

**Ministry of Labour, Immigration, Training and Skills  
Development**

# **Skills Development Fund Capital Stream**

**Program Guideline**

**June 2023**



# Table of Contents

<b>SKILLS DEVELOPMENT FUND CAPITAL STREAM</b> .....	<b>1</b>
<b>1.0 INTRODUCTION</b> .....	<b>5</b>
1.1 Purpose.....	5
1.2 Context.....	5
<b>2.0 PROGRAM DESCRIPTION</b> .....	<b>6</b>
2.1 SDF Capital Stream Description .....	6
2.1.1 Overview.....	6
2.2 Objective .....	6
2.3 SDF Capital Participant Groups .....	7
2.4 Target Sectors and Occupations.....	8
2.5 Applicant Eligibility .....	8
2.5.1 SDF Capital Stream Primary Applicants .....	8
2.5.2 Educational Organizations.....	11
2.6 Capital Project Criteria.....	11
2.7 Partnership Development.....	13
<b>3.0 PROGRAM DELIVERY</b> .....	<b>13</b>
3.1 Eligible SDF Capital Projects and Activities .....	13
3.2 Eligible Costs .....	15
3.3 Ineligible Costs.....	19
3.3.1 Payment and Security Requirements .....	20
3.4 Performance Measurement.....	22
3.5 Roles and Responsibilities .....	23
3.5.1 Primary Applicant/Recipient's' Role .....	23
3.5.2 Province's Role.....	25
3.6 Performance Management.....	26
<b>4.0 FUNDING</b> .....	<b>29</b>
4.1 Funding and Performance.....	29
4.1.1 Funding Structure .....	30
4.1.2 Performance Obligations and Deadlines .....	34
<b>5.0 EVENTS OF DEFAULT</b> .....	<b>36</b>
5.1 Summary Default Terms .....	36
5.2 Early Disposition of Asset .....	37
<b>6.0 GOVERNANCE AND DELIVERY</b> .....	<b>38</b>
<b>7.0 ASSESSMENT CRITERIA</b> .....	<b>39</b>
<b>8.0 PROGRAM ADMINISTRATION</b> .....	<b>40</b>
8.1 Accessibility for People with Disabilities.....	40
8.1.1 Accessibility for Ontarians with Disabilities Act, 2005 .....	40
8.1.2 Facility Co-Location .....	40

8.2 Promotion, Communications and Graphic Standards .....	41
8.3 Access to Information and Protection of Privacy .....	42
8.4 Information Management Requirements .....	43
8.5 Documentation Requirements.....	43
8.6 Insurance .....	44
8.7 Engagement with Indigenous Communities .....	44
<b>9.0 APPLICATION PACKAGE AND PROCEDURES .....</b>	<b>45</b>
9.1 Application Requirements .....	45
9.2 Application Procedure and Process .....	50
9.3 Required Construction Working Documents .....	51
<b>APPENDIX .....</b>	<b>54</b>
Appendix A - Glossary of Terms .....	54
Appendix B: Project Plan Template.....	60
Appendix C: Letter of Credit Template .....	61
Appendix D: Example of a Construction Progress Report Template Information ...	63
Appendix E: Key Performance Indicator Progress Report Template Example.....	64
Appendix F: Bank Reference Letter Template .....	67
Appendix G: Capital and Operating Budget Report.....	68
Appendix H: Land and Building Acquisition Costs .....	69
Appendix I: Top Future In-demand Occupations in Ontario .....	74

## 1.0 INTRODUCTION

### 1.1 Purpose

The purpose of the Skills Development Fund (“**SDF**”) Capital Stream Guideline (“**Guideline**”) is to provide information to assist with submitting an application and the delivery of projects under the SDF Capital Stream. This Guideline is intended for organizations applying for funding under the SDF Capital Stream (the “**Primary Applicant**”) and SDF Capital Stream funding recipients (“**Recipients**”). The SDF Capital Stream is being delivered by the Province of Ontario.

