The Capital Asset Reference Guide (CARG) and its supporting appendices were developed for BC’s Ministry of Advanced Education for use by BC’s public post-secondary institutions. The CARG was informed by findings from a benchmark study that was completed on capital planning, approvals, implementation and close out processes in other government agencies and jurisdictions.
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The following Capital Asset Reference Guide Templates are available on the Ministry’s website:

TEMPLATE 1: Opportunity Assessment Report
TEMPLATE 2: Routine Capital Project Proposal
TEMPLATE 3: Emergency Project Definition Report
TEMPLATE 4: Concept Plan Report
TEMPLATE 4A: Lease Concept Plan Report
TEMPLATE 5: Business Case Report
TEMPLATE 6: Innovation Business Case Report
TEMPLATE 7: Quarterly Project Report
TEMPLATE 8: Capital Project Risk Screen Tool
TEMPLATE 9: Risk Register
TEMPLATE 11: Annual Accountability Report for Category 4(b): Minor Maintenance & Rehabilitation Projects < $250,000
TEMPLATE 12: Project Close Out Report
TEMPLATE 13: Project Delivery Options Analysis Tool
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 (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. A major rewrite of the 2005 edition of the CARG occurred in 2013.

Ancillary projects that are not funded by the Ministry (e.g., parkades, food service facilities, etc.) are not addressed in the CARG.

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.

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

---

1 The CARG is not intended for privately funded post-secondary institutions.
1.2 Scope
The purpose of the CARG is to:

- Improve 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

Table 1-1 provides an outline of sections that comprise the CARG.

Table 1-1. Outline of the Capital Asset Reference Guide

<table>
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<tr>
<th>SECTION</th>
<th>SUBSECTION</th>
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</thead>
</table>
| Section 1.0 Introduction | • Capital Asset Reference Guide  
| | • Scope  
| | • Regional Context  
| | • Capital Asset Management Framework  
| | • Seismic Retrofit Guidelines  
| Section 2.0 Capital Planning Cycle | • Institutional Five Year Capital Plan  
| | • Institutional Accountability Plan & Report  
| | • Ministry Service Plan  
| | • Ministry 10 Year Capital Plan  
| | • Ministry of Finance  
| Section 3.0 Categories of Projects | • Category 1: New Priority Projects  
| | • Category 2: Whole Asset Replacement & Renewal Projects \((\text{FCI}^2 > 0.5^2)\)  
| | • Category 3: Innovation Projects  
| | • Category 4: Maintenance & Rehabilitation Projects \((\text{FCI}^2 < 0.5^2)\)  
| | (a) Major Projects \(\geq 250,000\)  
| | (b) Minor Projects \(< 250,000\)  
| | (c) Emergency Projects  
| | • Category 5: Upgrade & Renovation Projects  
| Section 4.0 Overview of Capital Planning, Approvals, Implementation, and Close Out Process | • Accountability & Level of Approval  
| | • Capital Planning, Project Definition & Budget Accuracy  
| | • Level of effort for each activity of the capital planning, approvals, and implementation process  
| Section 5.0 Capital Projects: Planning Process | • Planning Deliverables for New Priority Investment Projects  
| | • Planning Deliverables for Innovation Projects  
| | - Idea/Opportunity Identification, Innovation Business Case Report  
| | • Planning Deliverables for Routine Capital Projects  
| | - Routine Capital Project Proposal, Emergency Project Definition Report

---

2 The Facility Condition Index (FCI) 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 = $ Deferred Maintenance Costs / $ Asset Replacement Value. Asset replacement value refers to the total cost of construction required to replace a capital asset in current dollars with like, kind & quality.

3 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.
<table>
<thead>
<tr>
<th>SECTION</th>
<th>SUBSECTION</th>
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<tbody>
<tr>
<td>Section 6.0</td>
<td>Capital Projects: Approvals Process</td>
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<tr>
<td>• Approval Letter</td>
<td></td>
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<tr>
<td>• Certificate of Approval (COA)</td>
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<tr>
<td>Section 7.0</td>
<td>Capital Projects: Implementation Process</td>
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<tr>
<td>• Progress Reporting</td>
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<td>• Risk Reporting</td>
<td></td>
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<tr>
<td>• Procurement Audits</td>
<td></td>
</tr>
<tr>
<td>Section 8.0</td>
<td>Capital Projects: Close Out Process</td>
</tr>
<tr>
<td>• Project Close Out Report</td>
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<td>• Financial &amp; Compliance Audits</td>
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<tr>
<td>Section 9.0</td>
<td>Five Year Capital Plan Requirements</td>
</tr>
<tr>
<td>• Reporting requirements</td>
<td></td>
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<tr>
<td>• Relevant frameworks and policies to inform the Five Year Capital Plan</td>
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<td>Section 10.0</td>
<td>Financing</td>
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<tr>
<td>• Overview</td>
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<td>• Traditional Financing</td>
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<td>• Alternative Financing</td>
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<td>• Capital and Operating Leases</td>
<td></td>
</tr>
<tr>
<td>• Financing through the BC Immigrant investment Fund</td>
<td></td>
</tr>
<tr>
<td>• Borrowing by the Agencies in the Financial markets</td>
<td></td>
</tr>
<tr>
<td>• Private Financing by Private Sector Partners</td>
<td></td>
</tr>
<tr>
<td>• Asset Leveraging</td>
<td></td>
</tr>
<tr>
<td>• Public-Private Partnerships</td>
<td></td>
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<tr>
<td>Section 11.0</td>
<td>BC Knowledge Development Fund</td>
</tr>
<tr>
<td>• Description of the BCKDF</td>
<td></td>
</tr>
<tr>
<td>• Project Approval and Implementation Process</td>
<td></td>
</tr>
<tr>
<td>Section 12.0</td>
<td>Project Delivery Models</td>
</tr>
<tr>
<td>• Project Delivery Options Analysis Tool</td>
<td></td>
</tr>
<tr>
<td>• Description and Advantages &amp; Disadvantages of the following:</td>
<td></td>
</tr>
<tr>
<td>• Design-Bid-Build</td>
<td></td>
</tr>
<tr>
<td>• Design-Build</td>
<td></td>
</tr>
<tr>
<td>• Construction Manager, Fixed Fee (CM as Agent)</td>
<td></td>
</tr>
<tr>
<td>• Construction Manager At Risk (GMP)</td>
<td></td>
</tr>
<tr>
<td>• Public-Private Partnerships</td>
<td></td>
</tr>
<tr>
<td>Section 13.0</td>
<td>Governance &amp; Risk Management</td>
</tr>
<tr>
<td>• Project Governance</td>
<td></td>
</tr>
<tr>
<td>• Risk Management Overview</td>
<td></td>
</tr>
<tr>
<td>Section 14.0</td>
<td>Acquisition &amp; Disposal of Property</td>
</tr>
<tr>
<td>• Universities</td>
<td></td>
</tr>
<tr>
<td>• Colleges &amp; Institutes</td>
<td></td>
</tr>
<tr>
<td>• Required Documentation for Acquisition and Disposition Approvals</td>
<td></td>
</tr>
<tr>
<td>• First Nations Consultation</td>
<td></td>
</tr>
<tr>
<td>Section 15.0</td>
<td>Definitions</td>
</tr>
<tr>
<td>• Definitions for terms used throughout the CARG</td>
<td></td>
</tr>
</tbody>
</table>
1.3 Regional Context

BC’s post-secondary institutions are grouped into four regions. 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 1-2. Regions: BC Post-Secondary Institutions

<table>
<thead>
<tr>
<th>Region</th>
<th>Institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northern/Central Region</td>
<td>College of New Caledonia, Nicola Valley Institute of Technology, Northern Lights College, Northwest Community College, University of Northern British Columbia</td>
</tr>
<tr>
<td>Fraser Valley/Interior Region</td>
<td>College of the Rockies, Kwantlen Polytechnic University, Okanagan College, Selkirk College, Thompson Rivers University, University of British Columbia - Okanagan, University of the Fraser Valley</td>
</tr>
<tr>
<td>Lower Mainland Region</td>
<td>British Columbia Institute of Technology, Capilano University, Douglas College, Emily Carr University of Art and Design, Justice Institute of British Columbia, Langara College, Simon Fraser University, University of British Columbia - Vancouver, Vancouver Community College</td>
</tr>
<tr>
<td>Vancouver Island/Coast Region</td>
<td>Camosun College, North Island College, Royal Roads University, University of Victoria, Vancouver Island University</td>
</tr>
</tbody>
</table>
### 1.4 Capital Asset Management Framework

The Capital Asset Management Framework 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, namely, two main objectives and corresponding principles as outlined on page 2 of the Capital Asset Management Framework Overview.

**Table 1-3. CAMF Objectives and Principles**

| OBJECTIVE 1: To establish best practices in capital asset management across the public sector. |
|---------------------------------|----------------------------------|
| Principle 1 | Sound Fiscal & Risk Management |
| Principle 2 | Strong Accountability in a Flexible and Streamlined Process |
| Principle 3 | Emphasis on Service Delivery |

| OBJECTIVE 2: To support provincial public-sector agencies to think creatively and find the most efficient ways to meet British Columbia’s infrastructure needs. |
|---------------------------------|----------------------------------|
| Principle 1 | Value for Money |
| Principle 2 | Protecting the Public Interest and Safety |
| Principle 3 | Competition and Transparency |

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**
1.5 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.

In April 2012, the Ministry awarded a contract to APEGBC to develop seismic retrofit guidelines for the post-secondary sector. APEGBC has now 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 effectively and consistently determine the seismic risk of an existing building, and optimize the extent of new structural components required to achieve a life-safety seismic performance.

APEGBC provided a Training Seminar to the consulting structural engineering firms on the Seismic Retrofit Guidelines and the Seismic Performance Analyzer on November 8, 2013, in Vancouver. Institutions, if interested, can obtain Seismic Retrofit Guidelines and the Seismic Performance Analyzer from APEGBC. Please refer to www.apeg.bc.ca for further information.
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. 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](image)

*Note: Routine Capital projects (Category 4: Maintenance & Rehabilitation Projects and Category 5: Upgrade & Renovation Projects) are submitted separately from the Institutional Five Year Capital Plan as Routine Capital Proposals, which are requested by the Ministry in October of each fiscal year and submitted by Institutions in mid-December.
2.1 Institutional Five Year Capital Plan
The Ministry requests a Five Year Capital Plan from Institutions in March of each fiscal year, which Institutions submit in mid-June. This includes a list of planned projects under Category 1: New Priority Projects, Category 2: Whole Asset Replacement & Renewal Projects, and/or Category 3: Innovation Projects.

Proposed capital projects from Institutional Five Year Capital Plans that are included in the Ministry’s approved 10 Year Capital Plan may progress to an Opportunity Assessment Report.

For details on the Ministry’s requirements for the Five Year Capital Plan submission, please refer to Section 9.0.

2.2 Institutional Accountability Plan & Report
Each Institution’s Accountability Plan & Report is submitted to the Ministry in July, and informs the Institution’s Five Year Capital Plan in June of the next fiscal year.

2.3 Ministry Service Plan
The Ministry submits a Ministry Service Plan in August in order for the Ministry of Finance to table the Ministry Service Plan 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 select proposed capital projects from Institutional Five Year Capital Plans.

