

Capital Renovation Grant

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| Policy Cross References: | ELCD-2017-D2; ELCD-2017-I4; ELCD-2017-I6; ELCD-2017-K1; ELCD-2017-K10; ELCD-2017-K13; ELCD-2017-N1; ELCD-2017-N2; ELCD-2017-N3; ELCD-2017-N4; ELCD-2017-O1; ELCD-2017-O3 Fire & Life Safety Guidelines for Licensed Family Child Care Homes: 1.1, 2.1 |
| Legislative References: | CCA: s. 8; s.15(d)(ii) CCR: s. 2; s. 5; s. 15; s. 26; s. 39; s. 56; s. 57; s. 61; s. 62; s. 63; s. 64; s. 67; s. 68; s. 69; s. 72; s. 73; NBCC Part 3; NBCC 3.2.4; NFPA 13 |

PURPOSE:

This policy is issued by the Department of Education and Early Childhood Development (EECD) for the purpose of providing direction regarding the provision of a one-time temporary Capital Renovation Grant for existing regulated child care services that are currently operating and are in receipt of a waiver(s) for physical space under the new *Child Care Act* and/or *Child Care Regulations*. This grant will provide financial support to purchase equipment and/or complete renovations directly related to the waiver(s) for a child care building and/or an outdoor play area.

ELIGIBILITY CRITERIA:

The Capital Renovation Grant is only available to existing regulated child care services that are currently operating and are in receipt of one or more waivers for physical space under the new *Child Care Act* and/or *Child Care Regulations* and:

- Is in good standing with the registry of Companies and Deeds;
- Is licensed and in compliance with the *Child Care Act* and *Child Care Regulations*;
- Have completed the project or acquired items prior to April 1, 2019; and
- Is committed to maintaining the renovated space as a licensed child care service for a minimum of two years from the date the renovations are completed.

The following child care services are **not** eligible:

- A child care service that is not or has not opened; and/or
- A child care service that is not licensed or hold an approval certificate from a family child care agency; and/or
- A child care service that is not incorporated or not in good standing with the registry of Companies and Deeds.

APPLICATION REQUIREMENTS:

Applications for the Capital Renovation Grant will **not** be accepted after December 31, 2018.

Multiple waivers and/or deficiencies may be dealt with within a single application.

The following items are required as part of the application package for the Capital Renovation Grant:

1. A completed application form including a time frame for completion, and a budget for the project that includes a list of expected costs by category;
2. Copy of the current child care service(s) licence or family child care agency approval certificate;
3. Documentation of waiver(s) or the deficiency that has been identified by a government inspector;
4. Copy of three quotes to address each waiver from incorporated companies that are:
 - i) Registered with Workplace NL; and
 - ii) Carry adequate insurance
5. Written documentation as to why the licensee is selecting a specific company (any potential conflicts of interest must be disclosed);
6. Proof of Incorporation;
7. For all child care services operating in a leased space an approval letter from the landlord for the work to be completed;
8. Additional information for applications requesting \$25,000 or less:
 - i) Audited Financial Statement - a financial statement that has been audited by an independent Chartered Accountant, or
 - ii) Notice to Reader - a Notice to Reader is an unaudited financial statement prepared by a Chartered Accountant. Since the financial statement has not been audited or reviewed, it does not have the level of reliability associated with audits or review engagements, or
 - iii) Internally prepared financial statements - financial statements are made up of five components: an Income Statement, a Statement of Changes in Equity, a Balance Sheet, a Statement of Cash Flows, and Notes to Financial Statements.
9. Additional information for applications requesting \$25,000 to \$100,000
 - i) Audited Financial Statement (see definition above), or
 - ii) Unaudited financial statements – a financial statement that has not been subjected to an independent verification and review process (e.g., a Review Engagement which is a report issued by a Chartered Accountant which expresses that the financial statements are free from material misstatement),
 - iii) Detailed project work plan including projected time of completion
10. Additional information for applications requesting more than \$100,000

- i) Audited Financial Statement (see definition above);
 - ii) Detailed project work plan including projected time of completion;
 - iii) Approval letter from lender (e.g., bank or whomever holds the mortgage on the property) for the work to be completed; and
 - iv) Proof of insurance for the renovation period
11. For not-for-profit child care services, the following is required:
- i) A copy of the Attestation of Directors and Residents Form
 - ii) Proof of Directors' Liability Insurance
 - iii) Most recent annual report
12. The maximum allowable grant for this program per licence (or agency approval certificate) is \$250,000.

