

Overview of Capital Planning and Budgeting to support a Capital Funding Request for FNCFS and Jordan’s Principle Funding¹

Capital Funding under 2021 CHRT 41 orders: Capital assets to support FNCFS prevention, protection, guardianship and Band Representatives (in Ontario) services and assets to support the delivery of Jordan's Principle services to address unmet health, education, and social needs.

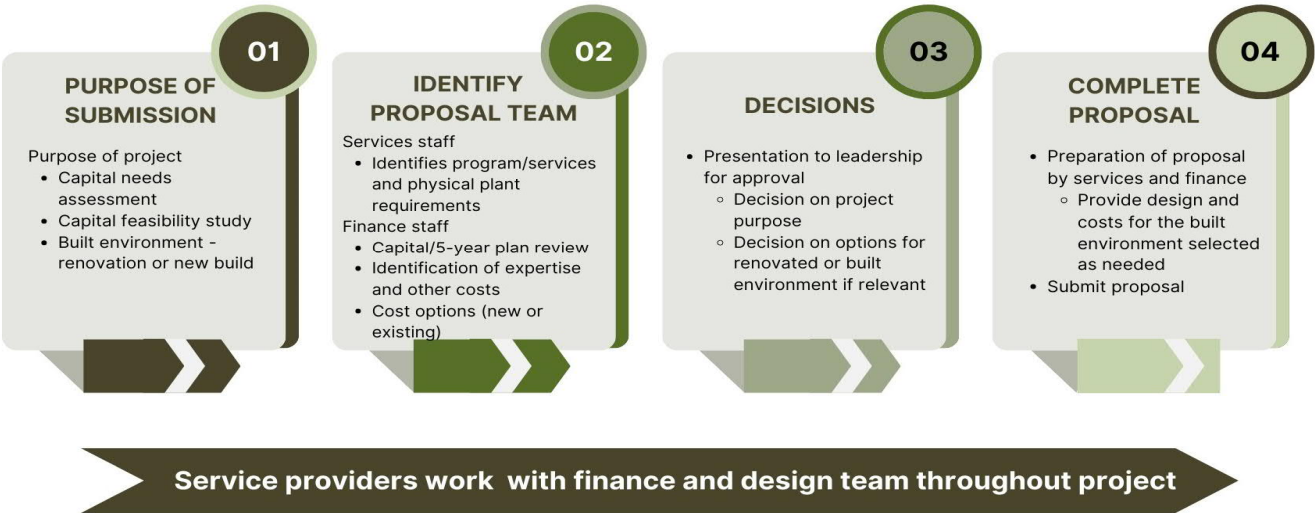
- Capital assets are pieces of property, buildings, spaces, or vehicles that are intended for long-term use.²

A Capital Funding Request under the FNCFS or the Jordan’s Principle program might cover:

1. Vehicles
2. Renovations – straightforward/simple (e.g., new windows)
3. Major renovations and building conversions
4. New builds
 - a. underway, or
 - b. ready to proceed, or
 - c. projects not yet underway, by stages of capital project life cycle:
 - i. Pre-Capital Needs Assessment, Feasibility and Planning
 - ii. Design
 - iii. Construction
 - iv. Completion

A Capital Funding Request is developed by a project development team that consists of services and finance staff. It will include input from a professional firm(s) experienced in design and construction at the later stages of development.

Overview of Capital Funding Request Process:



¹ Prepared by Brenda Spotton Visano (spotton@yorku.ca) and Susan McBroom for Chiefs of Ontario Post-majority Support Services & Child and Family Services Capital Conference. Toronto. November 7-8, 2023. DISCLAIMER: This document is for educational purposes only. It offers a high-level overview of capital planning and budgeting for preparing a Capital Funding Request. The Capital Assets Guide (Government of Canada, 2022) is the authoritative source for all eligibilities and requirements.

² Capital Assets Guide Chapter 1: First Nations Child and Family Services, Section 3.4

Overview of Planning and Budgeting for a Capital Project: A First Nations Safe House³