2.5 Ministry of Finance
The Accountability Framework Standards Manual states that the Ministry of Finance must table the Ministry’s Service Plan in the legislature by February of each fiscal year.
3.0 CATEGORIES OF PROJECTS

The Ministry defines capital projects based on five categories, as indicated in Figure 3-1. Each category of project responds to a specific primary driver that may also result in secondary benefits.

### Figure 3-1. Categories of Projects

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
<th>Primary Driver</th>
<th>Secondary Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NEW PRIORITY INVESTMENT</strong></td>
<td><strong>New Priority Projects</strong></td>
<td>Accommodate growth; labour market demand-driven capacity</td>
<td>New system capacity</td>
</tr>
<tr>
<td>Category 1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>WHOLE ASSET REPLACEMENT &amp; RENEWAL PROJECTS</strong></td>
<td>Facility Condition Index (FCI) &gt; 0.5&lt;sup&gt;4&lt;/sup&gt;</td>
<td>Improve the condition of the physical asset and reduce deferred maintenance backlog</td>
<td>Increased system capacity due to improved functional efficiency</td>
</tr>
<tr>
<td>Category 2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CAPITAL INNOVATION</strong></td>
<td><strong>Innovation Projects</strong></td>
<td>Improve efficiency in the delivery of core programs and yields a net positive financial return over the lifecycle of the capital asset</td>
<td>New system capacity, or increased system capacity, or maintain/extend the life of the asset, or modify existing infrastructure</td>
</tr>
<tr>
<td>Category 3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ROUTINE CAPITAL</strong></td>
<td><strong>Maintenance &amp; Rehabilitation Projects</strong></td>
<td>Facility Condition Index (FCI) &lt; 0.5&lt;sup&gt;4&lt;/sup&gt;</td>
<td>Maintain or extend the life of the asset</td>
</tr>
<tr>
<td>Category 4</td>
<td>Major Projects ≥$250,000</td>
<td>Improve the condition of the physical asset and reduce deferred maintenance backlog</td>
<td></td>
</tr>
<tr>
<td>Category 5</td>
<td>Minor Projects &lt;$250,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Category 5</td>
<td>Emergency Projects</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>UPGRADE &amp; RENOVATION PROJECTS</strong></td>
<td>Improve functionality, efficiency, or for a policy rationale (i.e., heritage restoration)</td>
<td>Existing infrastructure is modified but does not result in net new programming</td>
<td></td>
</tr>
<tr>
<td>Category 5</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<sup>4</sup> The Facility Condition Index (FCI) is an industry-standard index that measures the relative condition of a facility by considering the costs of deferred maintenance/repairs and the value of the facility. FCI allows condition benchmarking between facilities of unequal size and composition, both within and among Institutions. FCI = $ Deferred Maintenance Costs / $ Asset Replacement Value. Asset replacement value refers to the total cost of construction required to replace a capital asset in current dollars with like, kind & quality.

<sup>5</sup> 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.
3.1 New Priority Investment Projects – Category 1: New Priority Projects

Category 1 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 Category 1 projects include:

- Additional future program and facility lifecycle cost obligations
- Net new specialized equipment and IM/IT systems and infrastructure

The capital planning, approvals, and implementation process flowchart for Category 1 projects can be found in Appendix A.

3.2 New Priority Investment Projects – Category 2: Whole Asset Replacement & Renewal Projects

The primary driver of Category 2 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 Category 2 projects include:

- Replacement of building systems and components is 50% or more of replacement value\(^6\) (FCI > 0.5\(^7\))
- Complete rehabilitation or renovation where more than 50% of all major components are replaced
- Demolition and rebuild

The capital planning, approvals, and implementation process flowchart for Category 2 projects can be found in Appendix B.

---

\(^6\) Asset replacement value refers to the 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.
3.3 Capital Innovation Projects – Category 3: Innovation Projects

Category 3 projects are primarily driven by the need to improve efficiency in the delivery of core programs and yield a net positive financial return over the lifecycle of the capital asset. Depending on the innovation project, a secondary benefit may be new system capacity, increased system capacity, maintenance or extension of the asset’s life, or modification of existing infrastructure.

Other characteristics of Category 3 projects include:

- Innovative strategies that improve the efficiency of program delivery
- Ranges from small, basic projects to large, complex projects
- Energy conservation projects that reduce GHG emissions

The capital planning, approvals, and implementation process flowchart for Category 3 projects can be found in Appendix C.

Note: Category 3: Innovation Projects are not funded through BC Knowledge Development Fund (BCKDF). For details on BCKDF, refer to Section 11.0.

3.4 Routine Capital Projects – Category 4: Maintenance & Rehabilitation (M&R) Projects

Category 4 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.

There are three categories of M&R projects:

- Category 4(a): Major M&R projects are ≥ $250,000
- Category 4(b): Minor M&R projects are < $250,000
- Category 4(c): Emergency M&R projects

---

The Concept Plan Report and its supporting information (e.g., engineering pre-feasibility report) can be funded through the Category 4(b): Minor M&R funding envelope.
3.5 Routine Capital Projects – Category 4: Maintenance & Rehabilitation (M&R) Projects (continued)

Other characteristics of Category 4 projects include:

- Replacement of building systems and components (for illustrative projects, refer to the “Examples” figure) is less than 50% of the replacement value\(^9\) (FCI < 0.5\(^{10}\))
- Is a capital expenditure in accordance with Public Sector Accounting Board (PSAB) guidelines
- Improves the facility condition index (FCI)
- Prevents the premature replacement of the facility
- Addresses building code requirements
- Addresses life safety, health and environmental risks
- Addresses accessibility requirements
- Includes repairs, refits and replacement of building systems and components and associated demolition, seismic upgrades, surveys, investigations, studies and planning, that typically total less than 50% of asset replacement value
- Includes site services, underground civil works and infrastructure projects
- Includes whole asset 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

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 both Ministerial and Institutional capital and service delivery emergencies. Emergency projects, therefore, are not guaranteed to be funded through Ministry emergency funds.

The capital planning, approvals, and implementation process flowchart for Category 4 projects can be found in the following appendices:

- **Appendix D** for Category 4(a): Major M&R Projects ≥ $250,000
- **Appendix E** for Category 4(b): Minor M&R Projects < $250,000
- **Appendix F** for Category 4(c): Emergency 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)
- Linear infrastructure (e.g., underground utilities, roadways, sidewalks, etc.)

---

\(^9\) Asset replacement value refers to the total cost of construction required to replace a capital asset in current dollars with like, kind, and quality.

\(^{10}\) 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 Category 2: Whole Asset Replacement & Renewal project.
3.6 Routine Capital Projects – Category 5: Upgrade & Renovation Projects

Category 5 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.

Other characteristics of Category 5 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., staff costs)
- Excludes projects undertaken to address deferred maintenance that have improved functionality as a side benefit
- Excludes tenant improvement <$50,000

The capital planning, approvals, and implementation process flowchart for Category 5 projects can be found in Appendix G.

EXAMPLE

- Renovation of a classroom to accommodate program change and create efficiencies
- Linear infrastructure (e.g., underground utilities, roadways, sidewalks, etc.)
4.0 OVERVIEW OF CAPITAL PLANNING, APPROVALS, IMPLEMENTATION & CLOSE OUT PROCESS

The capital planning, approvals and reporting process requires specific due diligence reporting during the planning, implementation, and close out phases, depending on the category of the proposed project. For more details on the five categories of projects, please refer to Section 3.0 Categories of Projects.

For instance, constructing a new academic building on a campus (Category 1: New Priority Project) has a different capital planning and approval process than renovating lecture theatres (Category 5: Upgrade & Renovation 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, and close out tasks and activities.

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

Table 4-1. Capital Planning Process & Deliverables

<table>
<thead>
<tr>
<th>PHASES</th>
<th>TASK</th>
<th>ACTIVITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>PLANNING</td>
<td>Initiate</td>
<td>Idea /Opportunity Identification</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Opportunity Assessment Report</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Routine Capital Project Proposal</td>
</tr>
<tr>
<td></td>
<td>Evaluate</td>
<td>Concept Plan Report</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Lease Concept Plan Report</td>
</tr>
<tr>
<td></td>
<td>Define</td>
<td>Business Case Report</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Innovation Business Case Report</td>
</tr>
<tr>
<td>APPROVAL</td>
<td>Approve</td>
<td>Ministry Approval Letter</td>
</tr>
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<td>Certificate of Approval</td>
</tr>
<tr>
<td>IMPLEMENTATION</td>
<td>Progress Reporting</td>
<td>Schematic Design Report</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Quarterly Project Report</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Project Risk Register</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Procurement Audit Report</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Minor M&amp;R Annual Accountability Report</td>
</tr>
<tr>
<td>CLOSE OUT</td>
<td>Close Out</td>
<td>Financial &amp; Compliance Audit Report</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Project Close Out Report</td>
</tr>
</tbody>
</table>
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 Projects
An Opportunity Assessment Report, Concept Plan Report, Lease Concept Report, and Business Case Report are required for Category 1: New Priority Projects and Category 2: Whole Asset Replacement & Renewal Projects. For details on the evaluation and approvals process on new priority investment projects, please refer to the appendices below:

Appendix A: Process Flowcharts
Category 1: New Priority Projects

Appendix B: Process Flowcharts
Category 2: Whole Asset Replacement & Renewal Projects

(b) Innovation Projects
An Innovation Business Case Report is required for Category 3: Innovation projects. This differs from the Business Case Report required for new priority investment projects as it consolidates the Concept Plan Report and Business Case Report into one, concise deliverable. The level of detail required in the Innovation Business Case Report varies according to the projects scope, complexity, and risk profile. For details on the evaluation and approvals process on innovation projects, please refer to the following appendices:

Appendix C: Process Flowcharts
Category 3: Innovation Projects

(c) Routine Capital Projects
Due to their relatively small size, routine capital projects 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: Process Flowcharts
Category 4(a): Major M&R Projects ≥ $250,000

Appendix E: Process Flowcharts
Category 4(b): Minor M&R Projects < $250,000

Appendix F: Process Flowcharts
Category 4(c): Emergency M&R Projects

Appendix G: Process Flowcharts
Category 5: Upgrade & Renovation Projects

---

1 Category 1: New Priority Projects and Category 2: Whole Asset Replacement & Renewal Projects
Deliverables for new priority investment projects\textsuperscript{12}, innovation projects\textsuperscript{13}, and routine capital projects\textsuperscript{14} are key inputs into the Five Year Capital Plan submission to the Ministry. More details can be found in \textit{Section 9.0} Five Year Capital Plan.