This Guideline provides information on:

- I. Program description
- II. Program delivery
- III. Funding structure
- IV. Performance measurement
- V. Program administration

In the event of any conflict or inconsistency between this Guideline and any terms or conditions in the SDF Capital Transfer Payment Agreement (“**TPA**”), the TPA shall prevail. Not all sections of this Guideline are applicable to all SDF Capital Stream projects. For a [glossary of selected capitalized terms](#) used in this Guideline, see Appendix A.

This is not a legal document. This Guideline is intended as a resource for information and assistance only and should not be used as or considered as legal advice. This Guideline does not replace or modify any legislation, regulations, municipal by-laws, or contractual agreements, and is only intended to provide general information about the SDF Capital Stream. This Guideline is not intended to provide interpretations of the law or identify all laws that may apply. Please consult the relevant legislation, regulations, municipal by laws and contractual agreements that apply to your situation as necessary. If you need help understanding your legal rights or obligations, you may wish to seek legal advice.

### 1.2 Context

The SDF Capital Stream is intended to support upgrades of training centres, conversions of existing buildings into training centres, and building of new training centres. The training centres are intended to increase training capacity for emerging and in-demand growth sectors of Ontario’s economy and sectors experiencing labour market challenges, including for training offered through the Integrated Employment Ontario (“**EO**”) employment and training network.

## **2.0 PROGRAM DESCRIPTION**

### **2.1 SDF Capital Stream Description**

The SDF Program (an EO initiative) launched in February 2021 as a response to the impacts of the COVID-19 pandemic. The SDF Program has continued to focus on investing in enhancements to training, workforce development, and program delivery for workers in Ontario. The SDF Program aims to ensure a resilient workforce by supporting access to the labour market and/or the retention and capacity building of workers in emerging and in-demand sectors and sectors experiencing labour market challenges.

Building on the success of the original Operating Stream of the SDF Program, the Government of Ontario has established the SDF Capital Stream to provide major capital investments to build new training centres, upgrade existing training centres or convert existing facilities into training centres with state-of-the-art design and technology. This includes facility renovations, retrofits, expansions, conversions, repairs and building construction. The SDF Capital Stream supports projects that enable education and skills development, enhance training capacity and delivery, and facilitate economic growth in emerging and in-demand sectors of Ontario's economy and sectors experiencing labour market challenges.

#### **2.1.1 Overview**

The new SDF Capital Stream is intended to deliver on a set objective that will increase or support training capacity to better meet the needs of employers, workers and communities and help to stimulate Ontario's economic growth for in-demand sectors.

The design principles of the SDF Capital Stream support capital investment and the use of risk management strategies to ensure prudent use of public funding.

The following are SDF Capital Stream design principles:

- Support capital investment applications that demonstrate due diligence, ensure cost effectiveness, complement the SDF Operating Stream and achieve measurable Outcomes.
- Accountable use of public funds in the administration of funding to selected Recipients that meet eligibility requirements as Primary Applicants.

### **2.2 Objective**

The SDF Capital Stream will support eligible projects selected by the Province that are designed to provide and/or enhance building space to deliver Skills Development Activities for emerging and in-demand growth sectors of Ontario's economy and sectors experiencing labour market challenges. The Province will assess applications to determine eligibility and ensure alignment with the objective of the SDF Capital Stream.

Applications that deliver multiple Outcomes towards the SDF Capital Stream policy objective may be prioritized.

Primary Applicants must describe in their submission how the repair, retrofit, renovation/expansion, conversion or new construction of a capital asset will support the objective stated below for the 5-year operating period after Substantial Performance is achieved (“**Intended Use Period**”). The SDF Capital Stream will support projects which can demonstrate that a capital asset is needed to support and align with the following objective:

- Create or improve physical spaces that increase training capacity/number of trainees, and/or increase retention of trainees for jobs in emerging and in-demand growth sectors of Ontario’s economy and sectors experiencing labour market challenges, e.g., build new training centres, upgrade existing training centres, or convert facilities into training centres for in demand jobs in key sectors like the skilled trades.

The objective of the SDF Capital Stream will support the overall objectives of the SDF Operating Stream by:

- supporting innovative programs, prototyping and development;
- attracting and retaining capable and diverse Jobseekers and workers;
- maximizing the economic potential of the skilled trades; and
- enhancing employers’ capacity to build a talent pipeline that meets their workforce needs now and in the future.