	Planning Stages	Key Activity	Lead	Example: Lead	Outcome
1	Identification of problem or opportunity		FNCFS or First Nations Services staff	First Nations Women's Council of the Chiefs of Ontario	E.g., challenge: How to keep Indigenous women safe from sex trafficking?
2	Identification of Services Needs	Services Needs Assessment to identify the services requirements to address problem or opportunity	FNCFS or First Nations Services staff	FN Women's Council of the COO	E.g., A suite of services (counselling, etc.) to support women exiting from sex trafficking
Eligible for Capital Funding under 2021 CHRT 41 orders					
3	Identification of infrastructure (capital) needed to support services	Capital Needs Assessment to identify vehicles, building requirements	FNCFS or First Nations Services and Finance staff	FN Women's Council of the COO	E.g., A Safe House in Toronto
4	Support for project	Evidence in an existing capital plan or Agency 5-year plan, and/or secure evidence of leadership support	FNCFS or First Nations Services and Finance staff	FN Women's Council of the COO	E.g., Chiefs in Assembly Resolution 08/19, Support for Victims of Human Trafficking
5	Feasibility Requirements and Planning	Feasibility Study to identify options, trade-offs, a best option; includes a preliminary estimate of capital costs	Professional firm reporting to Project Development Team* *Services and Finance experts. Larger capital projects include a professional firm.	INDsight Consulting and FN Women's Council of the COO	Feasibility Study includes <u>preliminary Capital Budget</u> E.g., Recommends purchase and renovation of existing building, approx. size, with preferred neighbourhood identified
6	Design	Design Plan includes details of a specific capital project with specific cost estimates	Professional development firm reporting to Project Development Team	TBD	Design Plan with detailed but still <u>provisional Capital Budget</u>
7	Construction (if capital project involves major renovations or construction of a new building)	Construction contract: Tendering and awarding of a construction contract; construction bids identify detailed actual costs	Project Development Team	TBD	Construction company awarded contract with detailed <u>final Capital Budget</u>
8	Completion	Certificate of completion issued by construction company			

³ The illustration is adapted from INDsight Consulting (2020) Feasibility Study for a Human Trafficking Safe House. Prepared under contract with and submitted to Chiefs of Ontario.

Appendix A. Capital Planning and Budgeting in a Feasibility Study

Example: Preliminary cost estimate of a First Nations Safe House developed by INDsight Consulting reporting to First Nations Chiefs of Ontario Women’s Council. Team included experts in services delivery, finance, and building design.

CAPITAL PLANNING CATEGORY	2021 CHRT 41 ORDERS FUNDING AVERAGE AMOUNTS	ILLUSTRATION: FIRST NATIONS SAFE HOUSE	CONSIDERATIONS
PRE-CAPITAL NEEDS ASSESSMENT, FEASIBILITY, PLANNING			
Capital Needs Assessment⁴	Average needs assessment funding: \$71.8K	Not costed	Maps existing capital including age structure. Identifies desired capital needs against FNCFS 5-year action plan or community capital plan; provides preliminary cost estimate for scale.
Capital Feasibility Study See Appendix B for overview	Average feasibility study funding: \$137.1K	~ \$50,000 (identifies neighbourhood only; renovation of existing building omits some site development costs)	Assesses options, risks; identifies recommended option with preliminary cost estimates. Site development may require: Geotechnical investigation; Site survey; Environmental assessment. Identifies ancillary capital costs associated with off-site development: lot servicing, building hook-ups to water, wastewater/sewer, electricity; road access/traffic planning; sidewalks, street lighting, etc.
Planning			
Site identification & acquisition	Land purchase or in-kind assignment	\$2.05M (\$36,475 land transfer; \$10,000 closing costs)	Costs should include transaction costs (land transfer tax, closing costs, legal fees, e.g.)
Site preparation	2% of construction costs	TBD	Environmental remediation; municipal services connection fees;
Off-site services	2% of construction costs		Prepare ancillary capital supports associated with off-site development: lot servicing, parking, road access; sidewalks, street lighting, etc.
DESIGN COSTS & PERMITS			
Administrative Costs	15% of total capital project costs	Not costed	Compensation for oversight and implementation activities: Development of capital request, project management, travel, etc.
Soft Costs			
Survey		\$5000	

⁴ CFS Services and Capital Needs Assessment Guide: INDsight Consulting (n.d.) Transforming child Welfare Needs Assessment Manual. Chiefs of Ontario <https://chiefs-of-ontario.org/wp-content/uploads/2023/10/COO-Community-Needs-Assessment-Manual-Final.pdf>

CAPITAL PLANNING CATEGORY	2021 CHRT 41 ORDERS FUNDING AVERAGE AMOUNTS	ILLUSTRATION: FIRST NATIONS SAFE HOUSE	CONSIDERATIONS
DESIGN COSTS & PERMITS (CONTINUED)			
Architect		\$46,000	Provides technical drawings, review of by-laws, etc.
Engineers (structural, electrical, mechanical)		In architectural fees	
Environment & Energy Consultant (LEED)		TBD	
Accessibility renovations/design		TBD	
Fire safety assessment		In architectural fees	
Construction Project Management		TBD	
Soft Costs Contingency		\$4,600	Approx. 10% of soft costs
Permits			
Building permits		TBD	As required by municipality
Rezoning & Development Charges/Fees		\$20,000	Required for rezoning and municipal approvals
Planning/Traffic consultant		\$20,000	
TENDERING & CONSTRUCTION			
Construction costs		\$400,000	Estimated in feasibility study; confirmed through tender
Environmental assessment & remediation		\$10,000	Environmental assessment prior to purchase
Municipal services connection fees		TBD	Building hook ups to water, sewer, electricity;
Site clean up & preparation		TBD	upgrades to roads/sidewalks for access
Compensate unsuccessful bids		Excluded	For large capital projects (> \$1.5M, e.g.) it is common to offer compensation; unclear if eligible for 2021 CHRT 41 orders funding
Building Inspections		In building permits	For large projects, multiple inspections may be required
Contingencies and insurance:	10-15% of construction costs	\$60,000	Identify risks and who bears the cost of changes mid project: e.g., changes in scope, zoning laws, or extraordinary events.
OCCUPATION & OPERATION			
Furnishings & equipment for purpose; IT	5-10% of construction costs	Not costed	
Ongoing maintenance & repairs		\$33,000 (Janitorial services)	Daily maintenance operations and repairs
Program services			Ineligible for 2021 CHRT 41 orders capital funding
TOTAL COSTS		\$2,612,075	