\textsuperscript{12} Category 1: New Priority Projects and Category 2: Whole Asset Replacement & Renewal Projects
\textsuperscript{13} Category 3: Innovation Projects
\textsuperscript{14} Category 4: Maintenance & Rehabilitation Projects and Category 5: Upgrade & Renovation Projects
### Table 4-2. Capital Planning, Approvals and Reporting Process

<table>
<thead>
<tr>
<th>PHASES</th>
<th>TASK</th>
<th>ACTIVITY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PLANNING</strong></td>
<td>Initiate</td>
<td>Idea /Opportunity Identification</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Opportunity Assessment Report</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Routine Capital Project Proposal</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Emergency Project Definition Report</td>
</tr>
<tr>
<td>Evaluate</td>
<td></td>
<td>Concept Plan Report 4</td>
</tr>
<tr>
<td>Define</td>
<td></td>
<td>Business Case Report 4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Innovation Business Case Report 4</td>
</tr>
<tr>
<td><strong>APPROVAL</strong></td>
<td>Approve</td>
<td>Ministry Approval Letter</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Certificate of Approval</td>
</tr>
<tr>
<td><strong>IMPLEMENTATION</strong></td>
<td>Progress Reporting</td>
<td>Schematic Design Report</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Quarterly Project Report</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Project Risk Register</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Procurement Audit Report</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Minor M&amp;R Annual Accountability Report</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Quarterly Cash Flow Forecast</td>
</tr>
<tr>
<td><strong>CLOSE OUT</strong></td>
<td>Close Out</td>
<td>Financial &amp; Compliance Audit Report</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Project Close Out Report</td>
</tr>
</tbody>
</table>

### CATEGORY OF PROJECT

<table>
<thead>
<tr>
<th>New Priority Investment</th>
<th>Innovation</th>
<th>Routine Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CATEGORY 1</strong></td>
<td>New Priority Projects</td>
<td></td>
</tr>
<tr>
<td><strong>CATEGORY 2</strong></td>
<td>Whole Asset Replacement &amp; Renewal Projects (FCI &lt; 0.5) 4</td>
<td></td>
</tr>
<tr>
<td><strong>CATEGORY 3</strong></td>
<td>Innovation Project</td>
<td></td>
</tr>
<tr>
<td><strong>CATEGORY 4(a)</strong></td>
<td>Major Maintenance &amp; Rehabilitation Major Projects ≥ $250,000 (FCI &lt; 0.5) 1</td>
<td></td>
</tr>
<tr>
<td><strong>CATEGORY 4(b)</strong></td>
<td>Minor Maintenance &amp; Rehabilitation Minor Projects &lt; $250,000 (FCI &lt; 0.5)</td>
<td></td>
</tr>
<tr>
<td><strong>CATEGORY 4(c)</strong></td>
<td>Maintenance &amp; Rehabilitation Emergency Projects</td>
<td></td>
</tr>
<tr>
<td><strong>CATEGORY 5</strong></td>
<td>Upgrade &amp; Renovation Projects</td>
<td></td>
</tr>
</tbody>
</table>

1. 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.
2. 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.
3. These reports are required for projects greater than $2M, although the Ministry may request these reports for high risk projects under $2M.
4. Includes completion of Capital Project Risk Screen Tool.

---

**LEGEND**
- Mandatory by Institution
- Mandatory by Ministry of Finance
- Optional by the Ministry
- Optional by Ministry of Finance

---

Section 4.0 Overview of Capital Planning, Approvals, Implementation & Close Out Process | Page 17
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, 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 confidence are possible, which mitigates the risk of scope, cost, and schedule overruns and insufficient capital funding as the project is constructed.

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, Project Definition & Budget Accuracy Model

<table>
<thead>
<tr>
<th>PHASE</th>
<th>TASK</th>
<th>ACTIVITY</th>
<th>ORDER OF MAGNITUDE ESTIMATE</th>
<th>PRELIMINARY ESTIMATE</th>
<th>BUDGET ESTIMATE</th>
<th>DEFINITIVE ESTIMATE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Initial Scope</td>
<td>• Preliminary Scope</td>
<td>• Finalize Scope of Preferred Option</td>
<td>• Detailed Functional Program</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Identify Options</td>
<td>• Evaluate Options</td>
<td>• Project Risk Assessment</td>
<td>• Schematic Design</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Initial Capital/Operating Budget</td>
<td>• Preliminary Capital/Operating Budget</td>
<td>• (including Capital Project Risk Screen Tool)</td>
<td>• BIM (Building Information Model)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Initial Risk Assessment</td>
<td>• Preliminary Risk Assessment (including Capital Project Risk Screen Tool)</td>
<td>• Detailed Capital/Operating Budget</td>
<td>• Design Development</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Initial Schedule</td>
<td>• Preliminary Financing</td>
<td>• Project Schedule</td>
<td>• Construction Documents</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Supporting Information:</td>
<td>• Preliminary Schedule</td>
<td></td>
<td>• Tender &amp; Award</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• BC Budget Model Output / Quantity Surveyor Cost Estimate</td>
<td>• Recommend Preferred Option</td>
<td></td>
<td>• Permitting</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Supporting Information:</td>
<td></td>
<td></td>
<td>• Construction</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Master Plan</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Concept Drawings</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• BC Budget Model Output / Quantity Surveyor Cost Estimate</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Engineering Pre-feasibility Studies</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Figure 4-1 does not apply to routine capital projects

Adapted from the American Association of Cost Engineers
4.3 Level of 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 Effort per Capital Planning Activity.

The Opportunity Assessment Report, Concept Plan Report and Business Case 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 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 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 Effort per Capital Planning Activity

<table>
<thead>
<tr>
<th>CAPITAL PLANNING ACTIVITIES: ILLUSTRATIVE LEVEL OF EFFORT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level of Effort for Main Report</td>
</tr>
<tr>
<td>Level of Effort for Supporting Information</td>
</tr>
<tr>
<td>BC Budget Model Output/Contractor Estimate</td>
</tr>
<tr>
<td>Ministry Space Standards</td>
</tr>
<tr>
<td>Capital Project Risk Screen (CARG Template 8)</td>
</tr>
<tr>
<td>Risk Register (CARG Template 9)</td>
</tr>
<tr>
<td>Campus Master Plan/Concept Drawings</td>
</tr>
<tr>
<td>Engineering Pre-feasibility Studies</td>
</tr>
<tr>
<td>Initial Functional Program</td>
</tr>
<tr>
<td>Indicative Design</td>
</tr>
<tr>
<td>Quantity Surveyor Cost Estimate</td>
</tr>
<tr>
<td>Geotechnical Report</td>
</tr>
<tr>
<td>Environmental Assessment</td>
</tr>
<tr>
<td>Engineering Feasibility Studies</td>
</tr>
<tr>
<td><strong>Total Effort (% of Capital Cost)</strong></td>
</tr>
</tbody>
</table>

---

16 Based on the American Association of Cost Engineers

17 An “Indicative Design” is developed as part of the Business Case 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; constraints of massing of the program applied to the site to indicate the acceptable limits of building form and mass; 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; and compliance with local land development and zoning by-laws applicable to the site.
5.0 CAPITAL PROJECTS: PLANNING PROCESS

5.1 Planning Deliverables for New Priority Investment Projects\(^{18}\)

This section describes the deliverables required for new priority investment projects, which refer to the following categories of projects:

- Category 1: New Priority Projects
- Category 2: Whole Asset Replacement & Renewal Projects

Descriptions of these project categories can be found in Section 3.0 Categories of Projects.

5.1.1 Idea/Opportunity Identification

This is the first activity in the planning phase, which 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 “Initiate” task and the activity of preparing an Opportunity Assessment Report.

\(^{18}\) Category 1: New Priority Projects and Category 2: Whole Asset Replacement & Renewal Projects
5.1.2 Opportunity Assessment Report

Proposed capital projects from Institutional Five Year Capital Plans that are included in the Ministry’s approved 10 Year Capital Plan may progress to an Opportunity Assessment Report. During this activity, 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 and the Ministry 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” task (Concept Plan Report) and “Define” task (Business Case) of the planning phase.

Please refer to the Ministry website for the following companion documents:

## OPPORTUNITY ASSESSMENT REPORT OUTLINE

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
</tr>
</thead>
</table>
| **1.0** Project Description | • Provides an overview of the proposed project, key assumptions, salient findings, conclusions, and recommendations  
• Describes the opportunity in the context of strategic and business drivers  
• Identifies project objectives  
• Provides a preliminary forecast of demand (need)  
• Scope – number of FTEs accommodated based on a needs analysis, e.g., industry data growth, student surveys, facility condition index (FCI) and preliminary space requirements  
  **RESOURCES**  
  - 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 |
| **2.0** Background Information | • Summarizes the current situation  
• Identifies similar initiatives in other jurisdictions |
| **3.0** Strategic Alignment | • Describes how the proposed project objectives are aligned with government strategic directions, and with external and internal stakeholders  
  **RESOURCES**  
  - Ministry Business Plans  
  - Cross-ministry initiatives |
| **4.0** Options Identification | • Includes options identification, initial capital/operating budget estimates, and risk identification  
  **4.1** Options Identification | • Identify capital project options to meet demand (e.g., new build, whole asset replacement or renewal)  
• Identify non-capital project options to meet demand, for example, outsourcing and distance learning solutions, increasing utilization of existing space, leasing  
• Note that projects greater than $50M must be evaluated by Partnerships BC for public private partnership (P3) viability during the next planning activity, the Concept Plan Report  
  **RESOURCES**  
  - Ministry Budget Model  
  - Partnerships BC |
| **4.2** Initial Capital/Operating Budget | • Provide initial cost estimates for each option identified  
• Identify sources of capital and operating funding  
  **RESOURCES**  
  - Ministry Budget Model  
  - Partnerships BC |
| **4.3** Risk Identification | • 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  
  **RESOURCES**  
  - Risk Register (CARG Template 9)  
  - Ministry Risk Management Guide |
| **5.0** Conclusions & Recommendations | • 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  
  **RESOURCES**  
  - Figure 4-1. Capital Planning, Project Definition & Budget Accuracy Model |
| **Supporting Information** | • Ministry Budget Model (Category 1: New Priority Projects)  
• Quantity Survey or Cost Estiamte (Category 2: Whole Asset Replacement & Renewal Projects) |
5.1.3 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, 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 selects a preferred option before committing additional time and resources for further analysis in a Business Case. The rigour 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.

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, Project Definition & 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 pre-determined criteria to identify which options are viable. Each viable option is then further analyzed with preliminary estimates of capital/operating budget, financing, procurement options, risk assessment, and schedule to select a preferred option.

Examples of evaluation criteria include:

- **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
- **Infrastructure Improvements**: FCI improvement and/or reduction of life safety & occupational health risks
- **Cost Effectiveness**: Funding 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 by the Ministry. This tool evaluates risk on both an organizational and project level. The Capital Project Risk Screen Tool may determine 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. Terms of reference will be project specific and membership will include Institution and
government representatives. Project boards will be responsible for providing overall direction 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 Case Report.

Projects greater than $50M must be evaluated by Partnerships BC 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 Partnerships BC. While it is not mandatory to use PBC’s services to plan, deliver, and oversee project delivery, they do offer those services. Please refer to Section 13.0 Governance & Risk Management, for more details about Partnerships BC. Further details about Partnerships BC can be found at http://www.partnershipsbc.ca.

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.