IMPORTANT NOTE: An application is not a guarantee of funding. If the application is incomplete or the required documentation missing, the review process may be delayed or the application found ineligible. Funding is subject to availability, i.e. submission of an application does not guarantee approval.

POLICY AND STANDARDS:

1. All approved projects **MUST** begin construction within six months of grant approval or funding may be withdrawn. If a grant is withdrawn, the applicant may reapply for consideration if the project is ready to proceed before December 31, 2018.
2. Costs not approved under this program are the sole responsibility of the licensee of the child care service.
3. Any and all costs associated with ascertaining 3 quotes are the sole responsibility of the licensee of the child care service.
4. All work completed must be done in accordance with applicable building codes and to Service NL specifications.
5. All work must be completed by an incorporated company that carries all relevant insurance and is registered with Workplace NL.
6. Only the purchase of equipment and/or services that is/are directly related to addressing the waiver(s) will be considered for funding.
7. As outlined in the *Child Care Act 15(d)(ii)* the *Child Care Standards and Policy Manual* (ELCD-2017-I4) when renovations to the facility of the child care service are anticipated parents are to be notified 2 weeks before the renovation commences. A Regional Manager's approval is required before renovating a facility in a way that modifies the configuration of space or requires accommodating children in different space than approved on the licence.
8. Waivered items eligible for funding through the Capital Renovation Grant may include one or more of the following requirements under the *Child Care Regulations*:
 - 23(1) Installing a corded landline telephone (ELCD-2017-I6);
 - 35(1) Installing a food preparation area (ELCD-2017-K10);
 - 39(1)(a) Installing an outdoor play equipment that is accessible, appropriate, and safe (ELCD-2017-K13);
 - 56(4) Installing permanent walls in the indoor area of a child care centre to extend from the floor to the ceiling (ELCD-2017-N1);

- 58(3) Increasing the size of a homeroom that is smaller than 24 square meters (ELCD-2017-N2);
 - 58(4) Installing windows to provide natural light in every homeroom (ELCD-2017-N2);
 - 58(6) Installing equipment to meet the requirements of a washroom assigned to children in the infant and toddler age range (ELCD-2017-N4);
 - 59(1) Installing an administrative area for the use of the child care service provider and the employees, students and volunteers who assist and provide services in the operation of the child care service (ELCD-2017-N3);
 - 60(1)(b) Installing toilets and washbasins to ensure that there is one toilet and washbasin for every 10 children who participate in the child care service at one time (ELCD-2017-N4);
 - 60(4) Installing equipment for school aged children such as: a washroom area that is directly accessible from every homeroom or configured so that a child cannot see another child while toileting (ELCD-2017-N4);
 - 60(5) Installing a washroom area for the exclusive use of the child care service provider and the employees, students and volunteers who assist and provide services in the operation of the child care service that is separate and apart from the washroom area used by the children participating in that child care centre service (ELCD-2017-N4);
 - 61 Constructing a separate entrance from the entrance used by the residents of the dwelling house so that the centre is not accessible from the part of the dwelling house that is not the centre (ELCD-2017-N1);
 - 62(1) Increasing the size of an outdoor play area that is smaller than seven square meters multiplied by the maximum number of children who can participate in the child care service at one time (ELCD-2017-O1).
8. Deficiencies eligible for funding through the Capital Renovation Grant may include one or more of the following:
- Purchase of forms and drawings completed by an Engineer or Architect (NBCC Part 3) if required by Service NL
 - Address deficiencies identified through a Service NL plan review
 - For centres required to conduct interior renovations to address waivers that will exceed 50% of the floor area:
 - Installation of a full fire alarm system in accordance with NBCC 3.2.4; and/or
 - Installation of a sprinkler system in accordance with NFPA 13 by a contractor with a current Sprinkler and Other Water-Based Fire Protection Systems License from Service NL;
 - For Family Child Care Homes to comply with Service NL's Fire Life Safety Guidelines for Licensed Family Child Care Homes:
 - Installation of egress windows (FLS 1.1);
 - Installation of interconnected smoke alarms (FLS 2.1). **NOTE:** any on-going monthly charges for smoke alarm monitoring systems will not be considered or covered by the Capital Renovation Grant.
9. Renovations or purchases from April 1, 2017 related to the above list may be eligible for funding under this program.
10. Payments for the Operating Grant Program, Child Care Subsidy Program, and the Inclusion Program will be paid for up to a two week maximum for any closures related to construction

and repairs related to the waivers with sufficient documentation as to why the repairs could not be completed when the child care service was closed (i.e., weekends and after hours)