Appendix B. Feasibility Study Overview

Feasibility Study: The feasibility study stage examines all technically sound and economically viable options available to achieve the objectives of a capital project and provides the planning information required for the project to move ahead to subsequent stages. It details the options and investigates site issues impacting those options, weighs the advantages and disadvantages of each option, assesses the cost effectiveness of each option, and determines if the options meet ISC program funding requirements. The feasibility study report recommends a preferred option. The feasibility study report should determine the most appropriate strategy for moving ahead with the project and maximizing benefits to the community, while meeting ISC program funding requirements.⁵

The Feasibility Study offers⁶

1. Need, opportunities, and justifies viability
2. Rationale for the proposed investment
3. Organization overview
4. Strategic fit with Agency's or First Nation's goals
5. Drivers of change
6. Options to address need
7. Analyses: Cost-benefit and risk analyses of options
8. Recommended option with criteria by which option is selected
9. Alignments: with both Agency/First Nation's need and with ISC FNCFS or Jordan's Principle funding goals
10. Risk mitigation strategy of recommended option
11. Estimate of capital costs
12. Other required documentation: geotechnical report, site survey, Band Council Resolution, e.g.

Appendix C. Purpose of Eligible Expenditures

First Nations Child and Family Services Agencies:

Purpose of expenditures

for capital assets supporting the delivery of FNCFS to First Nations children, youth and families on reserve and in the Yukon related to (1) Prevention, (2) Protection and Guardianship, (3) First Nations Representatives in Ontario

For **types of assets** and **eligible costs**, see Government of Canada, 2022)⁷

⁵ Glossary <https://www.isc.gc.ca/eng/1655128513966/1655128700330>

⁶ Annex D: Examples of key information to include in feasibility study
<https://www.isc.gc.ca/eng/1655128513966/1655128700330>

⁷ See Chapter 1, Government of Canada Capital Assets Guide: Overview (Date modified:2022-10-20)
<https://www.isc-sac.gc.ca/eng/1654879958408/1654880046931>

Table 1. Examples of uses of new builds and renovations (from ISC Dashboard as at October 2023)

	FNCFS	Jordan's Principle
Specific to either FNCFS or Jordan's Principle	CFS building; Housing – transitional, family reunification, emergency placement, child/youth placement, community; Addictions treatment centre; Health services centre	Jordan's Principle building; Housing-shelter (homelessness/domestic violence)
Common to both funding envelopes	Needs assessment; Feasibility study; Community/cultural centre; Sports/recreational space; Cabin/lodge for on-the-land programming; Youth centre; Healing/Wellness centre; Accommodation for professional services providers; Educational facility (day care, early education, AHSOR)	

Table 2. Approved FNCFS funding – principal expenditure requests (from ISC Dashboard as at October 2023)

	Average funding per approved application	% of total approved funding	% of total approved applications
Vehicles	\$282,424	5.0%	16.4%
Needs assessment	\$71,768	0.7%	9.0%
Feasibility study	\$137,092	1.7%	11.1%
CFS buildings	\$1,807,888	43.3%	21.9%
Community/cultural centre	\$1,597,753	14.3%	8.2%
Housing (transitional, family reunification, etc.)	\$1,368,458	19.3%	12.9%

Jordan's Principle:

Purpose of expenditures

For capital assets that support spaces that are safe, accessible, confidential, and culturally and age appropriate, and used for the delivery of Jordan's Principle services to eligible First Nations child(ren) to address unmet health, education, and social needs, including:

- health needs: spaces for provision of unmet health services, including where existing Jordan's Principle funding is not sufficient to ensure on-reserve residences are suitable for First Nations children with complex and/or on-going medical needs and/or disabilities; including mental health programming which need capital accommodation;
- educational needs: for delivery of educational and early educational services;
- social needs: for delivery of cultural and language services, respite services, land-based activities, etc.

For **types of assets** and **eligible costs**, see Government of Canada, 2022)⁸

⁸ See Chapter 2, Government of Canada Capital Assets Guide: Overview (Date modified:2022-10-20) <https://www.isc-sac.gc.ca/eng/1654879958408/1654880046931>