dollar amount (cash flow) that the tenant actually will pay out over the entire period analyzed. (NAR)

Traditional Procurement – The process whereby capital assets are purchased entirely with public money or taxpayer-supported debt and operated predominantly by the public sector, with the Province assuming all risks throughout the asset's life cycle. Traditional procurement is also referred to as "buy-and-borrow" or "design-bid-build" procurement.

Traditional Financing – Traditional capital financing may be provided by the Province as either Direct Capital Funding and/or through the Fiscal Agency Loan Program.

Unrelated Party – Where parties do not have the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. (PSAB)

Upgrade & Renovation Projects – Capital projects that modify existing infrastructure primarily to prove functionality, but no net new programming/capacity arises from the modification. These projects generally do not extend the asset's useful life. Examples include the renovation of a classroom to accommodate program change and create efficiencies.

Useable Area – Rentable area, less certain common areas shared by all tenants of the office building (such as corridors, storage facilities, and bathrooms). Also defined in office buildings as the area that is available for the exclusive use of the tenant. Useable area = rentable area × building efficiency percentage. (NAR)

Useful Life – Either the period over which a tangible capital asset is expected to be used or the volume of goods and/or services the asset is expected to produce or support. The life of a tangible capital asset may extend beyond its useful life to government. The life of a tangible capital asset, other than land, is finite, and is normally the shortest of the physical, technological, commercial, or legal life. It may also be referred to as economic life. (PSAB)

Vacancy rate – The percentage of the total supply of units or space of a specific commercial type that is vacant and available for occupancy at a particular point in time within a given market. (NAR)

Variable Expenses – Costs, such as utilities, that varies with a building's occupancy rate. (NAR)

Verification – The process of establishing validity or accuracy of entries, records, or statements. (PSAB)

Whole Asset Replacement & Renewal Projects – Capital projects where (a) the replacement of building systems and components is about 50% or more of replacement value (FCI>0.5), (b) the improvement of the whole asset's facility condition reduces deferred maintenance backlog (c) a complete rehabilitation or renovation where greater than 50% of all major components are replaced (d) or a demolition and rebuild occurs. Examples include aged mechanical and electrical systems or the replacement of wall and window systems. Whole Asset Replacement & Renewal Projects require the submission of deliverables for approval by the Province, which includes an Opportunity Assessment Report, Concept Plan Report, and Business Plan Report.

Work-in-Progress (WIP) – Means *construction* or development in progress and postponed projects (postponed projects are written-off if dormant for more than one year and there is no plan in the capital budget for their continuation). An estimate of the final cost may be required to allow the asset to be moved into service. (PSAB)