Please refer to the Ministry website for the following companion documents:

- Template 4 – Concept Plan Report Template.
- Template 4A – Lease Concept Plan Report Template.
- Template 8 – Capital Project Risk Screen Tool
- Template 9 – Risk Register
- Template 13 – Project Delivery Options Analysis Tool
## CONCEPT PLAN REPORT OUTLINE

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Executive Summary</strong></td>
<td>Provides an overview of the proposed project, key assumptions, salient findings, conclusions, and recommendations</td>
</tr>
<tr>
<td><strong>1.0 Project Description</strong></td>
<td>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</td>
</tr>
<tr>
<td></td>
<td>Update project scope in the Opportunity Assessment Report including the number of FTEs that can be accommodated</td>
</tr>
<tr>
<td><strong>RESOURCES</strong></td>
<td>- Approved Opportunity Assessment Report</td>
</tr>
<tr>
<td></td>
<td>- Institutional Accountability Plan &amp; Report</td>
</tr>
<tr>
<td></td>
<td>- Five Year Capital Plan</td>
</tr>
<tr>
<td></td>
<td>- FTE and space utilization rates</td>
</tr>
<tr>
<td></td>
<td>- Ministry Space Standards</td>
</tr>
<tr>
<td></td>
<td>- Ministry Budget Model</td>
</tr>
<tr>
<td><strong>2.0 Background Information</strong></td>
<td>Update the background information from the Opportunity Assessment Report, including the current situation and forecast demand (need)</td>
</tr>
<tr>
<td><strong>RESOURCES</strong></td>
<td>- Approved Opportunity Assessment Report</td>
</tr>
<tr>
<td></td>
<td>- BCStats Population Projections (P.E.O.P.L.E.)</td>
</tr>
<tr>
<td></td>
<td>- Provincial data on labour trends</td>
</tr>
<tr>
<td><strong>3.0 Strategic Alignment</strong></td>
<td>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</td>
</tr>
<tr>
<td><strong>RESOURCES</strong></td>
<td>- Approved Opportunity Assessment Report</td>
</tr>
<tr>
<td></td>
<td>- Ministry Business Plans</td>
</tr>
<tr>
<td></td>
<td>- Cross-ministry initiatives</td>
</tr>
<tr>
<td><strong>4.0 Environment Analysis</strong></td>
<td>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, and project risks</td>
</tr>
<tr>
<td><strong>RESOURCES</strong></td>
<td>- Approved Opportunity Assessment Report</td>
</tr>
<tr>
<td></td>
<td>- Post-secondary institutions and similar agencies in BC and other jurisdictions (provinces, states, international)</td>
</tr>
<tr>
<td><strong>5.0 Program Delivery Options Analysis</strong></td>
<td>The options identified in the Opportunity Assessment Report are evaluated against a set of mandatory, Institution specified criteria to determine which options are viable</td>
</tr>
<tr>
<td></td>
<td>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</td>
</tr>
<tr>
<td><strong>5.1 Step 1: Identify All Options</strong></td>
<td>List all options (both capital and non-capital options) as identified in the approved Opportunity Assessment Report</td>
</tr>
<tr>
<td></td>
<td>Include “do nothing” as an option to identify the costs and disadvantages of maintaining status quo</td>
</tr>
<tr>
<td></td>
<td>Identify a set of mandatory, Institution specified criteria to determine a shortlist of viable options (e.g., strategic, capacity, or schedule requirements)</td>
</tr>
<tr>
<td></td>
<td>Options that do not meet mandatory criteria are dismissed from further evaluation</td>
</tr>
</tbody>
</table>
## 5.2 Step 2: Evaluate Viable Options

- **Analyze viable options in detail and compare to the status quo**
- **Quantitative (Cost/Benefit) Analysis**
  - Preliminary estimates of annual capital and operating costs, including program/service delivery and facility lifecycle costs
  - Prepare a net 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 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
- Partnerships 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 Case, 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
- Project Delivery Options Analysis Tool ([CARG Template 13](#))
- Campus Master Plan
- Concept Drawings
- Ministry Budget Model Output/Quantity Surveyor Cost Estimate
- Engineering Pre-feasibility Studies
5.1.4 Business Case Report

The Business Case is the final activity in the Planning phase, 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 Case 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 Case 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 Case 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. 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 Category 1: New Priority Project or Category 2: 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 case 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, Concept Plan Report prior to preparing the Business Case.

Please refer to the Ministry website for the following companion documents:

Template 5 – Business Case Report Template.
Template 8 – Capital Project Risk Screen Tool.
Template 9 – Risk Register.
### BUSINESS CASE REPORT OUTLINE

**Executive Summary**
- Summarize the key elements of the Business Case

**1.0 Project Description**
- Further define the project scope for the option recommended in the approved Concept Plan Report including the number of FTEs that can be accommodated
- 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

**RESOURCES**
- Approved Concept Plan Report
- Ministry Space Standards

**2.0 Background Information**
- Summarize the background information in the approved Concept Plan Report, including the current situation and forecast demand

**RESOURCES**
- Approved Concept Plan Report

**3.0 Strategic Alignment**
- 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

**RESOURCES**
- Approved Concept Plan Report

**4.0 Environment Analysis**
- Update the environment analysis information in the approved Concept Plan, including market research and lessons learned

**RESOURCES**
- Approved Concept Plan Report

**5.0 Detailed Capital/Operating Budget**
- Detailed capital costs, operating costs, and facility lifecycle costs for the recommended option

**6.0 Detailed Financing**
- Confirm multi-year cash flows
- Confirm sources of capital and operating funding for the recommended option, including direct capital funding (e.g., provincial 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 CASE REPORT OUTLINE (continued)

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
</tr>
</thead>
</table>
| **7.0 Project Risk Assessment** | - 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 |
| **8.0 Conclusions & Recommendations** | - Summarize the conclusions for the recommended option, based on the analysis above  
- Recommended scope, cost, schedule, and financing |
| **9.0 Implementation Strategy** | - Lists the steps for executing the recommendations outlined in the previous section  
- Update the Project Delivery Options Analysis Tool results completed in the Concept Plan Report  
- Includes the proposed procurement model, governance structure, and schedule  
- Communication Plan |
| **10.0 Review & Approval Process** | - Contains the procedure for obtaining approval within the Institution and the Province |

#### SUPPORTING INFORMATION

- 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 9]  
- Initial Functional Program  
- Indicative Design  
- Quantity Surveyor Cost Estimate  
- Project Delivery Options Analysis Tool [CARG Template 13]  
- Geotechnical Report  
- Environmental Assessment  
- Engineering Feasibility Studies
5.2 Planning Deliverables for Innovation Projects

The following planning deliverables are required for Category 3: Innovation Projects.

5.2.1 Idea/Opportunity Identification

As with new priority projects, this is the first activity in the planning phase for innovation 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” task and the activity of preparing an Innovation Business Case Report.

5.2.2 Innovation Business Case Report

An Innovation Business Case Report is required for Innovation Projects eligible for funding under the Capital Innovation Fund (CIF). The Innovation Business Case Report is tailored to the due diligence requirements of the CIF 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 Innovation Business Case Report 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.

Please refer to the Ministry website for the following companion documents:

Template 6 – Innovation Business Case Report Template.
Template 8 – Capital Project Risk Screen Tool.
Template 9 – Risk Register.

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19 Category 3: Innovation Projects
20 Note that a Concept Plan Report may be required for Category 3: Innovation projects.
### INNOVATION BUSINESS CASE REPORT OUTLINE

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Executive Summary</strong></td>
<td>Summarize the key elements of the Innovation Business Case</td>
</tr>
</tbody>
</table>
| **1.0 Project Description** | Describes the opportunity in the context of strategic and business drivers  
| | Identifies project objectives  
| | Provides a preliminary forecast of demand (need)  
| | Scope – number of FTEs accommodated based on a needs analysis (e.g., industry data growth, student surveys, facility condition index (FCI) if applicable, and preliminary space requirements |
| **RESOURCES** | FTE and space utilization rates  
| | Ministry Space Standards  
| | Ministry Budget Model |
| **2.0 Background Information** | Summarizes the current situation  
| | Describes the need and indicate the current and forecast demand |
| **RESOURCES** | BCStats Population Projections (P.E.O.P.L.E.)  
| | Provincial data on labour trends |
| **3.0 Strategic Alignment** | Describes how the proposed project is aligned with government strategic directions, and with external and internal stakeholders |
| **RESOURCES** | Ministry Business Plans  
| | Cross-ministry initiatives |
| **4.0 Environment Analysis** | Provides additional market research and lessons learned from similar initiatives identified in the Concept Plan Report (if required by the Ministry), including labour market demand, programs delivered, scope, cost, schedule, and project risks |
| **RESOURCES** | Post-secondary institutions and similar agencies in BC and other jurisdictions (provinces, states, international) |
## 5.0 Program Delivery Options Analysis

- Options are evaluated against a set of mandatory criteria set by the Institution to determine which options are viable
- Each viable option is then further analyzed with preliminary lifecycle costing estimates capital costs, operating and maintenance costs, capital renewal costs, etc., financing, and risk assessment

### 5.1 Step 1: Identify All Options

- List all options (both capital and non-capital options)
- Include “do nothing” as an option to identify the costs and disadvantages of maintaining status quo
- Identify a set of mandatory, specified criteria to determine a shortlist of viable options (e.g., strategic, capacity, or schedule requirements)
- Options that do not meet mandatory criteria are dismissed from further evaluation

### 5.2 Step 2: Evaluate Viable Options

- Analyze viable options in detail and compare to the status quo
- Quantitative (Cost/Benefit) Analysis
  - Preliminary estimates of annual capital and operating costs, including program/service delivery and facility lifecycle costs
  - Prepare a net 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 for 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 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
- Preliminary Risk Assessment
  - Identify key risks for each viable option, in accordance with the Ministry’s Risk Management Guide

### RESOURCES
- Ministry Budget Model
- Partnerships BC
- Municipal Finance Authority of BC (discount rates for lifecycle costing)
- Risk register (CARG Template 9)
- Ministry Risk Management Guide

### 5.3 Step 3: Summary of Options

- Summarize the results from Sections 5.1-5.2, providing advantages and disadvantages, to select a preferred option
### 6.0 Detailed Financial Analysis

- The preferred option identified in Section 5.0 Program Delivery Options Analysis is further defined in this section, and includes the following:
  - Capital budget
  - Annual operating costs (including operating cost reductions)
  - Annual base and incremental revenues
  - Return on investment

### 6.0 Risk Assessment

- Complete a risk register for the recommended option by evaluating the risks identified in Section 5.2 in terms of probability, impact, risk owner, and mitigation strategies (in accordance with the Ministry’s Risk Management Guide). Note that the risk register should be updated throughout the project lifecycle
- Complete the Capital Project Risk Screen Tool to determine the level of oversight and approval required by the Ministry

**RESOURCES**
- Ministry Risk Management Guide
- Capital Project Risk Screen Tool ([CARG Template 8](#))
- Risk register ([CARG Template 9](#))

### 7.0 Conclusions & Recommendations

- List major conclusions
- Summarize recommendations for the preferred option

### 8.0 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](#))
- Initial Functional Program
- Indicative Design
- Quantity Surveyor Cost Estimate
- Project Delivery Options Analysis Tool ([CARG Template 13](#))
- Geotechnical Report
- Environmental Assessment
- Engineering Feasibility Studies
5.3 Planning Deliverables for Routine Capital Projects

This section describes the deliverables required for routine capital projects. There is an annual intake for routine capital submissions, and a letter with instructions from the Ministry is sent to Institutions.

5.3.1 Category 4(a): Major Maintenance & Rehabilitation Projects ≥ $250,000

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

- **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 full time equivalents (FTE) and space utilization rates.
- **Energy usage and GHG emissions**: Describe how and to what extent the project will reduce energy usage and greenhouse gas emissions.

