

2009: SB32

MEMORANDUM TO: Directors of Education
School Business Officials

FROM: Nancy Whynot
Director
Capital Programs Branch

DATE: August 14, 2009

SUBJECT: **Introduction of New Accountability Measures for
Capital Projects based on Preliminary Findings of
the Expert Panel**

I am writing to advise school boards about new accountability measures that the Ministry of Education is putting in place that will apply to all new capital projects that school boards undertake related to new schools, additions or major school retrofits. These new accountability measures include some of the preliminary findings of the Expert Panel on Capital Standards, whose report will be released for review this fall.

These measures are intended to assist boards in dealing with the various professions and trades to build on time and on budget.

New Approval Process for Capital Projects

Since June 12, 2006, the Ministry of Education has required school boards to have an approval from the Minister to undertake any new major capital projects including new schools, additions and major renovations. This has been referred to as a Transfer from Reserves approval (see **Memorandum 2006:B8**, dated June 12, 2006, **Memorandum 2007:SB01**, dated January 24, 2007 and **Memorandum 2008:SB12**, dated April 29, 2008). This approval point was put in place as an accountability measure to ensure that school boards had sufficient financial capacity to undertake any new capital projects.

In addition, the Expert Panel and others have identified various good practices that school boards should follow as part of their process to plan and construct new capital projects. As a result, the Ministry will be modifying our current approval process as follows:

Approval Point 1: Pre-Design

Facility Space Template Requirement

Facility space templates have been developed to capture instructional and operational elements and calculate the approximate square footage for new elementary and secondary schools. These templates, which include instructions on how to complete them, can be found at the following link <http://tpfr.edu.gov.on.ca/CapitalPrograms.htm>.

This tool has been designed by school board officials and will assist boards in developing designs for evaluating potential square footage modifications (e.g. altering the size of one space to increase/decrease another), and demonstrate how a school board's needs can be accommodated within the Ministry's space benchmarks.

Boards must complete the Facility Space Template as the first approval point for new schools and major additions or retrofits that cost more than 50 per cent of the value of the existing school. The Ministry must approve the template prior to the board retaining the services of an architect.

Project Manager

One of the commonalities among boards that have built schools on time and on budget is that they have assigned a Project Manager to each project to oversee all aspects of the project.

The Ministry will require boards to appoint a Project Manager (either internal staff or an external resource) for each capital project. The Project Manager will oversee all aspects of the project including monitoring the budget and project timelines and ensuring processes are in place for issues such as change orders and other internal approvals. The Project Manager will also serve as the point of contact between the board and the Ministry for the duration of the project.

Approval Point 2: Pre-Tender

Cost Consultant

Another successful practice has been the engagement of a Cost Consultant. The Ministry will require that an independent Cost Consultant be retained by the board. The role of the Cost Consultant is to review the design, provide objective

costing analysis and advice, and report to the board on options to ensure that the proposed capital expenditure is within the approved budget, prior to tendering a project. The Ministry will require a letter from a senior board official confirming that the project estimate by the Cost Consultant is within the approved budget, as part of the Transfer from Reserve request.

If a Board is using a repeat design, it will be exempt from this requirement.

Transfer from Reserves

The board will also require a Transfer from Reserves approval from the Ministry prior to tendering a new school, addition or major renovation.

Approval Point 3: Post -Tender

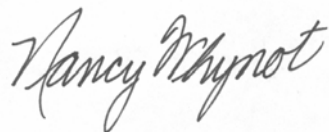
If the tendered amount for the capital project is consistent with pre-tender transfer approval, the board may proceed to accept the tender. However, as is the current practice, if the tendered amount for the capital project is higher than the transfer approval the board has received for the project, the board will be required to identify a source of funding to offset the higher costs and will need an additional Transfer from Reserves approval for the higher amount before the contract can be awarded.

Timeline

The Ministry is introducing these new approval capital accountability measures starting November 1, 2009. However, we encourage school boards to begin implementing these practices on all new capital projects.

Please contact the Ministry's capital analyst for your board if you have any questions or Grant Osborn at Grant.Osborn@Ontario.ca / (416) 325-6268.

Sincerely,



Nancy Whynot
Director
Capital Programs Branch