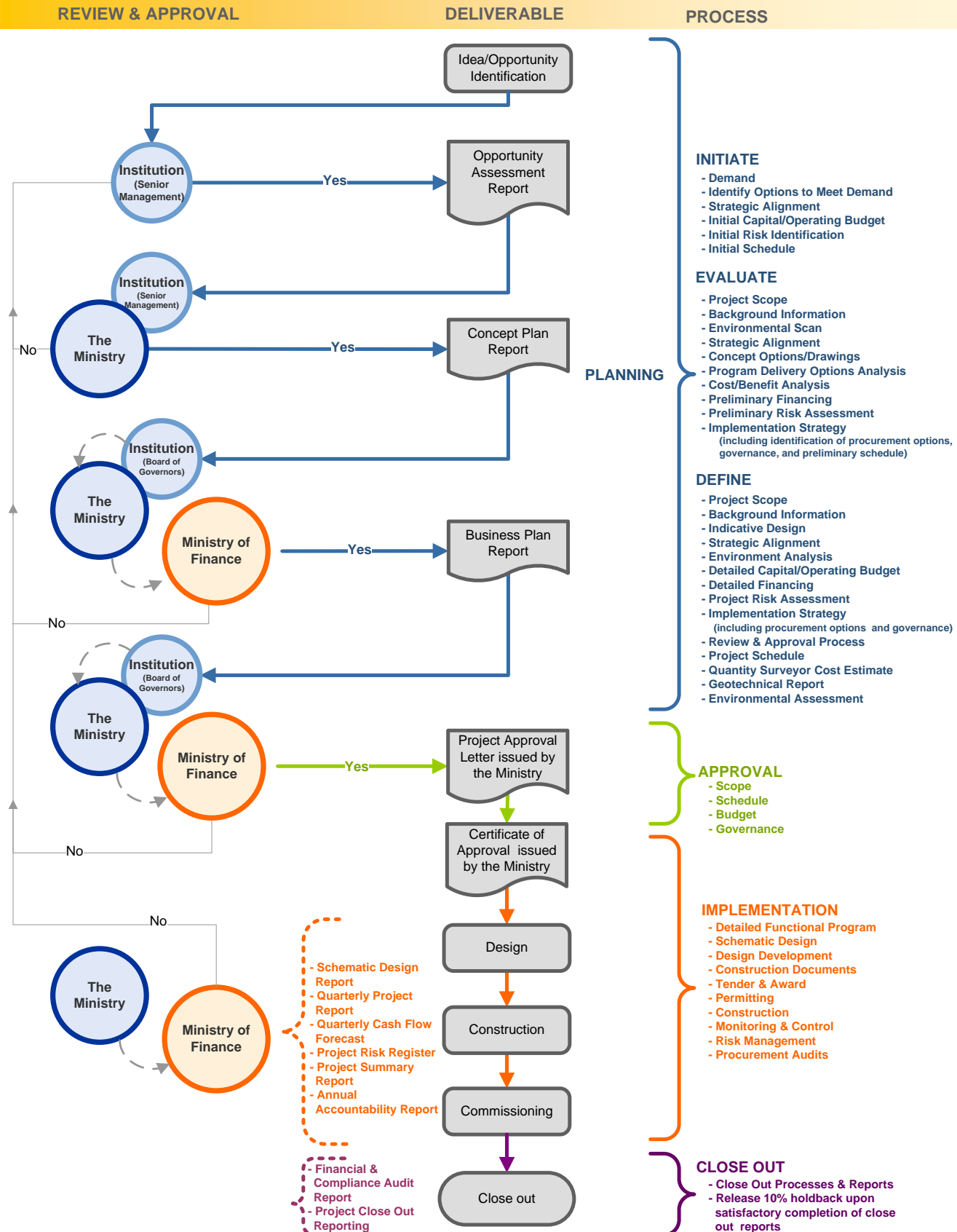
Write-down – Means to adjust downward the recorded amount of an asset or liability for reasons other than the occurrence of a transaction. (PSAB)

Write-off – Means to eliminate the recorded amount of an asset or liability for reasons other than the occurrence of a transaction. (PSAB)

