Quick Navigation

Welcome to the Skills Development Fund (SDF) Capital Stream **Question & Answer** document. Click on a category below to jump straight to the SDF Capital Stream related question.

<u>**SDF Capital Stream SEED and GROW Pathway Qs & As**</u>

General (SEED and GROW Pathway) Questions

Application deadline

Q1. What is the closing date for applications to be submitted?

A1. There is no application deadline. The SDF Capital Stream SEED and GROW Pathways operate on a continuous intake basis and applications can be submitted year-round. However, the availability of funds is subject to demand. The application intake will run until funding is fully allocated.

Q2. Can an organization apply to both the SEED and GROW Pathway simultaneously?

A2. No. An organization cannot apply to receive SEED and GROW Pathway funding for the same project at the same time. Since applications are accepted on a continuous basis, an organization with an active application for a project in one pathway must wait until the application is complete before submitting an application for that project for the other pathway. The SEED Pathway provides funding to help with the costs for the technical planning work required to develop a Capital Project proposal that meets the minimum technical requirements to apply for GROW Pathway funding. Once a SEED project is completed, the organization may apply for GROW Pathway funding for that project.

SEED Pathway Questions

Q3. Does SEED Pathway fund the development of economic plans or business cases?

A3. No. The SEED Pathway provides funding support only for technical planning costs required to develop a Capital Project proposal for a new or improved training facility that will be used to deliver a Skills Development Activity. This includes costs incurred for activities such as preparing engineering or architectural plans, mechanical and electrical drawings, construction cost estimates, and other related costs and expenses required to reach 40% design completion status.

SEED supports the development of the minimum technical requirements for an SDF Capital Stream GROW Pathway application, should your organization later decide to apply to the GROW Pathway.

Q4. Are recipients who complete a SEED project mandated to apply to the GROW Pathway?

A4. No. SEED Recipients are encouraged, but not required, to apply to the GROW Pathway after the successful completion of their SEED Architectural/Engineering Planning Projects in order to fully execute their Capital Project. The GROW Pathway provides funding to build new training centres, upgrade existing training centres or convert an existing building into a training centre.

GROW Pathway Questions

Q5. Is completion of an approved SEED Pathway project required before advancing to the GROW Pathway to develop the training facility?

A5. No. Applicants to the GROW Pathway are not required to first complete a SEED Pathway Architectural/Engineering Planning Project. Applicants who do not require support in developing the minimum application requirements may apply directly to the GROW Pathway.

Cost-Benefit Analysis

Q6. What is required for the cost-benefit analysis to be included in the Project Plan?

A6. The cost-benefit analysis (CBA) is a section of the Project Plan which quantifies and compares all potential tangible and intangible benefits of the project (including delivery of the Skills Development Activity) against all costs associated with completion of the Capital Project. This should include the expected benefits of the project for workers and employers in the community, and how activities relate to emerging and in-demand sectors and sectors experiencing labour shortages. The CBA is intended to compliment the submitted financial projection model and provide an estimate of the net benefit resulting from the completion of the project.

SDF Capital Stream GROW Pathway does not have a minimum page or word count for the CBA 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.

A table of contents for the Project Plan can be found in Appendix B of the SDF Capital Stream GROW Pathway Guideline.

Cost Estimates

Q7. What is required in the strategy to seek comparable pricing for all Eligible Costs?

A7. The strategy should include a timeline and map out construction tendering activities that an applicant must undertake to deliver the proposed Capital Project.

Comparable pricing can be understood as the requirement for applicants to efficiently manage costs and resources to achieve value for money. This includes sourcing multiple bids to maximize cost effectiveness of the project (see Appendix B in the SDF Capital Stream GROW Pathway Guideline). Successful applicants are expected to execute this strategy when tendering for construction related costs and services.

Applicants may choose to submit their organization's procurement policy to demonstrate how they will achieve value for money.

Q8. Will a quote from a pre-engineered building supplier be adequate for the GROW Pathway application requirement to provide an estimate of hard construction costs?

A8. Pre-engineered building systems fall under hard construction costs and are an Eligible Cost. You can include quotes from pre-engineered building suppliers in your application on the condition that it is comparable to market pricing.

Eligible Costs

Q9. How should applicants account for or factor in in-kind contributions such as land or buildings already owned by the applicant?