### **2.3 SDF Capital Participant Groups**

Primary Applicants must describe how the capital asset will be utilized by one or more of the following Participant Groups:

- Any Jobseekers and/or Incumbent Workers who are at risk of job displacement; and/or
- Workers that are needed to fill unmet demand and talent gaps; and/or
- Jobseekers who face higher barriers to employment, including, but not limited to, Women, Youth, People with Disabilities, seniors, francophones, Indigenous Peoples, Racialized Persons, Justice-Involved Individuals, Immigrants, protected persons and those impacted by emergency travel measures enacted by the federal government such as Ukrainians who are in Ontario under the Canada-Ukraine Authorization for Emergency Travel.

Primary Applicants may propose any Skills Development Activity enabled through a capital asset on the condition that Outcomes are measurable, timebound and aligned to the SDF Capital Stream Objective.

## 2.4 Target Sectors and Occupations

The SDF Capital Stream focuses on emerging and in-demand growth sectors, occupations that are linked to Ontario's future economic recovery and sectors experiencing labour market challenges. The SDF Capital Stream addresses the demand for training spaces to meet regionally focused occupational and employer needs.

The [Ontario Labour Market](#) website has a relevant tool to assess emerging and in-demand growth occupations and sectors. It provides information on the top jobs that are forecasted to remain in demand for the next five years in a particular region.

The target sectors and occupations that the SDF Capital Stream focuses on to support key government commitments and strategies include (but are not limited to) the following:

- jobs in emerging and in-demand growth sectors of Ontario's economy including skilled trades, high-skilled technical occupations, construction, manufacturing, and healthcare. For a list of future in-demand occupations in Ontario, see Appendix I
- sectors experiencing labour market challenges, including those impacted by the pandemic, sectors with unmet demand and talent gaps, as well as other priority sectors

## 2.5 Applicant Eligibility

This Section outlines how Primary Applicants can become eligible to apply for SDF Capital Stream funding, and the clients that can be supported through the projects. The Province retains absolute and sole discretion to decide which projects are funded.

### 2.5.1 SDF Capital Stream Primary Applicants

SDF Capital Stream Primary Applicants must meet all eligibility requirements detailed below.

If an application is selected for funding, the Primary Applicant becomes the TPA signatory, or "Recipient". The Recipient is obligated to adhere to all terms and conditions of the TPA and is accountable to the Province for managing and executing the development and delivery of the Capital Project and the approved Skills Development Activity or training. These obligations include, but are not limited to, resource management and satisfaction of performance and financial obligations established in the TPA.

The following entities are eligible to apply to the SDF Capital Stream as **Primary Applicants**:



- Employers in Ontario, other than the Educational Organizations listed in Section 2.5.2
- Minister approved, non-college apprenticeship program Training Delivery Agents (“TDA”s)
- Non-profit organizations, including Indigenous band offices and Indigenous Skills and Employment Training (ISETs) agreement holders
- Professional/industry/employer associations
- Trade unions/union-affiliated organizations; and
- Municipalities, District Social Services Administration Boards (DSSABs), Hospitals and Consolidated Municipal Service Managers (CMSMs)

Primary Applicants must meet the following requirements:

- Be a legal entity;
- Be authorized to operate or carry on business in the Province of Ontario;
- Have a physical presence, and be actively operating or carrying on business, in the Province of Ontario;
- Comply with all applicable legislation that may be applicable to the Primary Applicant, the project and its operations or business, including the Ontario Building Code and other municipal requirements, the *Human Rights Code*, *Occupational Health and Safety Act* (OHSA), the *Employment Standards Act, 2000* (ESA), the *Building Opportunities in the Skilled Trades Act, 2021* (BOSTA), and any other legislation that may be applicable to the Primary Applicant, the project and its operations or business;<sup>1</sup>
- Ensure the project follows municipal bylaws, and any proposed uses are compliant with municipal zoning requirements; and
- Individually or with the project team, provide demonstrated experience and organizational capacity to deliver the Capital Project and ensure delivery of the Skills Development Activity.