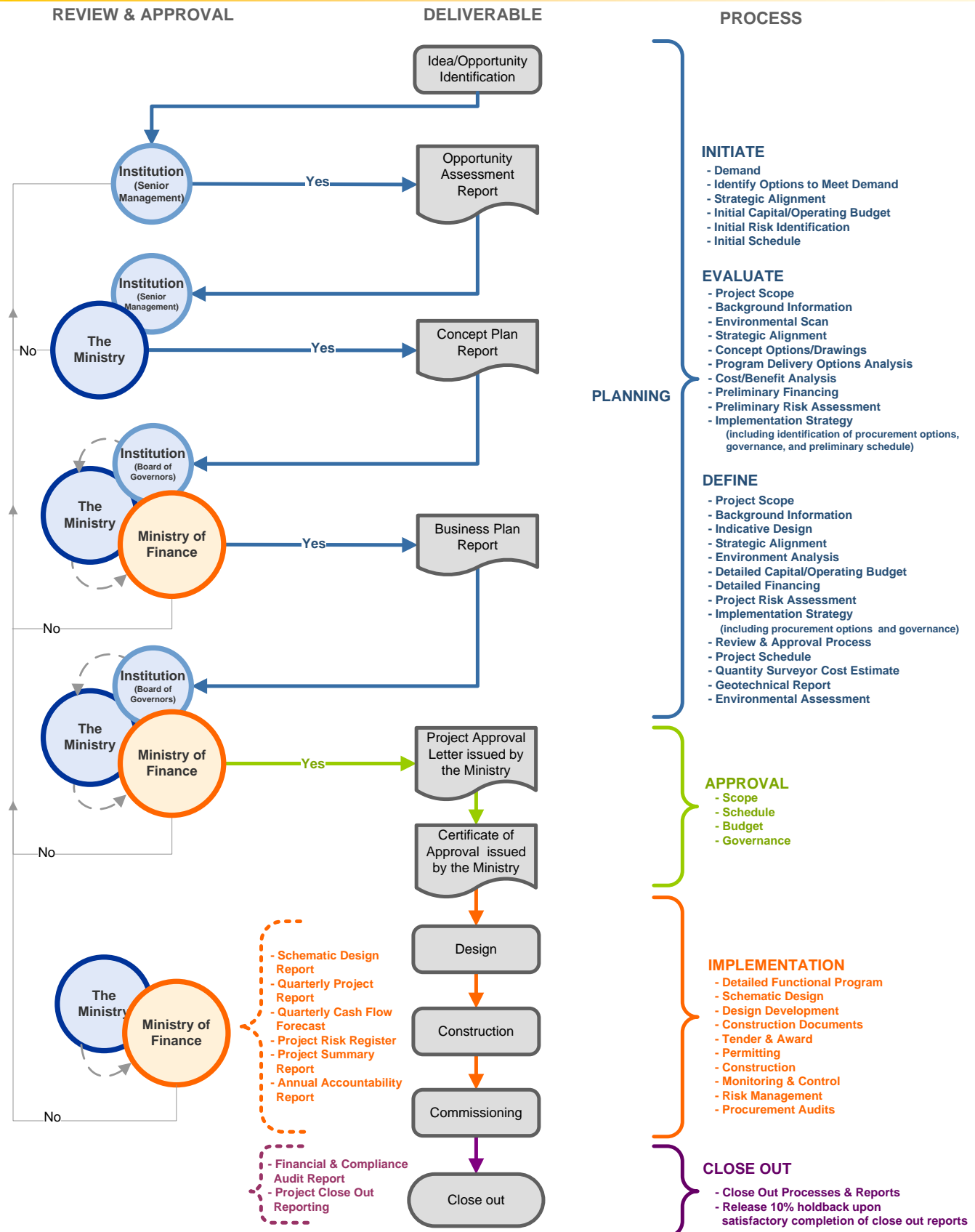
Zoning – The designation of specific areas by a local planning authority within a given jurisdiction for the purpose of legally defining land use or land use categories. (NAR)