A9. In-kind contributions are not considered Eligible Costs for SDF Capital Stream funding, and therefore cannot be considered part of the applicant's minimum contribution or the calculation of Total Eligible Costs. Only expenses actually incurred by the Recipient that are supported by invoices will be considered Eligible Costs.

Q10. Is equipment an Eligible Cost?

A10. The purchase of equipment is not considered as an Eligible Cost under the SDF Capital Stream GROW Pathway program but may be eligible 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 Application Guide found here: Skills Development Fund Training Stream - Forms - Central Forms Repository (CFR)

Q11. Are costs incurred to deliver the Skills Development Activities considered an Eligible Cost?

A11. Costs related to the delivery of the Skills Development Activity, or any other training or services provided by a Recipient are not considered Eligible Costs under the SDF Capital Stream. Applicants can explore funding eligibility for these costs under the

SDF Training Stream. The Training Stream Application Guide can be found here: Skills Development Fund Training Stream - Forms - Central Forms Repository (CFR)

Q12. Is AV/tech equipment an Eligible Cost?

A12. The purchase of equipment is not considered an Eligible Cost under the SDF Capital Stream but may be 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 Application Guide found here: Skills Development Fund Training Stream - Forms - Central Forms Repository (CFR)

Q13. Are design drawing costs considered Eligible Costs?

A13. Yes. Advancement of design drawings is an Eligible Costs under the SDF Capital Stream GROW Pathway. Applicants are required to submit design drawings at a 40% completion level as part of their GROW application package; and costs associated with the progression to 100% completion are considered eligible. Applicants must advance design drawings to tender-level status within 6 months of their Transfer Payment Agreement effective date.

Performance Security Requirement

Q14. Is Performance Security required for all projects?

A14. Yes, Performance Security (a standby letter of credit or other form of performance security approved by the Ministry) is required during the project lifecycle for all GROW Pathway projects. Recipients must provide Performance Security at one or both of the following stages:

- **Prior to Substantial Performance:** Once the cumulative funding received by the Recipient through Project Development Payments reaches 25% of the Maximum SDF Commitment, Performance Security is required for all subsequent funding request. The Performance Security amount must be equal to the amount claimed in excess of 25% of the Maximum SDF Commitment.
- **At Substantial Performance:** Performance Security in an amount equal to 65% of the total SDF Contribution must be in place and provided at Substantial Performance to receive the Substantial Performance Payment. This is the aggregate amount of Performance Security required and is inclusive of any Performance Security submitted with respect to Project Development Payments.

  Where 65% of the total SDF Contribution is equal to or greater than $10M, Recipients may elect to provide a Performance Security in an amount between $10M and 65% of the SDF Contribution.

For example, if the requested Project Development Payment is 40% of the Maximum SDF Commitment, the Recipient would be required to provide Performance Security equal to 15% of the Maximum SDF Commitment (any amount claimed above 25% of the Maximum SDF Commitment).

At Substantial Performance, the Recipient would then be required to provide an additional 50% in Performance Security to meet the total 65% requirement to potentially receive, in aggregate, 90% of the SDF Contribution.

Please refer to Section 5.1.2, Payment and Security Requirements, of the SDF Capital Stream GROW Pathway Guideline for more details on Performance Security requirements.

Payment Claim Process

Q15. How can my organization submit a claim for reimbursement?

A15. GROW Pathway Recipients may submit claims for Eligible Costs during the periods covered by their semi-annual Project Development Progress and Payment Reports, using the claims section included in the Project Development Progress and Payment Report template.

Recipients may claim up to 65% of the approved Maximum SDF Commitment prior to Substantial Performance. Claims may be submitted biannually as part of the Project Development Progress and Payment Reports and must be supported by invoices. The claims must be supported by Performance Security (a standby letter of credit or other Ministry approved form of performance security) when the requested funding cumulatively exceeds 25% of the Maximum SDF Commitment.

To claim the Substantial Performance Payment for up to 90% of the SDF Contribution (minus any prior Project Development Payments), Recipients must also submit a Cost Consultant report verifying the Total Eligible Costs incurred for the Capital Project, along with other requirements outlined in the TPA. At Substantial Performance, Recipients must provide Performance Security with an amount equal to 65% of the SDF Contribution.

