

SDF Capital Qs & As

Application deadline

Q. What is the closing date for applications to be submitted?

A. The closing date is October 10, 2023 at 4:00pm EST.

Cost-Benefit Analysis

Q. What is required for the Cost-Benefit Analysis to be included in the Project Plan?

A: The Cost-Benefit Analysis (“CBA”) is a section of the Project Plan which quantifies and compares all potential tangible and intangible benefits against all costs associated with the delivery of the capital project. The CBA is intended to compliment the submitted financial model and provide an estimate of the net benefit resulting from the completion of the project.

SDF Capital does not have a minimum page or word count for the Cost-Benefit Analysis or the overall Project Plan. Applicants are expected to include a level of detail appropriate for the complexity and size of the proposed capital project.

Cost Estimates

Q. What is required in the indicative timeline that showcases the Applicant’s strategy to achieve comparable pricing for all Eligible Costs?

A. The indicative timeline maps out construction tendering activities that an Applicant must undertake to deliver the proposed capital project and should correspond to the Applicant’s strategy to achieve comparable or competitive pricing for Eligible Costs.

Comparable pricing can be understood as the requirement for Applicants to efficiently manage costs and resources. This includes sourcing multiple bids to maximize cost effectiveness of the project. Successful Applicants are expected to execute this strategy when tendering for construction related costs and services.

Q. Will a quote from a pre-engineered building supplier be adequate?

A. Pre-engineered building systems fall under hard construction building/site costs and are an Eligible Cost. The Province will accept quotes from pre-engineered building suppliers on condition that it is comparable to market pricing.

Eligible Costs

Q. How should applicants account for or factor in in-kind contributions such as existing equipment, furniture, staff time, etc.?

A. In-kind contributions are not considered Eligible Costs for SDF Capital funding. Existing equipment, furniture, staff time, land and/or other assets already owned by an Applicant would not be considered as an Eligible Cost and therefore cannot be considered part of the Applicant's contribution. Only Eligible Costs incurred after notification of application approval by the Province will be considered eligible under the SDF Capital Program. Applicants should note that funding provided by SDF Capital will be predicated on the successful execution of the Transfer Payment Agreement and that any incurrence of costs prior to the execution of the agreement will be made at-risk.

Q. Is equipment an eligible cost?

A. The purchase of Equipment is not considered as an Eligible Cost under the SDF Capital program but is accommodated as an Eligible Cost under the SDF Training Stream. Applicants are encouraged to review respective program guidelines to determine whether they are eligible to apply to both programs. Please refer to the SDF Training Stream Round 4 guidelines found here: [Skills Development Fund Training Stream Application Guide - Forms - Central Forms Repository \(CFR\) \(gov.on.ca\)](#)

Q. Are Skills Development Activities/Services considered an Eligible Cost?

A. Skills Development Activities/Services costs are costs related to the delivery of the training activity and should be considered as operating costs as opposed to capital asset construction/development costs. As such, these costs are not considered eligible under the SDF Capital Stream. Applicants can explore funding eligibility for operating costs under the SDF Training Stream. Round 4 guidelines can be found here: [Skills Development Fund Training Stream Application Guide - Forms - Central Forms Repository \(CFR\) \(gov.on.ca\)](#)

Q. Is AV/Tech equipment an eligible expense?

A. The purchase of Equipment is not considered an Eligible Cost under the SDF Capital program but is accommodated as an Eligible cost in the SDF Training Stream. Applicants are encouraged to review respective program guidelines to determine whether they are eligible to apply to both programs. Please refer to the SDF Training Stream Round 4 guidelines found here: [Skills Development Fund Training Stream Application Guide - Forms - Central Forms Repository \(CFR\) \(gov.on.ca\)](#)

Q. Are design drawing costs considered Eligible Costs?

A. Applicants are expected to submit design drawings at a 40% completion level as well as Class B cost estimates as part of the application package. Only the progression of design development from the 40% completion level to tender-level status following application approval is considered eligible under the SDF Capital program.

Q. Can an Applicant apply for the renovation of multiple training rooms that are not connected and the retrofit of a new training space?