---

<sup>1</sup> For greater certainty, the receipt of SDF Capital funding does not mean that any programming delivered using the relevant capital asset constitutes a pre-apprenticeship program approved by the Minister within the meaning of clause 1(1)(c) of O. Reg. 877/21 under the Building Opportunities in the Skilled Trades Act, 2021 (BOSTA).

Primary Applicants are also required to:

- Have ownership (joint or shared) of the capital asset being expanded, converted, repaired, retrofitted, renovated, or built upon for the Project Term. Provide a description and supporting documentation confirming and providing details of the ownership, and necessary lender consents for the proposed improvements (as applicable); or
- Hold a long-term leasehold agreement (joint or shared) for the capital asset being expanded, converted, repaired, retrofitted, renovated, or built upon for the Project Term. Provide a description and supporting documentation confirming and providing details of the leasehold arrangement including terms, current and future intended use, and necessary landlord and lender consents for the proposed improvements (as applicable); or
- Comply with the requirements in Appendix H, if the Primary Applicant does not own or lease the capital asset being expanded, converted, repaired, retrofitted, renovated or built upon for the Project Term at the time of application and is seeking SDF Capital funding for land and/or building acquisition costs.

Primary Applicants who intend to deliver apprenticeship in-class training must be, or must partner with, a minister-approved TDA. Only minister-approved TDAs may deliver apprenticeship in-class training.

The Primary Applicant is not required to have received funding from the SDF Operating Stream to be eligible for the SDF Capital Stream. Furthermore, the potential Skills Development Activity delivered by Recipients does not need to be funded by the provincial government.

An application may be submitted on behalf of a partnership/consortium, if appropriate, as long as one organization or entity is named the Primary Applicant. That Primary Applicant will be required to serve as the TPA signatory and primary contact for the Province if the application is approved for funding. Primary Applicants can submit more than one SDF Capital Stream application.

For entities developing multiple independent projects located in different locations or serving substantially different communities, separate applications must be submitted for each eligible project. Entities may partner together on multiple SDF Capital Stream projects, though the Province may consider capital concentration risk within the overall SDF Capital investment portfolio with respect to application approvals.

### 2.5.2 Educational Organizations

The following **Educational Organizations** are not eligible to apply to the SDF Capital Stream as Primary Applicants, but they can participate in the SDF Capital Stream as a Partner to an eligible Primary Applicant:

- District School Boards under the *Education Act*;
- Publicly assisted colleges, universities, or Indigenous Institutes in Ontario<sup>2</sup>;
- Private career colleges registered under the *Private Career Colleges Act, 2005*; and
- Private universities with consent from the Ministry of Colleges and Universities to offer degrees under the *Post-Secondary Education Choice and Excellence Act, 2000*.

These Educational Organizations can also participate in the SDF Capital Stream as one of several Partners in a consortium led by an eligible Primary Applicant.

### 2.6 Capital Project Criteria

Primary Applicants may qualify for SDF Capital Stream funding if the proposed project meets all four of the requirements noted below in Table 1:

**Table 1: Required Capital Project Criteria**

Required Capital Project Criteria	Explanation
<b>1. Aligns with SDF Capital Objective (Section 2.2)</b>	Create or improve physical spaces to increase training capacity, and/or increase retention of trainees for jobs in emerging and in-demand growth sectors of Ontario's economy and sectors experiencing labour market challenges
<b>2. Aligns with SDF Target Sector or Occupation (Section 2.4)</b>	<p>The capital asset must be utilized to support a Skills Development Activity in emerging and in-demand growth sectors of Ontario's economy or sectors experiencing labour market challenges.</p> <p>The <a href="#">Ontario Labour Market</a> website has a relevant tool that provides indicators of future demand through a 5-year regional occupational outlook.</p>

<sup>2</sup> All publicly assisted universities are autonomous institutions, each established by their own acts of provincial legislature. Similarly, each publicly funded college of applied arts and technology is a non-share corporation, established through the *Ontario Colleges of Applied Arts and Technology Act, 2002*. There are nine Indigenous Institutes recognized in Ontario as part of the publicly assisted postsecondary education system under the *Indigenous Institutes Act, 2017*.