Q16. Can an applicant apply for the renovation of multiple training rooms that are not connected and the retrofit of a new training space?

A16. Yes, an SDF Capital Stream GROW project can include multiple capital improvements on the same property that are not directly and physically connected to each other. Applicants must provide an explanation of how each individual capital improvement will facilitate and/or support the intended Skills Development Activity. Only Eligible Costs directly associated with capital improvements that facilitate and support the intended Skills Development Activity will be considered under the SDF Capital Stream GROW program.

Q17. Can a successful applicant claim construction costs already incurred prior to their project being approved?

A17. Eligible Costs incurred by a GROW Pathway recipient after the launch of the SDF Capital Stream in June 2023, but prior to receiving notice of their approval from the Ministry for their project, may be considered for GROW Pathway project funding, including soft costs, hard construction costs, and land and building acquisition costs (see Section 3.8 of the GROW Pathway Guideline for details on Eligible Costs), subject to the terms and conditions of the TPA. These costs must be directly related to and necessary for the Capital Project at the time they are incurred, including being aligned with the SDF Capital Policy Objective, and must be supported by invoices.

Applicants should note that SDF Capital Stream funding will be conditional on and subject to 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 the applicant's own risk.

The Ministry will make best reasonable efforts to notify applicants in a timely manner.

Financial Standing

Q18. Can the Performance Security be provided by the Partner organization?

A18. Yes, the Performance Security (standby letter of credit or other performance security approved by the Ministry) can be provided by a Partner organization and must be valid throughout the Intended Use Period. The Province will have the right to draw on the Performance Security to satisfy any amounts owing by the Recipient pursuant to the Transfer Payment Agreement.

Q19. What is considered good financial standing?

A19. Applicants must demonstrate reasonably sufficient financial capacity to successfully deliver the contemplated project during construction and the Intended Use Period. The Ministry 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

Q20. For not-for-profit organizations, can the 30% minimum contribution requirement come from capital campaign fundraising?

A20. The SDF Capital Stream 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 sources of capital, including capital campaign fundraising.

Key Performance Indicators (KPIs)

Q21. How do applicants determine their Key Performance Indicator targets?

A21. GROW Pathway applicants must identify the intended outcomes/Key Performance Indicator(s) related to the contemplated Capital Project and Skills Development Activities proposed in the application package. This will include the identification of the incremental increase in trainee enrollment volume expected to be attributable to the Capital Project and achieved over the Intended Use Period. This metric will be considered in the assessment process.

Applicants are required to provide targets and commentary on the following metrics in their project plan:

(i) **Training Volume (main contractually obligated KPI):** Applicants must commit to an incremental annual trainee enrollment attributable to the Capital Project that will be achieved over the Intended Use Period. Recipients will be required to meet certain Training Volume KPI targets for each year of the Intended Use Period as a performance obligation.

(ii) **Training Capacity (reporting metric):** Applicants must project the number of incremental training seats attributable to the Capital Project and expected to be achieved over the Intended Use Period (5 years). Recipients will be required to report on their Training Capacity KPI achieved for each year of the Intended Use Period.

(iii) **SDF Capital Participant Groups (reporting metric):** Applicants must project the annual enrollment volume for the target demographic groups identified in their application. Recipients will be required to report on their Participant Group KPI achieved for each year of the Intended Use Period.

SDF Capital Stream GROW Pathway 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 Training Volume KPI target in Year 1 of the Intended Use Period, and 80% in Years 2 to 5.

Please refer to the SDF Capital Stream GROW Pathway Program Guideline for more details.

Land/Building Acquisitions

Q22. If a project includes purchasing land and/or buildings, what supplemental material is required in the application?

A22. In addition to meeting all other requirements for a standard SDF Capital Stream GROW Pathway application, applicants that are requesting funding support for land and/or building acquisition are required to provide the following:

(i) An independent third-party appraisal of the land and/or building with their 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) and issued within one year of application submission. The appraisal produced must be at the comprehensive report/narrative appraisal report level;

(ii) Any other additional supporting documentation requested by the Ministry to assess the application.

Q23. Is there a preference between the different types of Capital Projects (e.g., new build over renovation) or a preference for projects that involve acquisition of land and/or building?

A23. The Ministry will consider all Capital Projects that meet the eligibility criteria and may prioritize projects that deliver a greater degree of intended policy outcomes relative to the funding requested.