For maintenance and rehabilitation projects that are greater than $250,000 and approved by the Ministry, a project approval letter and Certificate of Approval will be issued by the Ministry. 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

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21 Category 4(a): Major M&R Projects ≥ $250,000, Category 4(b): Minor M& Projects < $250,000, Category 4(c) Emergency M&R Projects, and Category 5: Upgrade & Renovation Projects
5.3.2 Category 4(b): Minor Maintenance & Rehabilitation Projects <$250,000
The Ministry will issue capital funding envelope to Institutions which shall be spent to address deferred maintenance backlog in accordance with the Ministry’s provided guidelines. Institutions are to provide an expenditure report at year end. For details on the expenditure report, please refer to Section 7.1.4, Progress Reporting for Category 4(b) Minor M&R projects <$250,000.

5.3.3 Category 4(c): Emergency Maintenance & Rehabilitation 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 3.4 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.

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 both Ministerial and Institutional capital and service delivery emergencies. Emergency projects, therefore, are not guaranteed to be funded through Ministry emergency funds.

Please refer to the Ministry website for the following companion documents:
Template 3 – Emergency Project Definition Report Template.
5.3.4 Category 5: Upgrade & Renovation Projects

Institutions shall submit a proposal which the Ministry will review and evaluate prior to the Ministry’s approval. A project approval letter and Certificate of Approval will be issued by the Ministry.

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

The proposal will be evaluated on criteria such as:

- **Infrastructure Improvements**: Describe how and to what extent will the project improve FCI and/or reduce life safety & occupational health risks
- **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 full time equivalents (FTE) and space utilization rates
- **Energy usage and GHG emissions**: Describe how and to what extent the project will reduce energy usage and greenhouse gas emissions.

Please refer to the Ministry website for the following companion document:

Template 2 – Routine Capital Project Proposal Template.
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, as well as details on reporting requirements. Typically, project status data from Institutions is required quarterly, with more frequent data submissions for high-risk or larger scope projects.

<table>
<thead>
<tr>
<th>PHASES</th>
<th>TASK</th>
<th>ACTIVITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>APPROVAL</td>
<td>Approve</td>
<td>Ministry Approval Letter Certificate of Approval</td>
</tr>
</tbody>
</table>

6.2 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. The typical COA process is as follows:

- The initial COA is issued for funding to complete scope of work (e.g., planning and design, site works, etc.) approved by the Ministry for the fiscal year under consideration
- 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 for the fiscal year under consideration, 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

For cost-shared projects, COAs will not be issued until all other sources of funding have been committed and endorsed by the Institution.
7.0 CAPITAL PROJECTS: IMPLEMENTATION PROCESS

The Ministry provides 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 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 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 to confirm projects are 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. The COA is sequentially increased to a maximum of 90 percent of the total funding from the Ministry based on project status and the Institution submitting all required reports.
### Table 7-1. Implementation Requirements, by Project Category

<table>
<thead>
<tr>
<th>PHASES</th>
<th>TASK</th>
<th>ACTIVITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>IMPLEMENTATION</td>
<td>Progress Reporting</td>
<td>Schematic Design Report</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Quarterly Project Report</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Project Risk Register</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Procurement Audit Report</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Minor M&amp;R Annual Accountability Report</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Quarterly Cash Flow Forecast</td>
</tr>
</tbody>
</table>

#### CATEGORY 1
- **New Priority Projects**
  - **CATEGORY 1**
  - **New Priority Projects**
  - **CATEGORY 2**
  - Whole Asset Replacement & Renewal Projects (FCI > 0.5)¹
  - **CATEGORY 3**
  - Innovation Project
  - **CATEGORY 4(a)**
  - Major Maintenance & Rehabilitation Major Projects ≥ $250,000 (FCI < 0.5)²
  - **CATEGORY 4(b)**
  - Minor Maintenance & Rehabilitation Minor Projects < $250,000 (FCI < 0.5)³
  - **CATEGORY 4(c)**
  - Maintenance & Rehabilitation Emergency Projects

#### CATEGORY 5
- **Upgrade & Renovation Projects**

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1. 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.
2. 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.
3. These reports are required for projects greater than $2M, although the Ministry may request these reports for high risk projects under $2M.
4. Includes completion of Capital Project Risk Screen Tool.

Section 7.0 Capital Projects: Implementation Process | Page 40
7.1 Progress Reporting

7.1.1 Progress Reporting for Category 1: New Priority Projects and Category 2: 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 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:

- CARG Companion Document: Template 7 – Quarterly Project Report
- CARG Companion Document: Template 9 – Risk Register
- Schematic Design Report
- Procurement Audit Report

7.1.2 Progress Reporting for Category 3: Innovation Projects

Progress reporting for Innovation 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, and may include the following:

- CARG Companion Document: Template 7 – Quarterly Project Report
- CARG Companion Document: Template 9 – Risk Register
- Schematic Design Report
- Procurement Audit Report
7.1.3 Progress Reporting for Category 4(a): Major Maintenance & Rehabilitation Projects ≥ $250,000

Institutions may be required, with Ministry instructions, to report on the progress of major M&R 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\(^{22}\) (description on work remaining, identify scope, schedule, and/or budget concerns, etc.)
- Updated risk register
- Major M&R Annual Accountability Report to be completed at year end\(^{22}\) (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 7 – Quarterly Project Report.
- Template 9 – Risk Register

7.1.4 Progress Reporting for Category 4(b): Minor Maintenance & Rehabilitation Projects < $250,000

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
- Outcomes Achieved
- Expenditure

Please refer to the Ministry website for the following companion document:

- Template 11 – Annual Accountability Report for Category 4(b): Minor Maintenance & Rehabilitation Projects < $250,000.

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\(^{22}\) Not typically required for Major M&R projects under $2M, although the Ministry may request the report if the project is deemed to be high risk.
7.1.5 Progress Reporting for Category 4(c): Emergency Maintenance & Rehabilitation 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 23 (description on work remaining, identify scope, schedule, and/or budget concerns, etc.)
- Updated risk register
- Major M&R Annual Accountability Report to be completed at year end 23 (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 document:

Template 7 – Quarterly Project Report.
Template 9 – Risk Register.

7.1.6 Progress Reporting for Category 5: Upgrade & Renovation Projects

Institutions may be required, with Ministry instructions, to report on the progress of upgrade and renovation projects through the submission of the following reports:

- Quarterly Project Report
  - Quarterly project financial update (costs to date, estimate to complete, variance from budget, etc.)
  - Quarterly project progress update 24 (description on work remaining, identify scope, schedule, and/or budget concerns, etc.)
- Updated risk register
- Upgrade & Renovation Annual Accountability Report 24 (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 document:

Template 7 – Quarterly Project Report.
Template 9 – Risk Register.

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23 Not typically required for emergency projects under $2M, although the Ministry may request this report if the project is deemed high risk.
24 Not typically required for Category 5: Upgrade & Renovation Projects under $2M, although the Ministry may request the report if the project is deemed to be high risk.
7.2 Risk Reporting
During the planning phase, the proposed project’s risks are incrementally assessed throughout the initiation, evaluation, and definition tasks. The implementation phase requires that risk is actively managed through the use of a risk register (CARG Template 9). Additional info 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 categories of projects indicated below and updated throughout the project lifecycle on a monthly basis, and submitted to the Ministry on a quarterly basis as part of Template 7: Quarterly Project Report:

A project risk register is mandatory for the following projects:
- Category 1: New Priority Projects
- Category 2: Whole Asset Replacement & Renewal Projects

A project risk register may be required, as per the Ministry, for the following projects:
- Category 3: Innovation Projects
- Category 4(a): Major Maintenance & Rehabilitation Projects \( \geq $250,000 \)
- Category 4(c): Maintenance & Rehabilitation Projects – Emergency Projects
- Category 5: Upgrade & Renovation Projects

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

<table>
<thead>
<tr>
<th>Risk Identification</th>
<th>Risk Response</th>
</tr>
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<tbody>
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</table>

RISK IDENTIFICATION (Inherent)

RISK RESPONSE

25 A risk register is not typically required for projects under $2M, although the Ministry may request that a risk register be completed if the project is deemed to be high risk.
7.3 Procurement Audits

In accordance with Section 10.6. Audits, Reviews & Oversight of the CAMF, 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 categories of projects:

- Category 1: New Priority Projects
- Category 2: Whole Asset Replacement & Renewal Projects
- Category 3: Innovation Projects
- Category 4(a): Major Maintenance & Rehabilitation Projects ≥ $250,000
- Category 4(c): Maintenance & Rehabilitation Projects – Emergency Projects
- Category 5: Upgrade & Renovation Projects
8.0 CAPITAL PROJECTS: CLOSE OUT PROCESS

8.1 Project Close Out

8.1.1 Project Close Out Reporting for Category 1: New Priority Projects and Category 2: Whole Asset Replacement & Renewal Projects

At project completion, Institutions will be required to complete project close out requirements. Requirements for Category 1: New Priority and Category 2: Whole Asset Replacement & Renewal Projects include:

- Project Close Out Report
  - Project progress and milestones
  - Communications
  - 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
  - Impact on local economy (i.e., job creation)
  - Total cost/m²
  - 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.)

Please refer to the Ministry website for the following companion document:

Template 12 – Project Close Out Report.
Capital Project Closure Form
8.1.2 Project Close Out Reporting for Category 3: Innovation Projects

Project close out requirements for Category 3: Innovation projects are the same as requirements for new priority investment projects. This includes:

- **Project Close Out Report**
  - Project progress and milestones
  - Communications
  - Health & safety
  - Confirmation of stage of LEED® certification process
  - Copy of LEED® certificate
  - Energy efficiency and greenhouse gas emission reduction calculations
  - Wood First report
  - Impact on local economy
  - Total cost/m²
  - 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.)

Please refer to the [Ministry website](http://example.com) for the following companion document:

- **Template 12 – Project Close Out Report**
- **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 Category 4(a): Major M&R Projects ≥ $250,000
- [Section 7.1.4](#) Progress Reporting for Category 4(b): Minor M& Projects < $250,000
- [Section 7.1.5](#) Progress Reporting for Category 4(c) Emergency M&R Projects
- [Section 7.1.6](#) Progress Reporting for Category 5: Upgrade & Renovation Projects

<table>
<thead>
<tr>
<th>PHASES</th>
<th>TASK</th>
<th>ACTIVITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>CLOSE OUT</td>
<td>Close Out</td>
<td>Finance &amp; Compliance Audit Report</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Project Close Out Report</td>
</tr>
</tbody>
</table>
8.2 Financial & Compliance Audits

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

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

- Category 1: New Priority Projects
- Category 2: Whole Asset Replacement & Renewal Projects
- Category 3: Innovation Projects
- Category 4(a): Major Maintenance & Rehabilitation Projects ≥ $250,000
- Category 5: Upgrade & Renovation 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 requirements, such as Category 1: New Priority Projects, Category 2: Whole Asset Replacement & Renewal Projects, Category 3: Innovation Projects, Category 4: Maintenance & Rehabilitation Projects, and Category 5: Upgrade And Renovation Projects.

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

In an effort to standardize Five Year Capital 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
- LEED® Gold for new construction; certification must be obtained from Canada Green Building Council (CaGBC)
- LEED® Silver for major renovation and renewal projects; certification must be obtained from Canada Green Building Council (CaGBC)
- University Act
- Royal Roads University Act
- Thompson Rivers University Act
- College and Institute Act

Further details will be provided in a Five Year Capital Plan instruction letter to Institutions.
10.0 FINANCING

10.1 Overview
In support of the preliminary and 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 Case Report. Government funding sources must distinguish between Consolidated Revenue Fund capital and operating appropriations, Transportation Financing Authority financing, agency borrowing and working capital including donations and funds raised by the institution, commercial revenues and cost recoveries from external sources. 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 fully or partially finance capital projects. 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 and 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, 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.