A. Yes, an SDF Capital Project can include multiple capital improvements on the property that are not directly and physically connected to each other. Only Eligible Costs directly associated with the training area(s) will be considered under the SDF Capital Program.

SDF Capital requires that all projects have 80% of its useable floor space area dedicated to training delivery to be considered for funding.

Q. Can applicants back date construction costs for approved projects?

A. Applicants may begin incurring Eligible Costs after notification of application approval by the Province and prior to the execution of the Transfer Payment Agreement. The Province will make best reasonable efforts to notify Applicants in a timely manner. Applicants should note that SDF Capital funding will be predicated on the successful execution of the Transfer Payment Agreement and that any incurrence of costs prior to the execution of the agreement will be made at-risk.

Duty to Consult requirements with Indigenous Peoples or other circumstances that require additional government approvals may affect timelines.

Financial Standing

Q. Can the Letter of Credit be provided by the partner organization?

A. Yes, the Letter of Credit can be provided by a partner organization and must be valid through the Intended Use Period. Under an event of default under the Transfer Payment Agreement, the Province will have the right to draw on the Letter of Credit to recover any funded amounts.

Q. What is considered Good Financial Standing?

A. Applicants must demonstrate reasonably sufficient financial capacity to successfully deliver the contemplated project during construction and the Intended Use Period. The Province will assess the Applicant's audited financial statements (3 years), a bank reference letter, as well as the project's financial projections to determine the financial feasibility of the project as well as the Applicant's ability to successfully deliver the project.

Funding Contribution Requirement

Q. For Not-for-profit organizations can the 30% minimum contribution requirement come from capital campaign fundraising?

A. The Recipient is expected to independently source and contribute funding for at least 30% of Total Eligible Costs. This can be funded through equity, debt or other source of capital, including capital campaign fundraising.

Key Performance Indicators (KPIs)

Q. How do Applicants determine Key Performance Indicator Targets?

Applicants must identify the intended outcomes related to the contemplated capital project and skills development activities in the application package. The intended outcomes must align with at least one (1) measurable and timebound KPI:

- (i) Training Capacity - new incremental capacity that the project is creating in terms of number of seats and associated enrollment volume;
- (ii) Training Volume - expected annual enrollment volume for the new or renovated facility; and/or
- (iii) SDF Capital Participant Groups - new incremental capacity and/or enrollment volume for associated target demographic groups, if the project is targeted to a specific demographic group.

SDF Capital recognizes that there may be variability in training demand and is providing flexibility to offset potential fluctuations in the market. Recipients are expected to achieve 50% of their KPI target in Year 1 followed by 80% in Years 2 to 5.

Please refer to the SDF Capital Program Guideline for more detail.
https://forms.mgcs.gov.on.ca/dataset/ccb151bc-f926-48d1-a9c9-5a41d00478a1/resource/86696b3f-8c4f-47ad-b4e8-f6c60a98b907/download/sdf-capital-final-english-guideline_v15-28june-2023-updated-june-28-6.49pm.pdf

Land/Building Acquisitions

Q. When purchasing or acquiring Land/Building what supplemental material is required?

A. In addition to meeting all other pre-requisite requirements for a standard SDF Capital submission, Applicants that are requesting funding support for Land/Building acquisition are required to provide the following:

- i. An independent third-party appraisal of the land and/or building asset with their submitted budget at time of application. The Primary Applicant must ensure that the appraisal is prepared by a professional that is accredited by the Appraisal Institute of Canada – Ontario (AIC-ON). The appraisal produced must be at the comprehensive report/narrative appraisal report level;
- ii. Rationale or business case justifying the need for land and/or building acquisition. In addition, Primary Applicants will need to demonstrate that they can

- support the long-term operation, renewal, and maintenance of the property/building; and
- iii. Any other additional supporting documentation requested by the Province to assess the application.

Q. Is there a preference for applications for new build and construction over acquisition of Land/Building?

A. The Province will consider all capital projects (new construction or land/building acquisition) that meet the eligibility criteria and may prioritize projects that deliver a greater degree of intended policy outcomes relative to the funding requested.