Q24. Will land and/or building purchases made prior to receiving an approval notification from the Ministry be considered an Eligible Cost?

A24. Eligible Costs incurred by a GROW Pathway Recipient after the launch of the SDF Capital Stream in June 2023, but prior to receiving notice of their approval from the Ministry for their project, may be considered for GROW Pathway project funding, including and Land and Building Acquisition Costs (see Section 3.8 of the GROW Pathway Guideline for me details on Eligible Costs), subject to the terms and conditions of the Transfer Payment Agreement (TPA). These costs must be directly related to and necessary for the Capital Project at the time they are incurred, including being aligned with the SDF Capital Policy Objective.

Applicants should note that funding provided by SDF Capital Stream will be conditional on and subject to the successful execution of the TPA and that any incurrence of costs prior to the execution of the agreement will be made at the applicant's own risk. The Ministry will make best efforts to notify applicants in a timely manner.

Primary Applicant

Q25. Do Primary Applicants need to be the one delivering the Skills Development Activity, or can it be the Partner organization?

A25. Training can be delivered by a Primary Applicant's Partner. However, as the Transfer Payment Agreement (TPA) signatory and Recipient of funding, the Primary Applicant is responsible and accountable for complying with the terms and conditions of the TPA, including the management and delivery of the Capital Project, as well as meeting 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.

Q26. **What does the Ministry define as a long-term lease agreement?**

A26. The length of the lease agreement (including lease extension options) must meet or exceed the project term (beginning from the effective date of the Transfer Payment Agreement to the completion of the Intended Use Period). The lease agreement must be submitted as part of the application to demonstrate that the term of the lease covers the projected timelines for the project.

Project Timeline

Q27. When is the Construction Start deadline for an applicant proposing to expand an existing building?

A27. All construction (whether new construction, renovation, or expansion of an existing building) is required to start within 12 months of the effective date of the Transfer Payment Agreement (TPA). If a project includes the acquisition of land and/or buildings, the 12-month time period will start from the later of the date of closing of the acquisition and the effective date of the TPA.

Q28. When is the Substantial Performance deadline for GROW Pathway projects?

A28. All GROW Pathway projects must complete construction and achieve Substantial Performance within three (3) years of the Construction Start date. The Ministry may consider exemptions on a case-by-case basis for projects that exceed this timeline.

Q29. When is the Substantial Performance Payment made?

A29. The Substantial Performance Payment is disbursed when Substantial Performance of the project is achieved, as described in subsection 2(1) of the *Construction Act,* and all funding requirements are met, including delivery of the Performance Security. Timing of this milestone is subject to the individual project's construction timeline but must occur within 3 years of Construction Start.

See Section 5.1.2 of the SDF Capital Stream GROW Pathway Program Guideline for more information on funding structure.

Transfer Payment Ontario (TPON)

Q30. Are there any limitations regarding the size of attachments?

A30. Maximum file size per attachment is 5 MB.

Q31. Who can Applicants contact when experiencing technical difficulties on TPON?

A31. Any technical related query should be redirected to contact the TPON Customer Service Line at (416) 325-3408 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

Q32. Can a project include training equipment storage?

A32. Yes, costs associated with storage space for training equipment that is essential to the delivery of the Skills Development Activity are Eligible Costs. The square footage of the storage space may also be used for satisfying the training floor-space requirement.

Q33. How is training space defined and determined?

A33. Training space is defined as floor space that will be built or improved through the Capital Project, and that supports and facilitates the delivery of the Skills Development Activity. This can include space used for related functions that are essential to delivery of the Skills Development Activity, 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 Ministry to demonstrate how the training space is required to deliver the intended Skills Development Activity.

Training spaces that may occasionally be used for purposes other than the Skills Development Activity may be considered as long as delivery of the Skills Development Activity is the primary intended use (i.e., the space is used for the training activities a majority of the time). However, the Ministry will consider the intended outcomes/Key Performance Indicator(s) relative to the cost of the Capital Project in its assessment of the application.

In addition to providing information about how all components of the Capital Project will support the intended Skills Development Activity, the applicant must identify the percentage of net floor area that ***will not be*** supporting the Skills Development Activity.

