

## **APPENDIX D: PROJECT BUDGET ESTIMATE**

A detailed project budget estimate must be submitted as part of the Project Request Fact Sheet (PRFS) and the **Seismic Project Request Fact Sheet (SPRFS)**.

### **Ministry Area Standards**

Ministry Area Standards are published in the Ministry of Education - Area Standards (05/2012), available on the Ministry's Capital Planning Current Resources webpage at:

<http://www2.gov.bc.ca/assets/gov/education/administration/resource-management/capital-planning/areastandards.pdf>

Space allowances apply to all capital plan projects regardless of the procurement process.

### **Allowances, Rates and Costing Factors**

Allowance, rate and costing factors associated with the development of capital budgets are published in the most current Capital Plan Allowances, Rates and Costing Factors Supplement. These will apply to all capital plan projects regardless of the procurement process. These values will be adjusted, where necessary, to calculate the total project budget prior to the signing of a Capital Project Funding Agreement.

### **Ministry Base Budget Rates**

An estimated capital budget will be calculated for each school space project (i.e., new schools, additions, replacements) using Ministry Base Budget Rates regardless of the procurement process. Set unit rates do not apply to seismic mitigation projects; these must be considered for budgeting on an individual project basis.

### **Location Factors**

Costing factors for location have been developed for all school districts, with some allowances for variations within specific school districts. The Location Factor is based on a combination of two variables; geographic factor (location based) and economic factor (market based).

More detailed information on the Allowances, Rates and Costing Factors, as well as Location Factors are available on the Ministry's Capital Planning Current Resources webpage at:

<https://www2.gov.bc.ca/gov/content/education-training/administration/resource-management/capital-planning/current-resources>

### **Development Cost Charges and Off-Site Service Charges**

School districts must comply with Government guidelines related to funding support for local government Development Cost Charges, off-site service charges, and bylaw requirements. For further details, please refer to the Capital Project Budget Guidelines for Local Government Service Charges and Bylaw Requirements (issued March 25, 2009) on the Ministry's Capital Planning Resources webpage at:

<http://www2.gov.bc.ca/assets/gov/education/administration/resource-management/capital->

[planning/budget-guidelines.pdf](#)

### **Site Development**

A Site Development Allowance has been developed for differently sized new buildings and additions. This allowance is intended to provide for the completion of items associated with the scale of development, with the exception of any additional costs associated with any abnormal site conditions.

### **Supplementary Building and Site Allowances**

Where an unusual ground condition exists, a preliminary analysis of the site condition and its associated costs will be required prior to acquisition of the site.

**Note:** The Base Budget Rate is used to provide a budget estimate of construction costs for a capital project assumes a level site with normal load bearing capacity; otherwise, an appropriate ground factor should be selected to reflect the abnormal site conditions within the building footprint.

Supplementary site and building costs are defined as those costs that are unavoidable, extraordinary, significant, site-specific costs, not accounted for and not affordable within the construction budget. The Supplementary Building and Site Allowances must be calculated separately to include items not covered under the Base Budget Rate Building budget and Site Development Allowance.

The construction budget is established using the Ministry Base Budget Rates, cost allowances, rates and factors. Supplementary costs therefore cover only premium costs for extraordinary work that do not form part of the normal costs of building and are not covered under the Ministry's Base Budget Rates or allowances for site development (e.g., demolition, asbestos removal, site contamination, retention ponds required during construction, temporary accommodation).

One area of concern for "Supplementary Costs" is where costly design or servicing stipulations are being placed by third party entities, (e.g., local government, Work Safe BC). In such situations, it is important that the design team identify clearly the source of the expense, its value and the impact on the budget.

It is important that supplementary funding be considered a funding of "last resort", and not inappropriately used to increase a project's total budget. Where high cost supplementary issues are identified, different options should be reviewed by the design team.

### **Planning and Design Fees**

For the purposes of capital planning, planning and design fees for school projects will be calculated as a percentage of the estimated construction and site development costs. Basic fee rates of 10 percent for new construction and 16 percent for seismic upgrades have been established (% 's are currently under review and are to be confirmed by Ministry). Planning and design fees for new construction are further subject to adjustment, based on a sliding scale related to project size.

### **Contingency Planning and Allowances**

The use of contingency planning and allowances affords the design team a measure of flexibility within their budget and schedule to effectively manage project costs.

For other items, where the cost of a specific item of work cannot be determined within a reasonable level of confidence, an appropriate contingency may be assigned:

- a. For items of work covered by a fixed Ministry allowance, such as the approved Base Budget Rates or site development allowance, the estimated cost of the work plus the design contingency and any associated economic adjustment must remain within the Ministry allowance.
- b. For an item of work that meets the definition of a supplementary cost, a design contingency may be included in the project budget, **with the percentage to be determined in consultation with the Ministry.**
- c. The Ministry contingency allowance of 3 percent for new space and 5 percent for seismic upgrades should be considered as construction contingencies and not used during design **(%’s are currently under review and are to be confirmed by the Ministry).**

### **Equipment and Freight Rate Allowances**

Equipment allowances for elementary, middle, and secondary schools are calculated as a percentage of the base budget rate for new construction. For replacement or rejuvenation projects, the equipment allowance is 25 percent of the equivalent new allowance **(%’s are currently under review and are to be confirmed by the Ministry)**. A Freight Rate Allowance is included to reflect the variations across the province in shipping costs associated with the acquisition of equipment.

### **Other**

All costs of the project not specifically provided for elsewhere in the Financial Summary Form are to be included in this section. In addition to the items listed and any other items particular to the project, an estimate of the costs expected for the completion of the Project Development Report (PDR) should be included.

### **Identified Risks**

Provide cost estimates for all significant issues identified as risks potentially affecting project scope, cost or schedule.