11. Ineligible costs include:

- Purchase of a building;
- Purchase of land;
- Purchase or payment for goods and services that are outside the scope of the project, have not been approved, and do not directly relate to addressing the identified waiver(s); and
- Work completed or goods acquired prior to April 1, 2017.

12. All work relating to the identified waiver(s) must be completed in accordance with the *Child Care Act* and *Child Care Regulations*.

13. Work related to this project should be the least disruptive to the children's space and to families as possible, this includes:

- i. Where possible, completing work outside of operating hours;
- ii. Where renovation impacts service delivery, a written plan outlining how the service will be maintained during the renovation period;
- iii. Providing parents with written notification 2 weeks before the renovation commences outlining the details of the renovation, anticipated time frame for completion, alternate plans for the children and any anticipated closures.

PROCEDURES:

Applicants will complete and submit all of the required documentation outlined in the Application Requirements above to their regional office. Incomplete applications will be returned. Only complete applications will be assessed.

ASSESSMENT PROCESS

- 1) Completed applications must be submitted to the regional office
- 2) Regional staff will assess all applications using the assessment criteria below and make recommendations for approval to their Regional Manager
- 3) The Regional Manager will:
 - i. Make recommendations for approval to the Provincial Director, or
 - ii. Inform the applicant in writing of the reason they are ineligible for the grant.
- 4) The Provincial Director will:
 - i. Approve or deny applications requesting funding up to and including \$150,000 and notify the applicant in writing of their decision, or
 - ii. Recommend approval to the Deputy Minister for amounts above \$150,000.
- 5) The Deputy Minister will approve or deny applications requesting funding for amounts above \$150,000 and notify the applicant in writing of their decision.
- 6) The licensee will be notified in writing within 20 business days of receipt of a complete application package by the Department of Education and Early Childhood Development of the status of their application.

ASSESSMENT CRITERIA

Regional staff will complete an initial review of the application to determine if all required information has been received and determine eligibility of the applicant for the grant program. If

additional information is required, regional staff will contact the applicant. If the application is deemed to be ineligible, the Regional Manager will notify the applicant in writing.

The following assessment criteria will be used to judge the merits of all applications for the Capital Renovation Grant:

- 1) Is the applicant eligible as per the terms and conditions of the program?
- 2) Is the application package complete?
- 3) Was the complete application package submitted before the deadline?
- 4) Are activities clearly defined and eligible?
- 5) Has the applicant provided adequate documentation?
- 6) Are cost categories detailed?
- 7) Does the organization have an overpayment, if yes, are there arrangements for repayment?
- 8) Has an analysis of funds requested along with other potential funding sources (based on supplied information) in relation to actual funds needed been completed?
- 9) Is the organization licensed (or approved under a family child care agency licence) and operating?
- 10) Is the organization in good standing with Companies and Deeds online (CADO)?
- 11) Has a detailed analysis of the financial statements supplied with the application been completed?
- 12) Have there been previous issues with this applicant with reporting requirements being fulfilled?
- 13) Does the applicant have appropriate bookkeeping and financial controls?
- 14) Is the applicant's insurance coverage (including WHSCC) appropriate for the needs of the project?
- 15) Does the applicant have the ability, capacity, and expertise to effectively manage this project?
- 16) Are project activities clearly identified with expected outcomes and timeframes?
- 17) Are project costs reasonable in relation to funds requested and do they relate directly to project activities?
- 18) Are the project activities achievable within the project time frame?
- 19) Does the project represent an appropriate allocation of funds?
- 20) Has there been any issues with previous agreements for this organization?
- 21) Has the organization identified a project lead?
- 22) Has confirmation that any additional funding and/or financing that may be required is in place?
- 23) Is there an appropriate service plan in place where renovations affect service delivery?