16.0 APPENDICES

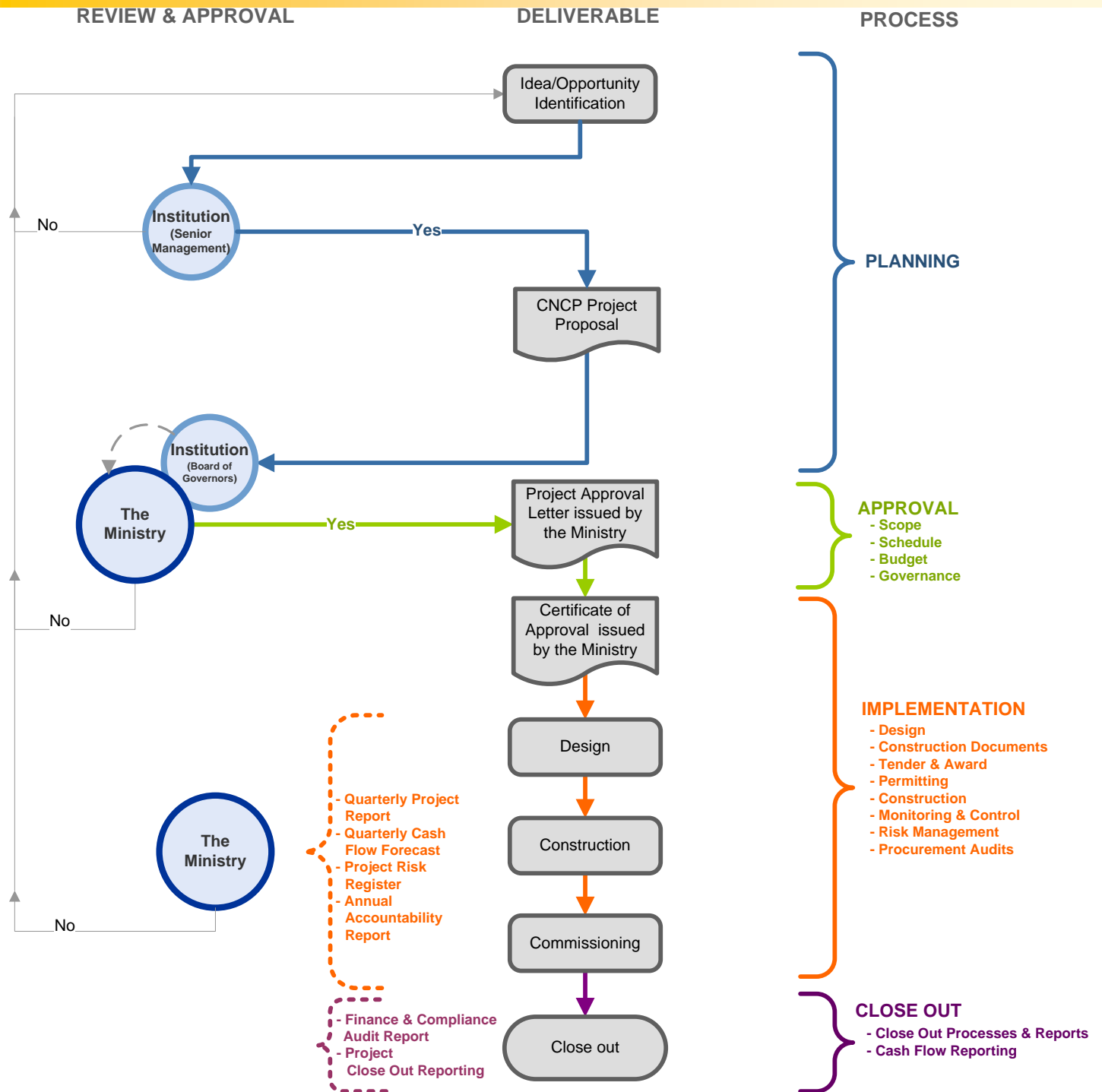
APPENDIX A: New Priority Investment Program: New Development Projects Process Flowchart