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 value\(^{26}\) of the lease payments over the term of the lease is at least 90% of the fair market value of the asset

In regards to capital lease approvals, with the exception of universities, Institutions require approval from the Minister of Advanced Education and the Minister of Finance prior to entering into a lease agreement. Refer to Section 14.0 for details and requirements for approval of leases.

\(^{26}\) The lessee’s incremental borrowing rate is used to discount the lease payments to present value
10.3.2 Financing through the 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.

10.3.3 Borrowing by the Agencies in the Financial Markets
Borrowing directly from financial markets is allowable 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:

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: Partnerships BC, owned by the Province, is responsible for assisting public agencies in analyzing P3 proposals. Projects greater than $50M must be evaluated by Partnerships BC 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 Partnerships 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 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 funding is primarily matched with the federal government’s Canada Foundation for Innovation (CFI) funding. In most cases BCKDF provides funding up to 40 percent of total project costs, with CFI providing 40 percent, and other non-provincial government partners such as industry providing the remainder. The provincial funding is provided out of the Ministry of Advanced Education’s Capital Budget.
11.2 Project Approval and Implementation Process

The BCKDF approval and implementation process is currently under review using the Lean Six Sigma business process improvement methodology. Information on the updated process will be provided here in the next annual update of the CARG. In the interim, please contact your Ministry representative for further information.

All BCKDF projects must be implemented within regular procedures for debt-serviced capital project funding. They must also comply with the following, where applicable:

- BCKDF Program Guidelines
- CFI Policy and Program Guide
- Capital Asset Management Framework
- Capital Asset Reference Guide
- Greenhouse Gas Reduction Targets Act
- Wood First Initiative
- LEED® Gold for new construction; certification must be obtained from Canada Green Building Council (CaGBC)
- LEED® Silver for major renovation and renewal projects; certification must be obtained from Canada Green Building Council (CaGBC)
- University Act
- Royal Roads University Act
- Thompson Rivers University Act
- College and Institute Act
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 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

To assist in determining the best suited project delivery model, refer to the Project Delivery Options Analysis Tool.

Please refer to the Ministry website for the following companion document:
Template 13 – Project Delivery Options Analysis Tool.
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 or hires a project management firm as its representative
- The Owner/Project Manager hires an architect, engineers and other specialist consultants, to prepare a program, drawings, and specifications for the total project scope under the Owner/Project Manager’s direction
- The Owner/Project Manager (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/Project Manager and assisted by the architect, engineers and other specialist consultants
### 12.2.2 Advantages and Disadvantages

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Common use and familiarity</td>
<td>• Schedule is lengthy due to sequential process of design, tender, and construction activities</td>
</tr>
<tr>
<td>• Costs are known early</td>
<td>• Sequential schedule prevents coordination and communication</td>
</tr>
<tr>
<td>• Competitive market pricing with minimal contingency in the contractor’s price</td>
<td>• Often minimal or no contractor input to design</td>
</tr>
<tr>
<td>• Design is resolved prior to construction start</td>
<td>• Costly to incorporate major changes or revised Owner requirements into the project and may lead to delay claims</td>
</tr>
<tr>
<td>• Scope of project and quality requirements of the Owner is usually well defined</td>
<td>• Minimal opportunity for value engineering and constructability reviews after tenders are received</td>
</tr>
<tr>
<td>• Architects administer the contract with the builder</td>
<td>• Contract price and hence budget performance are not known until drawings completed and tendered; risk of cost overrun and re-design to reduce costs</td>
</tr>
<tr>
<td>• Owner transfers full construction performance risk to the contractor</td>
<td>• Any cost savings or unspent contingencies revert to the contractor</td>
</tr>
<tr>
<td>• Construction health and safety risk is clearly with the contractor</td>
<td>-----------------------------------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>

**Figure 12-1.** Design-Bid-Build Project

![Diagram of Design-Bid-Build Project](image-url)
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

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Design and construction are overlapped to reduce the overall schedule</td>
<td>• Owner does not have direct control over the design team</td>
</tr>
<tr>
<td>• Total design and construction costs are theoretically fixed prior to</td>
<td>• Owner's requirements must be very well defined at the outset</td>
</tr>
<tr>
<td>design and construction start subject only to changes in the</td>
<td>• Limited flexibility for the Owner to introduce changes in requirements</td>
</tr>
<tr>
<td>Owner's requirements</td>
<td>• Savings resulting from value engineering during the design phase or</td>
</tr>
<tr>
<td>• Allows more than one design solution to be developed to fulfill the</td>
<td>favorable market conditions accrue to the contractor</td>
</tr>
<tr>
<td>intent of the Owner’s requirements</td>
<td>• Evaluation and comparison of the various design build solutions is</td>
</tr>
<tr>
<td>• Competitive design-build process can result in creative and cost-</td>
<td>difficult to ensure best value in terms of price, performance and</td>
</tr>
<tr>
<td>effective design solutions</td>
<td>function, including accounting for lifecycle costs</td>
</tr>
<tr>
<td>• Single source responsibility for delivery of the total project</td>
<td>• Owner requires a strong consultant team to be actively involved to</td>
</tr>
<tr>
<td>• Design and construction risk is theoretically transferred to the</td>
<td>enforce requirements of the contract and perform adequate due diligence</td>
</tr>
<tr>
<td>contractor</td>
<td>through the process</td>
</tr>
<tr>
<td></td>
<td>• Design build tendering process is costly to the bidders–some form of</td>
</tr>
<tr>
<td></td>
<td>compensation may be required to losing design-build teams that are not</td>
</tr>
<tr>
<td></td>
<td>successful as the low bidder</td>
</tr>
<tr>
<td></td>
<td>• Design innovations developed by the unsuccessful teams remain the</td>
</tr>
<tr>
<td></td>
<td>respective “copyrights” of the those contractors</td>
</tr>
</tbody>
</table>
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 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/Project Manager 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.
### 12.4.2 Advantages & Disadvantages

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Design process can be managed to control scope and quality</td>
<td>• Total costs are not firmly known at the start of construction</td>
</tr>
<tr>
<td>• Flexibility exists during the design and construction phases to overcome problems, incorporate changes, and vary schedule requirements</td>
<td>• Contractor’s own forces work needs to be clearly identified</td>
</tr>
<tr>
<td>• Design and construction overlap to reduce the overall schedule and achieve an earlier construction start and hence occupancy</td>
<td>• 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</td>
</tr>
<tr>
<td>• Construction Manager provides value engineering and constructability input to the design</td>
<td>• Coordination challenges due to multiple contracts</td>
</tr>
<tr>
<td>• Cost savings due to budget under-runs, favorable market conditions, design and construction innovation revert to the Owner, in whole or in part</td>
<td>• Owner retains and manages project contingencies as deemed appropriate</td>
</tr>
</tbody>
</table>

**Figure 12-3.** Construction Management – Agency
12.5 Construction Manager At Risk (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 Guaranteed Maximum Price (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.
12.5.2 Advantages & Disadvantages

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
</table>
| • Advantages similar to Construction Management (agency model) with the following additional benefits:  
  - 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 | • 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 greater than $50M must be evaluated by Partnerships BC 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 Partnerships BC. While it is not mandatory to use PBC’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 Canada27

<table>
<thead>
<tr>
<th>Agreement</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Design-Build (DB)</td>
<td>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).</td>
</tr>
<tr>
<td>Finance Only</td>
<td>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.</td>
</tr>
<tr>
<td>Operation &amp; Maintenance Contract (O&amp;M)</td>
<td>A private operator, under contract, operates a publicly-owned asset for a specified term. Ownership of the asset remains with the public entity.</td>
</tr>
<tr>
<td>Build-Finance</td>
<td>The private sector constructs an asset and finances the capital cost only during the construction period.</td>
</tr>
<tr>
<td>Design-Build-Finance-Maintain (DBFM)</td>
<td>The private sector designs, builds and finances an asset and provides hard facility management or maintenance services under a long-term agreement.</td>
</tr>
<tr>
<td>Design-Build-Finance-Maintain-Operate (DBFMO)</td>
<td>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.</td>
</tr>
<tr>
<td>Build-Own-Operate (BOO)</td>
<td>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.</td>
</tr>
<tr>
<td>Concession</td>
<td>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.</td>
</tr>
</tbody>
</table>

27 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 Involvement**

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 [Partnerships BC](#).

---

28 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

<table>
<thead>
<tr>
<th>Number of Months</th>
<th>Design-Bid-Build</th>
<th>Design-Build</th>
<th>Construction Manager At Risk – GMP</th>
<th>Construction Manager – Fixed Fee (CM as Agent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 2 3 4 5 6 7 8 9</td>
<td>Tender &amp; Award Arch./Eng’r &amp; Consultants</td>
<td>Tender &amp; Award Owner’s Consultants</td>
<td>Tender &amp; Award Arch./Eng’r &amp; Consultants</td>
<td>Tender &amp; Award Arch./Eng’r &amp; Consultants</td>
</tr>
<tr>
<td>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</td>
<td>T&amp;A Design (12 months)</td>
<td>T&amp;A Spec</td>
<td>T&amp;A Design (12 months)</td>
<td>T&amp;A Design (12 months)</td>
</tr>
<tr>
<td>24</td>
<td>Construction</td>
<td>Tender &amp; Award GMP Contract</td>
<td>Tender &amp; Award GMP Contract</td>
<td>Tender &amp; Award Construction Manager</td>
</tr>
<tr>
<td>25</td>
<td></td>
<td>Negotiate &amp; Award GMP Contract</td>
<td>Tender &amp; Award Trade Contracts</td>
<td>Tender &amp; Award Trade Contracts</td>
</tr>
<tr>
<td>26</td>
<td></td>
<td>Tender &amp; Award Trade Contracts</td>
<td>Construction</td>
<td>Construction</td>
</tr>
<tr>
<td>27</td>
<td></td>
<td>Construction (24 months)</td>
<td>Construction (24 months)</td>
<td>Construction (24 months)</td>
</tr>
<tr>
<td>28</td>
<td></td>
<td>Construction</td>
<td>Construction</td>
<td>Construction</td>
</tr>
<tr>
<td>29</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
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<td>30</td>
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<td>31</td>
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<td>32</td>
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<td>34</td>
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<td>35</td>
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<td>36</td>
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<td>37</td>
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<td>39</td>
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<td></td>
</tr>
<tr>
<td>40</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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 cases 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**

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 Case Report, and implementation.
CROWN CORPORATIONS

Partnerships British Columbia Inc.
Role: Reviews capital project proposals exceeding $50M for P3 viability.
Partnerships BC is owned by the Province of BC and is accountable to the Ministry of Finance. Capital project proposals from post-secondary institutions exceeding $50M are required to be submitted through the Ministry to Partnerships BC for Public Private Partnership (P3) viability.

LOCAL AGENCIES

Post-Secondary Institutions
Role: Prioritize capital projects for submission to the Ministry, and monitor and report 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
- BC Jobs Plan
- LEED® Gold for new construction; certification must be obtained from Canada Green Building Council (CaGBC)
- LEED® Silver for major renovation and renewal projects; certification must be obtained from 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.
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
Universities, colleges, and institutes must comply with statutory requirements applicable to the acquisition and disposition of property. Approvals and consents are required.