Required Capital Project Criteria	Explanation
<b>3. Serves Intended SDF Capital Participant Groups (Section 2.3)</b>	<p>Any Jobseekers and/or Incumbent Workers who are at risk of job displacement; and/or</p> <p>Workers that are needed to fill unmet demand and talent gaps; and/or</p> <p>Jobseekers who face higher barriers to employment, including, but not limited to, Women, Youth, People with Disabilities, seniors, francophones, Indigenous Peoples, Racialized Persons, Justice-Involved Individuals, Immigrants, protected persons and those impacted by emergency travel measures enacted by the federal government such as Ukrainians who are in Ontario under the Canada-Ukraine Authorization for Emergency Travel</p>
<b>4. Delivers Objective Key Performance Indicators (reporting on at least one) (Section 3.4)</b>	<p><b>Training Capacity:</b> Number of available training seats and associated annual enrollment volume, pre-and post-investment; and/or</p> <p><b>Training Volume:</b> Expected trainee enrollment and training completion volume, pre-and post-investment; and/or</p> <p><b>SDF Capital Participant Groups:</b> Number of available training seats and associated annual enrollment volume for SDF Capital Participant Groups, pre-and post-investment including but not limited to Women, Youth, People with Disabilities, seniors, francophones, Indigenous Peoples, Racialized Persons, Justice-Involved Individuals, Immigrants, protected persons and those impacted by emergency travel measures enacted by the federal government such as Ukrainians who are in Ontario under the Canada-Ukraine Authorization for Emergency Travel</p>

The Primary Applicant must also meet the eligibility requirements set forth in Section 2.5.1 including, as applicable:

- Provide proof of ownership (joint or shared) of the capital asset, and provide proof of any necessary lender consents for the proposed improvements (as applicable); or

- Provide proof of lease (joint or shared) with a remaining term (including extension options) that meets or exceeds the construction period and the Intended Use Period (“**Project Term**”). In this case, the Primary Applicant must also provide proof of any necessary consents of landlords and lenders for construction of the improvements (as applicable); or
- Comply with the requirements in Appendix H, if the Primary Applicant does not own or lease the capital asset being expanded, converted, repaired, retrofitted, renovated or built upon for the Project Term at the time of application and is seeking SDF Capital funding for land and/or building acquisition costs.

The SDF Capital Stream will require Primary Applicants to complete initial due-diligence and advance their capital applications to the design development stage by the time of application. Primary Applicants are required to submit, at minimum: (i) 40% design drawings with basic architectural floor plan and elevations; (ii) Class B cost estimate ( $\pm 20\%$  accuracy); and (iii) preliminary construction specifications matching design submission. See Section 9.2 Application Package and Procedures for more details on application requirements and the technical package that must be produced.

To enable an earlier delivery of solutions to the labour market, the Province may prioritize applications with an advanced level of development and due-diligence above and beyond these minimum requirements.

## **2.7 Partnership Development**

Primary Applicants may partner with other organizations (“**Partners**”) to deliver an SDF Capital Stream project. The application must indicate the roles and responsibilities for each organization within the project team/consortium, along with an organizational chart which details each organization’s role towards the Skills Development Activity and their respective financial commitment.

Notwithstanding the roles of Partners, the Primary Applicant will, if the project is selected for funding, be primarily responsible for and accountable to the Province for the project.

## **3.0 PROGRAM DELIVERY**

### **3.1 Eligible SDF Capital Projects and Activities**

The SDF Capital Stream provides funding for eligible expenses directly associated with eligible Capital Projects that support the objectives of the SDF Capital Stream. Examples of eligible Capital Projects include, but are not limited to, the following:

**New Construction:**

- New Construction – new asset (which may include dormitory space for exclusive use by trainees)

**Conversion, Expansion, Renovation, Repair, Retrofit, Renovation:**

- Conversion - changing a building from its current use (commercial, industrial, institutional, residential) into a new or different type of use
- Expansion – increasing capacity of a facility to deliver additional training, cross functional training, or real life platforms for safety demonstrations, and/or provide additional dormitory spaces for exclusive use by trainees to increase training capacity
- Renovate – updating the functionality of a facility to improve its usefulness
- Repair – fixing or restoring a facility to increase its useful life
- Retrofit – adding new features to improve the functionality or efficiency of a facility by modernizing existing features

Non-training space not directly linked to the intended Skills Development Activity must not exceed **20%** of the useable or net floor area of the proposed project without supplementary explanation. Primary Applicants will be required to provide information about the proposed size of the facility, and the percentage of the useable or net floor area that will be used for the intended Skills Development Activity relative to the total project floor space. The 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.