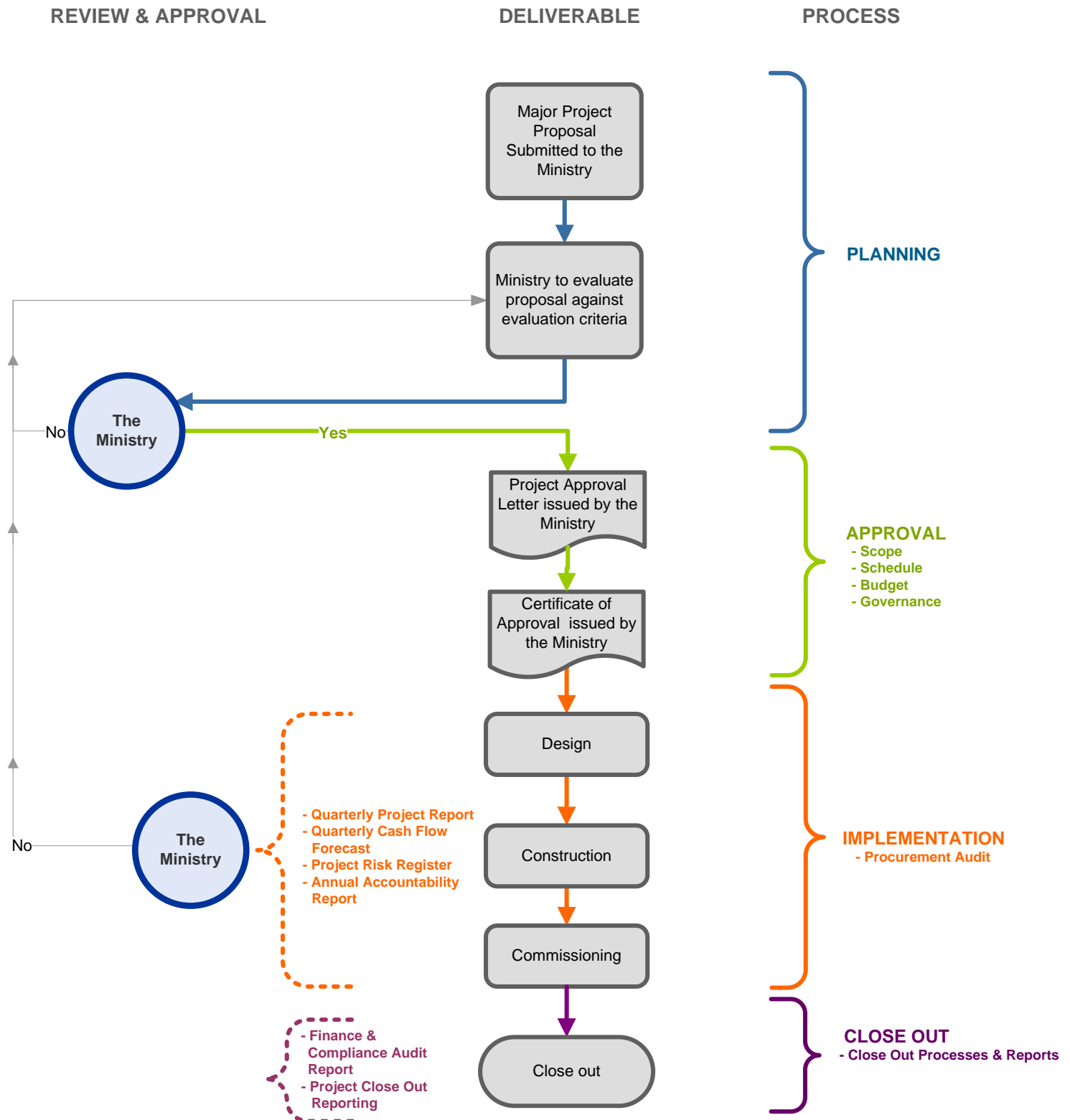
APPENDIX B: New Priority Investment Program: Whole Asset Replacement & Renewal Projects Process Flowchart