It is imperative that intentions for all requests for consent to acquire or dispose of property be made 12 to 18 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 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 sale and lease. 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.

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 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. Approval of the Minister of Advanced Education 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 Ministerial Order is forwarded to the University.

14.1.2.2 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. 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://geobc.gov.bc.ca. Refer to Section 14.3 First Nations Consultation.)
14.1.2.3 **Required Documentation**
The required documentation for Universities for dispositions of land, buildings, and/or space is as follows:

<table>
<thead>
<tr>
<th>Documentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>A copy of the proposed agreement</td>
</tr>
<tr>
<td>A copy of the survey plan with the disposal property clearly outlined in red</td>
</tr>
<tr>
<td>A legal description of the property including measurements (floor size etc.)</td>
</tr>
<tr>
<td>A Board Resolution approving the request</td>
</tr>
<tr>
<td>A Board approved statement declaring that “the disposal will not affect the</td>
</tr>
<tr>
<td>future delivery of educational programs”</td>
</tr>
<tr>
<td>Copy(ies) of the Certificate of Title, including PIDs, and Certificate of</td>
</tr>
<tr>
<td>Encumbrance:</td>
</tr>
<tr>
<td>• evidencing that seller owns the asset(s) to be acquired, or</td>
</tr>
<tr>
<td>• verifying any specific public purpose limitations on the land established by</td>
</tr>
<tr>
<td>a crown land grant</td>
</tr>
<tr>
<td>An estimate of property value prepared by an independent Appraiser</td>
</tr>
<tr>
<td>A statement from the Institution declaring that “the agreement(s) have been</td>
</tr>
<tr>
<td>vetted by their legal advisor to ensure full protection of the Institution’s</td>
</tr>
<tr>
<td>rights and interests”</td>
</tr>
<tr>
<td>First Nations Consultation Record if applicable</td>
</tr>
<tr>
<td>(1) This information is typically part of an agreement instead of a separate</td>
</tr>
<tr>
<td>attachment</td>
</tr>
</tbody>
</table>
14.2 Colleges and Institutes

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

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 and the Minister of Finance, 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.**

14.2.1.1 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. Institutions are to submit a Lease Concept Plan Report including a lease vs. purchase comparative analysis.
3. If the Lease Concept Plan Report is supported, the Institution is notified, at which time it submits to the Ministry an acquisition request with required documentation.
4. If Consent of the Minister of Advanced Education and Minister of Finance is obtained, the Institution will be notified, and the original signed Consent Form or filed Ministerial Order is forwarded to the Institution.
14.2.1.2 Required Documentation

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

<table>
<thead>
<tr>
<th>Documentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>A copy of the proposed agreement</td>
</tr>
<tr>
<td>A copy of a plan for the acquired land/building/space clearly outlined in red</td>
</tr>
<tr>
<td>A legal description of the property including measurements (floor size etc.)</td>
</tr>
<tr>
<td>Estimate of the total capital cost of the acquisition, including the costs</td>
</tr>
<tr>
<td>of any improvements</td>
</tr>
<tr>
<td>Estimated annual operating and maintenance costs for the assets/lease</td>
</tr>
<tr>
<td>Listing of the Programs being provided in the new space</td>
</tr>
<tr>
<td>Listing of the number of FTEs the new space will accommodate</td>
</tr>
<tr>
<td>A Board Resolution approving the request</td>
</tr>
<tr>
<td>Copy(ies) of the Certificate of Title, including PIDs, and Certificate of</td>
</tr>
<tr>
<td>Encumbrance:</td>
</tr>
<tr>
<td>• evidencing that seller owns the asset(s) to be acquired, or</td>
</tr>
<tr>
<td>• verifying any specific public purpose limitations on the land established</td>
</tr>
<tr>
<td>by a crown land grant</td>
</tr>
<tr>
<td>A Business Plan for loan or Tenant Improvement payments, if applicable</td>
</tr>
<tr>
<td>A statement from the Institution declaring “the agreement(s) have been</td>
</tr>
<tr>
<td>vetted by their legal advisor to ensure full protection of the Institution’</td>
</tr>
<tr>
<td>s rights and interests”</td>
</tr>
<tr>
<td>A description of the Parties to the joint use agreement</td>
</tr>
<tr>
<td>Details of all capital and operating cost-sharing formulae</td>
</tr>
<tr>
<td>Details of liability and other required insurance</td>
</tr>
<tr>
<td>Details of arbitration guidelines and other procedures to resolve disputes</td>
</tr>
<tr>
<td>Current Zoning, showing proposed use is allowed</td>
</tr>
<tr>
<td>Due Diligence on Property Owner reveals no significant concerns</td>
</tr>
<tr>
<td>Due Diligence on Property Manager reveals no significant concerns</td>
</tr>
<tr>
<td>Site and/or parking lot has sufficient designated parking stalls for staff &amp;</td>
</tr>
<tr>
<td>visitors</td>
</tr>
</tbody>
</table>

(1) This information is typically part of an agreement instead of a separate attachment
14.2.2 Acquisition of Land, Buildings, and/or Space through Leases
Please refer to Section 50 of the College and Institute Act, above.

14.2.2.1 Introduction
A new lease agreement requires consent of the Minister of Advanced Education and Minister of Finance, 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. As another example, 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
- 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.

14.2.2.2 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 of Advanced Education and the Minister of Finance. 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 G – Lease Process Flowchart.

14.2.2.3 Lease Due Diligence Reports
A. Lease Concept Plan Report
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. The Ministry requires the Institution to submit a Lease Concept Plan Report.

Please refer to the Ministry website for the following companion documents:
Template 4A – Lease Concept Plan Report Template.

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 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 of Advanced Education and Minister of Finance.
B. Lease Request Submission

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.

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

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

<table>
<thead>
<tr>
<th>Required Documentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>A copy of the proposed agreement, including renewal terms</td>
</tr>
<tr>
<td>A copy of a plan for the acquired land/building/space clearly outlined in red</td>
</tr>
<tr>
<td>Estimate of the total capital cost of the acquisition, including the costs of any improvements</td>
</tr>
<tr>
<td>Estimated annual operating and maintenance costs for the assets/lease (1)</td>
</tr>
<tr>
<td>Listing of the Programs being provided in the new space</td>
</tr>
<tr>
<td>Listing of the number of FTEs the new space will accommodate</td>
</tr>
<tr>
<td>Copy(ies) of the Certificate of Title, including PID(s), and Certificate of Encumbrance:</td>
</tr>
<tr>
<td>- evidencing that seller owns the asset(s) to be acquired, or</td>
</tr>
<tr>
<td>- verifying any specific public purpose limitations on the land established by a crown</td>
</tr>
<tr>
<td>land grant</td>
</tr>
<tr>
<td>Sketch plans of any proposed Tenant Improvements (1)</td>
</tr>
<tr>
<td>A Business Plan for loan or Tenant Improvement payments, if applicable</td>
</tr>
<tr>
<td>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”</td>
</tr>
<tr>
<td>Legal description of the total net assignable area and total gross area of property specific to the Institution use (1)</td>
</tr>
<tr>
<td>Details of all capital and operating cost-sharing formulae (1)</td>
</tr>
<tr>
<td>Details of liability and other required insurance (1)</td>
</tr>
<tr>
<td>Details of arbitration guidelines and other procedures to resolve disputes (1)</td>
</tr>
<tr>
<td>Current Zoning, showing proposed use is allowed</td>
</tr>
<tr>
<td>Due Diligence on Property Owner reveals no significant concerns</td>
</tr>
<tr>
<td>Due Diligence on Property Manager reveals no significant concerns</td>
</tr>
<tr>
<td>Site and/or parking lot has sufficient designated parking stalls for staff &amp; visitors (1)</td>
</tr>
</tbody>
</table>
14.2.2.4 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 acquisition.
3. The renewal request must include the lease costs, terms, 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.

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

<table>
<thead>
<tr>
<th>Listing of the Programs being provided in the space</th>
</tr>
</thead>
<tbody>
<tr>
<td>Listing of the number of FTE’s the space will accommodate</td>
</tr>
<tr>
<td>The lease rate for the renewal term</td>
</tr>
<tr>
<td>A copy of the renewal agreement</td>
</tr>
</tbody>
</table>

14.2.2.6 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 Schools/Colleges/Institutions Protection Program Manual for insurance requirements relating to leases.
3. Reference to the Commercial Arbitration Act of B.C. for the settlement of disputes regarding the agreement should be included in the agreement.
14.2.3 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.

14.2.3.1 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 Agreements 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 14.2.3.2, Required Documentation.
5. 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.
6. Institutions must send the Ministry a copy of the signed Joint-Use Agreement. Funding will only be provided upon the Ministry receiving a copy of the signed agreement.
### 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:

<table>
<thead>
<tr>
<th>Required Documentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>A copy of the proposed agreement, including renewal terms</td>
</tr>
<tr>
<td>A copy of a plan for the acquired land/building/space clearly outlined in red</td>
</tr>
<tr>
<td>Legal description of the total net assignable area and total gross area of property specific to the Institution use (1)</td>
</tr>
<tr>
<td>Listing of the Programs being provided in the new space</td>
</tr>
<tr>
<td>Listing of the number of FTEs the new space will accommodate</td>
</tr>
<tr>
<td>A Board Resolution approving the request</td>
</tr>
<tr>
<td>Copy(ies) of the Certificate of Title, including PIDs, and Certificate of Encumbrance:</td>
</tr>
<tr>
<td>• evidencing that seller owns the asset(s) to be acquired, or</td>
</tr>
<tr>
<td>• verifying any specific public purpose limitations on the land established by a crown land grant</td>
</tr>
<tr>
<td>Sketch plans of any proposed tenant improvements (1)</td>
</tr>
<tr>
<td>A Business Plan for loan or Tenant Improvement payments, if applicable</td>
</tr>
<tr>
<td>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”</td>
</tr>
<tr>
<td>A description of the Parties to the joint use agreement (1)</td>
</tr>
<tr>
<td>Details of all capital and operating cost-sharing formulae (1)</td>
</tr>
<tr>
<td>Details of liability and other required insurance (1)</td>
</tr>
<tr>
<td>Details of arbitration guidelines and other procedures to resolve disputes (1)</td>
</tr>
</tbody>
</table>

(1) This information is typically part of an agreement instead of a separate attachment
14.2.4 Disposition of Land, Buildings, and/or Space through Sale

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

14.2.4.1 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 of Advanced Education and Minister of Finance.
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 Ministers is obtained, the Institution is notified, and the signed Consent Form or Ministerial Order is forwarded to the College/Institution.

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

<table>
<thead>
<tr>
<th>A copy of the proposed agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>A copy of the survey plan with the disposal property clearly outlined in red</td>
</tr>
<tr>
<td>A legal description of the property including measurements (floor size etc.)</td>
</tr>
<tr>
<td>A Board Resolution approving the request</td>
</tr>
<tr>
<td>A Board approved statement declaring that “the disposal will not affect the future delivery of educational programs”</td>
</tr>
<tr>
<td>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”</td>
</tr>
<tr>
<td>An estimate of property value prepared by an independent Appraiser</td>
</tr>
<tr>
<td>An environmental assessment of the assets to be disposed</td>
</tr>
<tr>
<td>First Nations Consultation Record if applicable</td>
</tr>
</tbody>
</table>

14.2.4.3 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. 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://geobc.gov.bc.ca). Refer to Section 14.3 First Nations Consultation.
14.2.5 Disposition of Land, Buildings and/or Space by other than Sale

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

14.2.5.1 Approval Procedure
The procedure for obtaining approval to dispose of an interest in land, buildings and/or space by way of lease or other 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 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.