Q. Will Land/Building purchases prior to receiving an approval notification from the Ministry be considered an Eligible Cost?

A. Only Eligible Costs incurred after notification of application approval by the Province will be considered eligible under the SDF Capital Program. Retrospective expenses will not be considered. Applicants should note that funding provided by SDF Capital will be predicated on the successful execution of the Transfer Payment Agreement and that any incurrence of costs prior to the execution of the agreement will be made at-risk. The Province will make best efforts to notify Applicants in a timely manner. Duty to Consult requirements with Indigenous Peoples or other circumstances that require additional government approvals may affect timelines.

Primary Applicant

Q. Do Primary Applicants need to be the one delivering the skills training activity, or can it be the Partner organization?

A. Training can be delivered by a Primary Applicant's partner. However, as the Transfer Payment Agreement signatory and Recipient of funding, the Primary Applicant is responsible and accountable for all terms and conditions contained in the Transfer Payment Agreement, including the management and delivery of the capital project, as well as the performance obligations over the Intended Use Period.

Note: Primary Applicants who intend to deliver apprenticeship in-class training must be, or must partner with, a minister-approved Training Delivery Agent (TDA). Only minister-approved TDAs may deliver apprenticeship in-class training.

Q. What does the Ministry define as a long-term lease agreement?

A. The length of the lease agreement (including lease extension options) must meet or exceed the project term (beginning from the execution of the Transfer Payment Agreement to the completion of the Intended Use Period). Associated activities that must be completed include the advancement of design drawings to tender-level status,

construction and/or development of the project, and the 5-year Intended Use Period. The lease agreement must be submitted as part of the application to ensure that the contractual duration satisfies the projected timelines.

Project Timeline

Q. When is the construction start deadline for an Applicant proposing to expand an existing building?

A. All construction (whether new construction, renovation, or expansion to an existing building) is required to start within 12-months of executing the Transfer Payment Agreement. If an Applicant submits a plan that requires the acquisition of an asset (whether land or building and subject to approvals), the 12-month time period will start from the date of closing of the acquisition.

Q. When is the Substantial Performance Payment made?

A. The Substantial Performance Payment is disbursed when Substantial Performance of the project is achieved and all funding requirements are met. Timing of this milestone is subject to the individual project's construction timeline and can occur at any time after Construction Start but before the end of the allotted 5-year construction period.

See Section 4 of the SDF Capital Guidelines for more information on funding structure.

Transfer Payment Ontario (TPON)

Q. Are there any limitations regarding the size of attachments?

A. Maximum file size per attachment is 5 MB.

Q. Who can Applicants contact when experiencing technical difficulties on TPON?

A. Any technical related query should be redirected to contact the TPON Customer Service Line at (416) 325-6691 or 1-855-216-3090, Monday to Friday from 8:30 a.m. to 5:00 p.m. Eastern Standard Time, or by email at TPONCC@ontario.ca.

Project Training Space Requirements and Methodology

Q. Is training equipment storage included within the direct and relevant element?

A. Yes, any required storage space for training equipment that is essential to the delivery of training is applicable for construction costs as well as satisfying the floor-space requirement.

Q. How is training space defined and determine?

A. Training space is defined as floor space that is directly linked and facilitates the delivery of the skills development activity that the capital project is supporting (“Training Space”). This can include support services such as office space for staff who will be responsible for delivering or managing the training programs. Applicants are responsible for providing a rationale to the Province to demonstrate how the training space is required to deliver the intended training activity.

Training spaces that may occasionally be used for purposes other than training may be considered as long as training delivery is the primary intended use (i.e., the space is used for training activities a majority of the time). However, the project will be subject to the same assessment process and contractual obligations under the Transfer Payment Agreement as all other projects.

SDF Capital requires that all projects have 80% of its useable floor space area dedicated to training delivery to be considered for funding. The 20% non-training space must be attributable to the project and although the space could reside outside of the main building, it must be captured within the property area.

The allocation of training space versus non-training space will be reviewed by the Province to determine appropriateness and will be approved on a case-by-case basis.