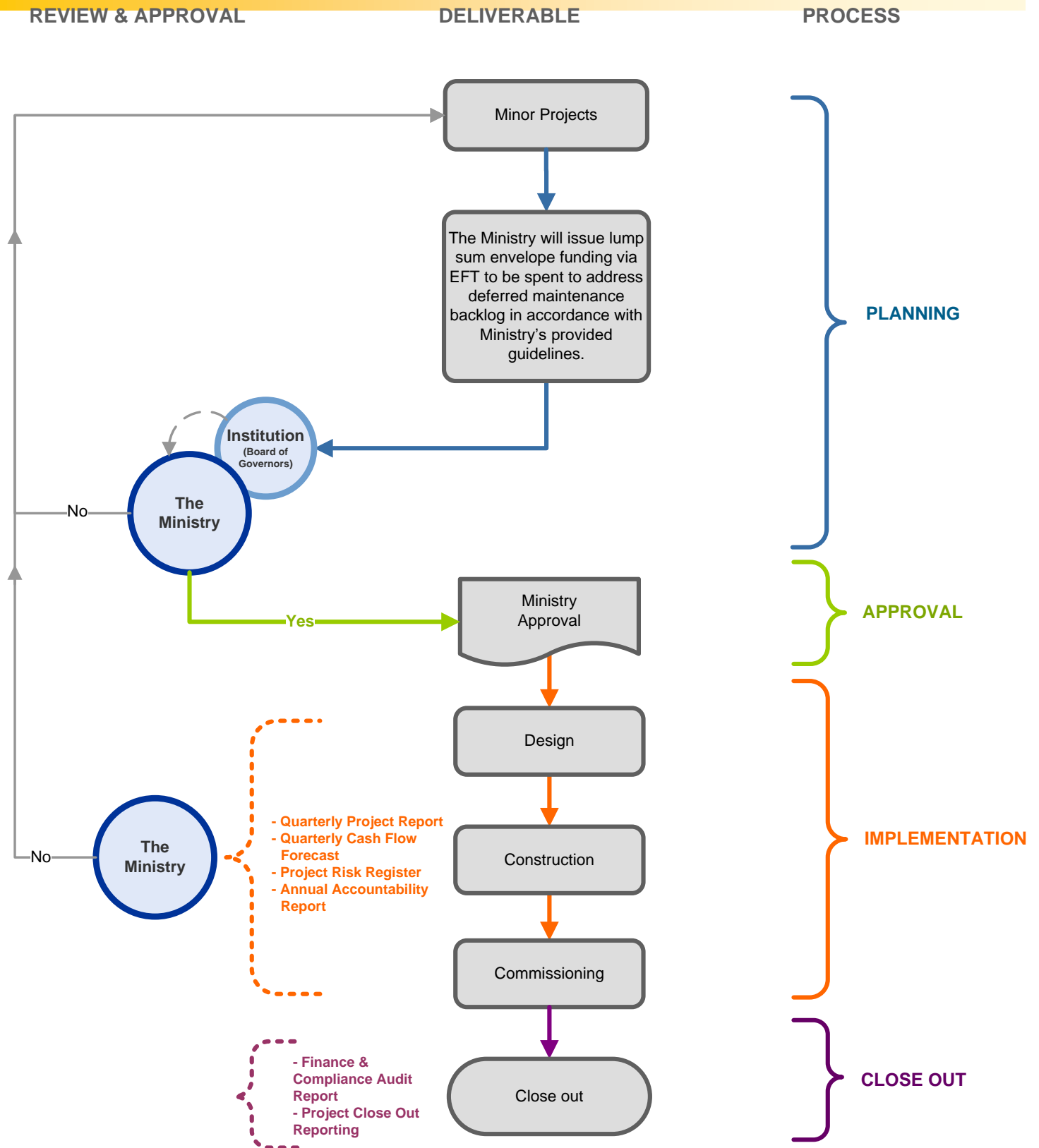
APPENDIX C: Carbon Neutral Capital Program Process Flowchart



