AP 543 – APPROVAL OF CAPITAL AND NON-CAPITAL PROJECTS

BACKGROUND

Capital and non-capital projects shall be approved and implemented in accordance with legislation, regulations and these procedures.

DEFINITIONS

Project estimates are order-of-magnitude, based on historical information for similar projects, and a survey of current market conditions. Detailed inspections have not been undertaken; therefore, estimates can vary for individual projects over $50,000 by usually 10% (but occasionally up to 20%). For projects of lesser value, estimates can vary by up to 40% - depending on such factors as project type, market conditions, time of work schedule and access to site. Although project estimates can vary, final costs for all projects should be on or under budget.

Minor capital projects are capital projects (as defined in the “AP 531 – Tangible Capital Assets” administrative procedure) that are carried out by the Division with no cost share or approval required from Ministry of Education and are typically estimated to cost less than $500,000.

Non-capital projects are expenditures that do not meet the guidelines for capitalization as outlined in the “AP 531 – Tangible Capital Assets” administrative procedure.

Capital projects meet the guidelines and definitions within the “Accounting for Tangible Capital Assets” administrative procedure.

The Ministry of Education uses the following definitions for funding purposes. The definitions should not be used in the determination of a capital or non-capital project for accounting purposes of the School Division. The Ministry of Education developed their definitions for funding purposes and the definitions developed by the School Division are based on Generally Accepted Accounting Principles within the accounting handbook of the Canadian Institute of Chartered Accountants. Please refer to the “Accounting for Tangible Capital Assets” for the procedures involved in determining whether or not expenditures should be capitalized.

Major Capital Projects: This category includes new facility construction and major renovations where the total construction costs are $500,000 or greater. The Ministry of Education usually distributes its funding for these projects over two or more years. Major capital project funding requests submitted by school divisions are evaluated, prioritized and placed on the major capital project list. When the annual capital budget is approved, the available funding is allocated to the projects beginning at the top of the list. The major project list is updated each year.

Block Projects: This category includes emergency repairs and building upgrade projects where total construction cost is under $500,000. Types of work include roof repairs and replacements, relocatable classroom construction, minor additions, mechanical upgrading (ventilation, heating, air quality), structural stabilization, accessibility, asbestos removal and underground fuel tank removal. Block project requests are considered on a continuous basis each fiscal year. School divisions are asked to submit their needs each fall but emergencies are considered anytime during the year.

Maintenance applies to procedures for the purpose of maintaining satisfactory standards of comfort, safety and sanitation for the students and other users of the facility. The maintenance of the school facilities is the
responsibility of the Boards of Education – The Education Act, Section 85(1)(d) and (w). Replacement of furniture, fixtures and small equipment that wears out over time will fall within the scope of routine maintenance work as defined by Ministry of Education. Boards are usually expected to fund the replacement of light fixtures, roof vents, down spouts, windows, doors and other such items from their maintenance budgets. Maintenance is part of the operating costs of a school division and as such is included with recognized expenditures in the calculation of the Foundation Operating Grant.

PROCEDURES

1. All Major and Emergency Block capital projects require Board motions approving:
   1.1. Projects as listed in the Annual Capital Plan and,
   1.2. The award of contracts, over $100,000 in construction value

   Major capital projects are submitted annually to Ministry of Education in a Five-year Capital Plan (B-5 application). A list of Emergency Block capital projects is also submitted annually to Ministry of Education. Both require Board motions approving their submission to Ministry of Education.

   A list of proposed Minor Capital projects shall be incorporated in the capital portion of the annual budget and approved by the Board.

2. Tenders shall be called for all capital and non-capital projects except if the Facilities Section workforce constructs the project. When the Division’s own forces are not engaged, bids shall be obtained in accordance with Administrative Procedure 515.

3. A Board motion approving the financing of the capital project is required prior to awarding contracts, which will specify the Board’s annual and total financial commitment for the duration of the project.

4. The Facilities Section may implement non-capital projects utilizing its internal workforce or by engaging a contractor (as per Point #5).

5. The approval of the Board’s annual budget shall be sufficient authorization to proceed with non-capital projects. The General Manager of Facilities has the authority to approve these projects.

6. The General Manager of Facilities shall be responsible for the development of capital and non-capital plans and projects designed to sustain the Division’s facilities. These plans and projects will be developed in consultation with school Principals or, in the case of central office facilities, with the applicable Superintendent or Budget Manager.

7. The process for the selection of architects for capital and non-capital projects will be in accordance with the Architect Selection Process: New Schools, Major and Minor Renovation, Restoration and Replacement Projects (2003).

8. The Chief Financial Officer shall be responsible for all financial arrangements, including the collection of capital grants, for capital projects.

9. Under the general supervision of the Chief Financial Officer, the General Manager of Facilities shall be responsible for the supervision and administration of all capital and non-capital projects including the selection of consultants, the preparation of the necessary specifications and documentation for projects.

10. When capital and non-capital projects have been approved, the General Manager of Facilities shall advise the school Principal or Budget Manager of such approval and the Facilities Section staff will work with them to coordinate the implementation of the project.
11. All projects $100,000 or more in contract value are required to be approved by the Board. Pre-approval can be arranged prior to summer break, by separate Board motion.

12. Summer projects will be reported at start (early June) and end (early September) of summer term, for information and reference purposes, to the Board. Other projects will be reported on periodically throughout the year.

13. Progress reports will be provided on individual projects over $100,000 in contract value where progress costs exceed estimated progress billings by more than 10% and $10,000.

14. Due to the nature of the estimates needed for the individual projects in the capital budget, some projects will be over budget and some projects will be under budget. If the amount is under budget by $100,000 or more, the accumulation of these amounts (along with the individual project information on an annual basis after the audit of the financial statements is completed) will be provided to the Board. Recommendations will be made to the Board regarding how the funds should be allocated among specific capital projects. If the budget underage is less than $100,000, these amounts can be used against budget overages of less than $100,000.