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

<table>
<thead>
<tr>
<th>Documentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>A copy of the proposed agreement, including any renewal terms</td>
</tr>
<tr>
<td>A copy of the survey plan with the disposal property clearly outlined in red</td>
</tr>
<tr>
<td>A legal description of the property including measurements (floor size, etc.) (1)</td>
</tr>
<tr>
<td>A Board Resolution approving the request</td>
</tr>
<tr>
<td>A Board approved statement declaring that “the disposal will not affect the future delivery of educational programs”</td>
</tr>
<tr>
<td>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”</td>
</tr>
<tr>
<td>Copy(ies) of the Certificate of Title, including PID(s), and Certificate of Encumbrance:</td>
</tr>
<tr>
<td>• evidencing that seller owns the asset(s) to be acquired, or</td>
</tr>
<tr>
<td>• verifying any specific public purpose limitations on the land established by a crown land grant</td>
</tr>
</tbody>
</table>

(1) This information is typically part of an agreement instead of a separate attachment
14.2.5.3 General Obligations

1. Reference to the Commercial Arbitration Act of B.C. 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 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. 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://geobc.gov.bc.ca. Refer to Section 14.3 First Nations Consultation.
14.3 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 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 the Minister Responsible for Multiculturalism (the Minister) 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 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**

**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 framework, 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).

**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.

**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 on 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 Funding and Corporate 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 asset’s 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 Case Report** – The Business Case is the final activity of the Planning phase, and strives to establish an accurate degree of scope, cost, and schedule certainty for the recommended option identified in the Concept Plan Report. The Business Case 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](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 value 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 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.

Category 1: New Priority Projects – 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 Projects require the submission of deliverables for approval by the Province, which includes an Opportunity Assessment Report, Concept Plan Report, and Business Case Report.

Category 2: Whole Asset Replacement & Renewal Projects (FCI>0.5) – Capital projects where (a) the replacement of building systems and components is 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 Case Report.

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29 The lessee’s incremental borrowing rate is used to discount the lease payments to present value
30 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.
**Category 3: Innovation Projects** – These projects are primarily driven by the need to improve efficiency in the delivery of core programs and result in a net positive financial return for the Province over the lifecycle of the capital asset. Innovation projects can range from projects with a basic scope to large, complex projects. Depending on the project, secondary benefits may include new system capacity, increased system capacity, or maintenance or extension of the asset’s life, or modification of existing infrastructure. Examples of innovation projects include energy conservation projects that reduce GHG emissions, or projects that focus on innovative strategies to improve the efficiency of program delivery.

**Category 4(a): Major Maintenance & Rehabilitation Projects ≥ $250,000**

(FCI<0.5\(^{31}\)) – These are capital projects that typically total less than 50% of the asset replacement value and a project cost greater than $250,000. 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.

**Category 4(b): Minor Maintenance & Rehabilitation Projects < $250,000**

(FCI<0.5\(^{31}\)) – Capital projects that total less than 50% of the asset replacement value with a project cost less than or equal to $250,000. These projects address life safety, health, and environmental risk, and service to maintenance the asset and deterioration and systems failure. Examples include building envelope repairs, or installation of a handicap ramp. Institutions received funding for minor M&R projects through lump sum envelope funding to address deferred maintenance backlog in accordance with the Ministry’s provided guidelines.

**Category 4(c): Emergency Maintenance & Rehabilitation 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 both Ministerial and Institutional capital and service delivery emergencies. Emergency projects, therefore, are not guaranteed to be funded through Ministry emergency funds.

**Category 5: 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.

\(^{31}\) 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.
Concept Plan Report – A Concept Plan Report is prepared for a proposed 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 Case.

Certificate of Approval – 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 scope of work (e.g., planning and design, site works, etc.) approved by the Ministry for the fiscal year under consideration. 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 for the fiscal year under consideration, 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.

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 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 fully or partially finance capital projects.

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

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.

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 Category 4(c): Emergency Maintenance & Rehabilitation projects.

Expansion – Expenditures required to provide a new asset or increase capacity to respond to growth in service demand.
Facility Condition Index (FCI) – The Facility Condition Index (FCI) 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 provides 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.

\[ FCI = \frac{\text{Deferred Maintenance Costs}}{\text{Asset Replacement Value}} \]

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.

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.

Governance – In the context of this framework, 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.

Indicative Design – Developed as part of the Business Case 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).
**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.

**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.

**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 framework, “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.

**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.

**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 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 Priority Investment** – A category of funding to support capital projects that pertain either to Category 1: New Priority Projects or Category 2: Whole Asset Replacement & Renewal Projects (FCI > 0.532).

**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.

**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 below is present can be treated as an operating lease.

**Opportunity Assessment Report** – This is the first deliverable in the planning phase of a Category 1: New Priority Project or Category 2: 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.

**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.

**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.

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

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32 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.
**Project Management** – The direction and co-ordination 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 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, communication to date, economic impact, etc.

**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.

**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.

**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 that replaces the previous Annual Capital Allowance (ACA), and supports Category 4(a): Major Maintenance & Rehabilitation Projects ≥ $250,000, Category 4(b): Minor Maintenance & Rehabilitation Projects < $250,000, Category 4(c): Emergency Maintenance & Rehabilitation Projects, and Category 5: Upgrade & Renovation Projects.
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.

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.

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.

Tangible Capital Assets – Non–financial assets with physical substance that are used in the production or supply of goods and/or services. Tangible capital assets have useful lives extending beyond an accounting period. They are intended to be used on a continuing basis, and are not intended for sale in the ordinary course of operations. Examples include land, structures, equipment, vehicles, roads, ferry and transit systems, schools, hospitals, universities and other capital works. Tangible capital assets do not include intellectual property (e.g. software), information technology, items acquired for resale in the ordinary course of operations, or items required for physical consumption such as operating materials and supplies.

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.

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.

**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.
APPENDIX A: PROCESS FLOWCHARTS
Category 1: New Priority Projects

REVIEW & APPROVAL

INSTITUTION (Senior Management)

The Ministry

Ministry of Finance

No

Yes

Yes

Opportunity Assessment

MINISTRY OF FINANCE

Concept Plan Report

Business Case

Project Approval Letter issued by the Ministry

Certificate of Approval issued by the Ministry

DESIGN

Design Development Report

Quarterly Project Financial Report

Quarterly Project Progress Report

Project Risk Register

Design

Construction

Commissioning

Close out

Appraisal

Scope

Schedule

Budget

Governance

IMPLEMENTATION

Detailed Functional Program

Schematic Design

Design Development

Construction Documents

Tender & Award

Permitting

Construction

Monitoring & Control

Risk Management

Procurement Audits

CLOSE OUT

Close Out Processes & Reports

Release 10% holdback upon satisfactory completion of close out reports

PHASES

INITIATE

- Demand
- Identity Options to Meet Demand
- Strategic Alignment
- Initial Capital/Operating Budget
- Initial Risk Identification
- Initial Schedule

EVALUATE

- Project Scope
- Background Information
- Environmental Scan
- Strategic Alignment
- Concept Options/Drawings
- Program Delivery Options Analysis
- Cost/Benefit Analysis
- Preliminary Financing
- Preliminary Risk Assessment
- Implementation Strategy
  (including identification of procurement options, governance, and preliminary schedule)

DEFINE

- Project Scope
- Background Information
- Indicative Design
- Strategic Alignment
- Environment Analysis
- Detailed Capital/Operating Budget
- Detailed Financing
- Project Risk Assessment
- Implementation Strategy
  (including identification of procurement options and governance)
- Review & Approval Process
- Project Schedule
- Quantity Surveyor Cost Estimate
- Geotechnical Report
- Environmental Assessment

APPROVAL

- Finance & Compliance Audit Report
- Project Close Out Reporting

Appendix A
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.
Appendix C: Process Flowcharts

Category 3: Innovation Projects

REVIEW & APPROVAL

- Idea/Opportunity Creation

Yes

- Innovation Project Business Case

Institution (Board of Governors)

No

Institution (Senior Management)

PHASES

PLANNING

- Close Out Processes & Reports
- Release 10% holdback upon satisfactory completion of close out reports

APPROVAL

- Scope
- Schedule
- Budget
- Governance

IMPLEMENTATION

- Detailed Functional Program
- Schematic Design
- Design Development
- Construction Documents
- Tender & Award
- Permitting
- Construction
- Monitoring & Control
- Risk Management
- Procurement Audits

CLOSE OUT

- Finance & Compliance Audit Report
- Project Close Out Reporting

No

Certificate of Approval issued by the Ministry

Yes

Required for projects ≤ $2M:
- Quarterly Project Financial Report

Required for projects >$2M:
- Design Development Report (if applicable)
- Quarterly Project Financial Report
- Quarterly Project Progress Report
- Project Risk Register
- Major M&R Funding Summary

The Ministry

Treasury Board

Yes

Project Approval Letter issued by the Ministry

Yes

The Ministry

Treasury Board
Category 4(a): Major Maintenance & Rehabilitation Projects $\geq 250,000$ (FCI$<0.534^{34}$)

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.

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34 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.
APPENDIX E: PROCESS FLOWCHARTS
Category 4(b): Minor Maintenance & Rehabilitation Projects < $250,000 (FCI<0.535)

REVIEW & APPROVAL

The Ministry

Institution (Board of Governors)

No

Yes

CAPITAL PLANNING PROCESS

Minor M&R Projects < $250,000

The Ministry will issue lump sum capital funding envelope to be spent to address deferred maintenance backlog in accordance with Ministry’s provided guidelines.

Ministry Approval

Design

Construction

Commissioning

Close out

PHASES

PLANNING

APPROVAL

IMPLEMENTATION

- Quarterly Project Financial Report
- Minor M&R Expenditure Report

CLOSE OUT

35 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.
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 both Ministerial and Institutional capital and service delivery emergencies. Emergency projects, therefore, are not guaranteed to be funded through Ministry emergency funds.
APPENDIX G: PROCESS FLOWCHARTS
Category 5: Upgrade & Renovation Project

REVIEW & APPROVAL

The Ministry

No

Yes

Treasury Board

CAPITAL PLANNING PROCESS

Projects >$50,000 requiring Individual Project Submissions to the Ministry

Ministry to evaluate proposal against evaluation criteria

Project Approval Letter issued by the Ministry

Certificate of Approval issued by the Ministry

Design

Construction

Commissioning

Close out

PHASES

PLANNING

APPROVAL

- Scope
- Schedule
- Budget
- Governance

IMPLEMENTATION

- Procurement Audits

CLOSE OUT

- Close Out Processes & Reports
- Release 10% holdback upon satisfactory completion of close out reports

Required for projects ≤ $2M:
- Quarterly Project Financial Report

Required for projects >$2M:
- Quarterly Project Financial Report
- Quarterly Project Progress Report
- Project Risk Register
- Major M&R Funding Summary

- Finance & Compliance Audit Report
- Project Close Out Reporting