PAYMENT TERMS AND CONDITIONS

- Options for payment of grant funding will be contingent on the amount of the grant.
 - If grants are to be paid as installments, a percentage of the funds will be held back until all final reporting requirements have been fulfilled and reviewed by the department.

- All recipients are subject to the conditions outlined in the Contract's reporting requirements to receive these payments.
- Recipients will be required to provide proof of performance (e.g., receipts/invoices, activity reports, permits, financial reports, financial statements, etc.) to meet these conditions.
- Depending on the amount of the grant, payments may be made as a lump sum payment or in installments.
- Payments will be made when conditions of a contract have been met.
- Conditions for payment will be clearly defined in the contract agreement.
- All required documentation must be received and analyzed before final payment is released.
- To receive payment (other than an advance payment), recipients must attach all required documentation, as outlined in the Contract to support the requested amount.
- Information received will be analyzed for reasonableness and accuracy prior to releasing a payment.
- Analysis of information received and payments will be made in a timely manner.
- Regional staff will follow up with the recipient regarding unclear or unanswered questions before releasing a payment.
- A copy of receipts, invoices or payroll records for all related expenses must be submitted before issuing the final funding payment. Recipients must retain their Project documents for 6 years for possible audit and inspection by Government.
- The child care service provider must be committed to maintaining their licensed child care service for a minimum of two years from the date the renovations are completed or will pay back a portion of the funds as outlined in the contract.

UPFRONT FULL PAYMENT TERMS:

- Upfront full payments will be made as per the terms of the Contract.
- Full upfront payments are only available for grants less than \$25,000 and are paid at the beginning of the project.
- Upfront payments may be issued once all the application requirements have been met and the Contract is signed.
- To ensure recipients are held accountable for the funding received, they will be required to meet specific reporting requirements once the project is completed. (Refer to the "Follow Up and Reporting" section for reporting requirements.) Regional staff will review this information.
- Failure to provide requested information will prevent an organization from receiving future funding.

LUMP SUM PAYMENT TERMS:

- Lump Sum payments will be made as per the terms of the Contract.
- Lump sum payments are available for grants that are less than \$25,000 that cover a relatively short period of time (e.g., a day or up to several months) and are paid at the end of the project. However, any grant may be issued as a lump sum payment provided the recipient submits all the information requested in the Contract and the department analyzes and approves this information prior to payment.
- Refer to the "Follow Up and Reporting" section for recommended reporting requirements.

PAYMENT ISSUED IN INSTALLMENTS:

- Payments issued in installments will be made as per the terms of the Contract.
- Installment payments are for projects greater than \$25,000. However, any grant may be issued in installments.
- Where installment payments are used, an advance may be issued once all the application requirements have been met and the Contract is signed.
 - The advance payment will not exceed 80% of the value of the contract.
 - All subsequent installment payments are subject to the recipient's compliance with the conditions outlined in the Contract's reporting requirements.
- The Department may hold back a percentage of the total grant until the Project is completed or the fiscal year has ended and the terms of the agreement are satisfied (i.e., the department has received and reviewed all required documentation requirements).
- The percentage holdback may vary depending on the type of grant and the monetary value of the agreement. The minimum holdback will be 5% of the total value of the grant.
- Examples of typical installment payments include, but are not limited to the following:
 - 50% advance, 45% progress payment and 5% holdback payment;
 - 50% advance, payments based on progress (% based on total of receipts submitted for reimbursements up to maximum of 3 submissions during the contract period) and 5% holdback payment.

REPORTING AND FOLLOW UP

Reporting and follow up procedures are an integral part of the grant administration process, regardless of the grant's dollar value.