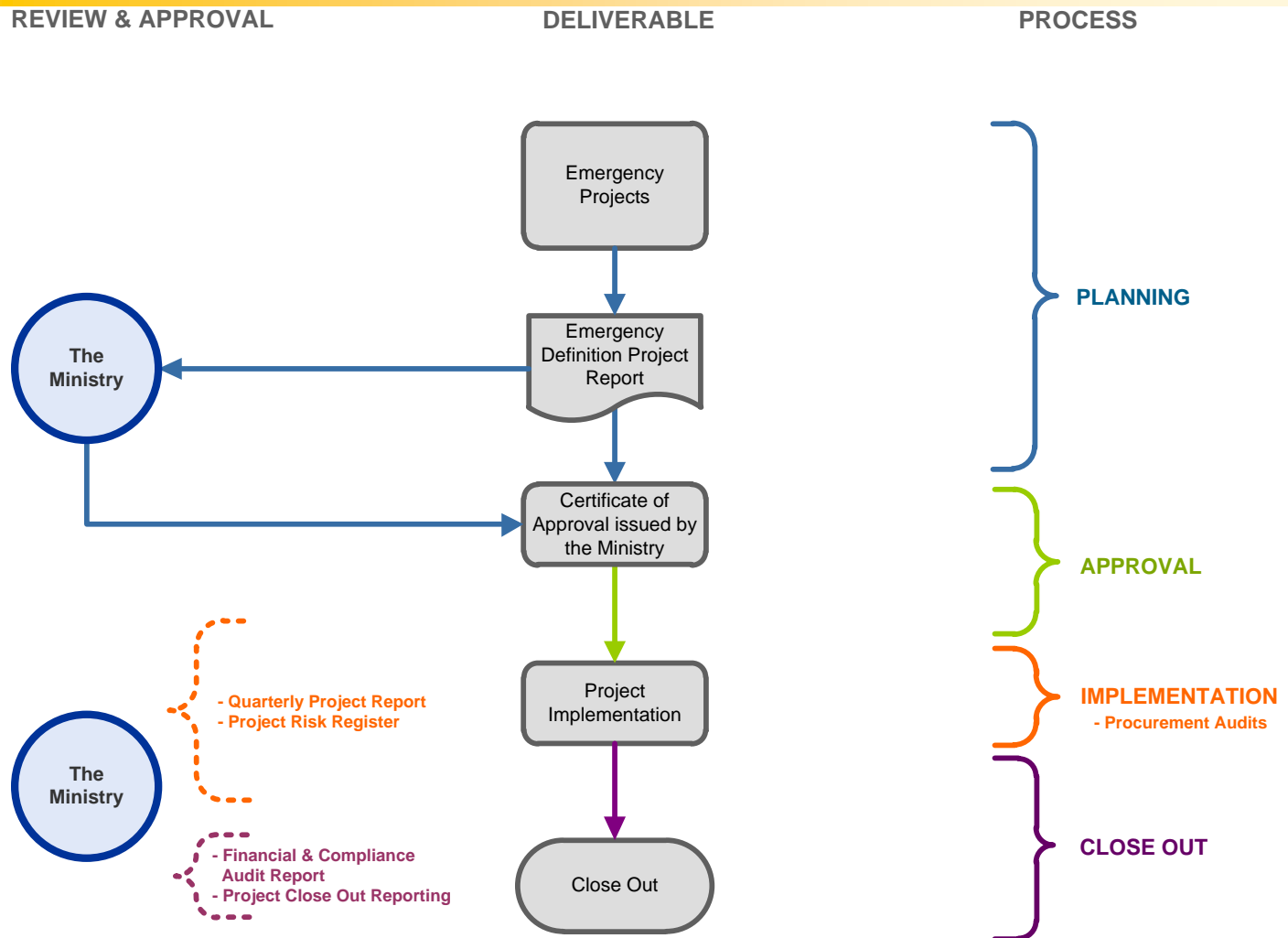
APPENDIX D: Routine Capital Program: Major Projects Process Flowchart



APPENDIX E: Routine Capital Program: Minor Projects Process Flowchart



APPENDIX F: Routine Capital Program: Emergency Projects Process Flowchart



Note: Emergency Projects are defined as projects arising from an unanticipated, immediate incident resulting in a health and safety and/or operational risk that has occurred. Institutions are expected to fund Emergency Projects with their own resources. However, under extenuating circumstances, the project may be eligible for funding under the Ministry's emergency funds. It should be noted that the Ministry holds only a nominal reserve for Emergency Projects, and therefore, does not guarantee funding.

APPENDIX G: Lease Process - Process Flowchart