The allocation of training space versus non-training space will be reviewed by the Ministry to determine appropriateness and will be approved on a case-by-case basis. Note, at least 75% of the floor space must be supportive of the intended Skills Development Activity. The Ministry may provide an exemption on a case-by-case basis for projects that demonstrate a high need, at its sole and full discretion.

The SDF Capital Stream program will only fund the portion of the Capital Project supportive of the Skills Development Activity. The Ministry will prorate Total Eligible

Costs based on the percentage of useable or net floor area that will support and facilitate delivery of the Skills Development Activity.

Planning Act Changes related to SDF Capital Project Funding for Training Centres

Q34. How will these changes help train workers faster?

A34. By speeding up or exempting approvals for worker training facilities, workers will be able to access essential training faster.

Q35. Will there be any cutting corners on health and safety requirements?

A35. The Bill 30 exemptions do not remove Building Code requirements, Fire Protection and Prevention Act, 1997 requirements, Occupational Health and Safety Act obligations, most enforcement roles of municipalities, health units, or conservation authorities and municipal development charges.

Also, projects funded through the SDF Capital Stream operate within clear and rigorous accountability frameworks, including Transfer Payment Agreement requirements, financial controls, training obligations, reporting mechanisms, and oversight to ensure responsible use of public funds and alignment with provincial workforce priorities

Q36. Are parkland dedication requirements still required given the Bill 30 changes?

A36. No, the exemption from the Planning Act in Bill 30 eliminates the authority to require parkland dedication (land for parks or cash in lieu).

Q37. Are site plan approvals still required?

A37. They are no longer required; however, the exemption from the Planning Act created by Bill 30 does not eliminate the need for the project proponent to work with the respective municipality to address certain site-specific issues (e.g., water / wastewater servicing) as well as any other approvals or agreements that may be needed as a result of the project.

Q38. Are Re-zoning or Minor Variance approvals still required?

A38. The exemption from the Planning Act created by Bill 30 eliminates the need for re-zoning or minor variance approvals.

Note that there may be other Federal, provincial, or municipal permits required (e.g., to operate nuclear imaging machinery).

Q39. Are parking requirements imposed by zoning by-laws still required?

A39. No, the authority for municipal zoning by-laws falls under the Planning Act. As such, the exemption from the Planning Act created by Bill 30 removes any parking requirements imposed by zoning by-laws.

Q40. Are archaeological assessments still required?

A40. Yes, while the need to conduct an archaeological study is typically triggered by the submission of an application under the Planning Act, the requirements for undertaking archaeological assessment work are set out in the Standards and Guidelines for Consultant Archaeologists which are established under the Ontario Heritage Act.

Q41. Are building permits still required?

A41. Yes, the exemption from the Planning Act created by Bill 30 does not eliminate the need for a building permit.

Q42. Are development charges still required?

A42. Yes, the Development Charges Act is not impacted by Bill 30.

Municipalities retain full authority to levy development charges under existing legislation. Development charges remain a critical tool for funding growth-related infrastructure costs, and no changes are currently proposed to development charges relating specifically to SDF capital project funded training centres.

Q43. Are Environmental Assessments still required?

A43. Yes, the Planning Act exemption under Bill 30 does not address this.

Q44. Are Building Permit Fees still required?

A44. Yes, the Planning Act exemption in Bill 30 does not eliminate the need for a building or plumbing permit or associated fees.

Q45. Are Conservation Authority Permits still required?

A45. Applicable approvals from a conservation authority are still required for development activities (e.g., construction, change in use, site grading, fill placement) within areas that may be subject to natural hazards such as near watercourses, floodplains, shorelines, river and stream valleys, wetlands and hazardous lands.

Q46. Will these changes save the recipients money?

A46. It is possible that there could be some cost savings in planning application fees due to the exemption from the Planning Act created by Bill 30.

Q47. Will there be more exemptions to come for these projects?

A47. Any further changes to exemptions and/or requirements for SDF capital projects funded training centres will be communicated to the successful Recipients as soon as they are known.

"Note: These responses apply to qualifying SDF training centre projects captured under Bill 30, where the development/redevelopment is funded in part through a MLITSD Skills Development Fund agreement and the facility is used for training/skills development purposes agreed to. The Planning Act exemption does not apply on lands in the Greenbelt Area and remains subject to any prescribed exceptions or limitations."