REPORTING:

- Grant recipients will be required to comply with the Department's reporting requirements to receive payment.
- Reporting requirements will vary depending on grant type and monetary value.
 - Upfront Payment – less than or equal to \$25,000:
 - Comprehensive final report with invoices, receipts and payroll records, and proof that the work has been completed due upon project completion
 - Lump Sum Payment - less than or equal to \$25,000:
 - Comprehensive final report with invoices, receipts and payroll records and proof that the work has been completed
 - Lump Sum Payment – greater than \$25,000 and less than \$100,000:
 - Comprehensive final report with invoices, receipts and payroll records or summary of expenses and proof that the work has been completed
 - Lump Sum Payment – greater than or equal to \$100,000:
 - Comprehensive final report with invoices, receipts and payroll records or summary of expenses and proof that the work has been completed
 - Audited schedule of project funds, including explanatory notes
 - Installment Payments:
 - No additional information is requested with the advance payment as it was provided in the application.
 - Less than or equal to \$25,000:

- Progress Payments: Activity Instalment Report with original invoices, receipts and payroll records.
- Final Payment: Comprehensive Final Report with invoices, receipts and payroll records (not previously submitted or reported) and proof that the work has been completed.
- Holdback Payment: All contract conditions have been met and assessed to be satisfactory by the department or government inspector.
- Greater than \$25,000 and less than \$100,000:
 - Progress Payments: Activity Instalment Report with original invoices, receipts and payroll records or summary of expenses.
 - Final Payment: Comprehensive Final Report with invoices, receipts and payroll records (not previously submitted or reported) and proof that the work has been completed.
 - Holdback Payment: All contract conditions have been met and assessed to be satisfactory by the department or government inspector.
- Greater than or equal to \$100,000:
 - Progress Payments: Activity Instalment Report with original invoices, receipts and payroll records or summary of expenses.
 - Final Payment: Comprehensive Final Report with invoices, receipts and payroll records (not previously submitted or reported) and proof that the work has been completed.
 - Holdback Payment: Audited schedule of project funds, including explanatory notes. All contract conditions have been met and assessed to be satisfactory by the department or government inspector.
- This information will be completed and submitted via email to the regional office. In the case of external documentation (e.g., invoices and receipts) this information can be emailed, faxed, or mailed to the regional office.
- Specific reporting expectations and deadlines will be outlined in the Contract.

FOLLOW UP:

- Regional staff will monitor and record the progress of the project. The frequency and extent of monitoring will be determined by the degree of risk of the grant. Where risk is higher, monitoring will be more extensive. Risk factors include: grant size, size of project, financial position of applicant, extent of communications, program resources and prior experience with recipient.
 - Regional staff will document their monitoring efforts and may increase their efforts if required.
- As part of the follow up process, regional staff will also document and record their:
 - Analysis of requested information from the recipient;
 - Assessment of progress; and,
 - Confirmation that the work has been completed and that all of the terms and conditions of the Contract have been met.

- A formal follow up by regional staff/inspectors at the end of the project will occur to assess and determine if public funds were spent in accordance with the program's mandate and to ensure that the agreed upon work has been completed properly.

REFERENCE DOCUMENTS:

(Applicable websites, guidelines, relevant forms, etc. Sections of the legislation can also be referenced here if needed).

- Capital Renovation Grant Application Form
- Capital Renovation Grant Application Checklist
- Capital Renovation Grant Sample Contract
- Attestation of Directors and Residents Form
- Child Care Policy and Standards Manual – Section N Centres Indoor Area:
http://www.ed.gov.nl.ca/edu/family/childcare/pdf/policy/N_Centres%20-%20Indoor_Area.pdf
 - Legislative References: CCR: s. 15, s. 56; s. 61
 - Policy Cross References: ELCD-2017-K1; ELCD-2017-O3
- Child Care Policy and Standards Manual – Section O Centre Outdoor Area:
http://www.ed.gov.nl.ca/edu/family/childcare/pdf/policy/O_Centres%20-%20Outdoor%20Area.pdf
 - Legislative References: CCR: s. 39; s. 57; s. 62; s. 63; s. 64
 - Policy Cross References: ELCD-2017-K13; ELCD-2017-O1
- Child Care Policy and Standards Manual – Section P Family Homes:
http://www.ed.gov.nl.ca/edu/family/childcare/pdf/policy/P_Family_Homes.pdf
 - Legislative References: CCA: s. 8; CCR: s. 2; s. 5; s. 15; s. 26; s. 67; s. 68; s. 69; s. 72; s. 73
 - Policy Cross References: ELCD-2017-K13
- Fire & Life Safety Guidelines for Licensed Family Child Care Homes
 - Guideline Cross References: 1.1, 2.1
- National Building Code
- National Fire Protection Association: <https://www.nfpa.org/Codes-and-Standards/All-Codes-and-Standards/List-of-Codes-and-Standards>