Dormitory spaces may be considered part of a training space. In order for these to be eligible for funding, Primary Applicants will need to provide evidence that only those attending the skills training courses will be using the dormitory space.

Mixed-use new construction Capital Projects that integrate training facilities with non-training related space may be eligible for SDF Capital Stream funding, provided that any submitted Eligible Costs are directly associated with the standalone facility that delivers the Skills Development Activity, e.g., a six-story building with five floors of commercial office space and one floor as a training space will only receive funding for the one floor of training space.

The limit on non-training space (20% noted above) will only apply to the useable or net floor area of the proposed project (e.g., one floor) that directly supports the intended Skills Development Activity rather than the whole building.

Primary Applicants are responsible for ensuring compliance and compatibility with the municipality's Official Plan zoning and any relevant planning by-laws, amendments and required permits for a mixed-use construction project. Primary Applicants will need to provide evidence and/or a plan of how they will achieve these planning pre-requisites in the application submission.

Projects with SDF Contribution provincial funding amounts of \$15M or greater and/or Projects that include land/building acquisition are subject to additional Ontario government approvals processes as per the current *Directive for Major Public Infrastructure Projects*.

### 3.2 Eligible Costs

Primary Applicants can apply for funding for one or more of the following cost categories that are associated with the project ("**Eligible Costs**"), without duplication:

1. Hard construction costs that lead to an improvement of the premises through construction, alteration, extension, fit out, demolition or refurbishment of a building or facility controlled by the Recipient. These costs include but are not limited to:
  - Material costs, including but not limited to:
    - Structural materials
    - Finish materials
    - Mechanical materials
  - Building and site:
    - Utilities, cement, life safety systems, security and safety monitoring equipment, (for example, cameras, mag locks), paving, necessary storm water control and remediation and essential landscaping
    - Heating, ventilation and air conditioning (HVAC) systems
    - Project site office rental
    - Site temporary utilities
    - Scaffolding
    - Mechanical, electrical, plumbing (MEP)
    - Carpentry, masonry
    - Elevators and hoists
    - Concrete
    - Safety and security, such as guards
    - Excavation and demolition
    - Structural steel
    - Foundation and formwork
    - Shoring and caissons
    - Waterproofing

- Testing and inspection (lab tests, strength tests, slump, etc.)
    - Rebar
    - Soil removal
    - Environmental work
    - Millwork
    - Electrical panels, transformers, switchboards
    - Fencing
    - Communication Networks / IT
  - Interior:
    - Wallpaper, paint, trim, flooring
    - Life safety systems such as fire alarm and sprinkler systems, fire escapes and other related systems
  - Labour costs;
    - Direct costs
2. Costs of advancement of design drawings and planning post-application approval. These costs include but are not limited to:
- Architectural plans & drawings, notes, and sections
  - Construction drawings and specifications
  - Civil plans, notes, and sections
  - Structural plans, notes, sections, and details fully describing the structural building requirements
  - Mechanical plans, notes, and details fully describing the plumbing, HVAC, and fire protection requirements
  - Electrical plans, notes, and details fully describing the electrical communications, security, and equipment requirements
  - Detailed demolition drawings (if renovation), including clear indication of existing materials to remain
  - Conveyance plans, specifications and sections fully describing elevators, escalators, and lifts; Landscape design
3. Infrastructure, permit and development charges and fees. These costs include but are not limited to:
- Land survey fees
  - Costs of inspections, development charges, demolition and construction permitting fees paid to regional or municipal government authorities; (site plan approval, building permits, foundation permits, monumental permits, etc.) LEED Certification or similar designations designed to reduce environment footprint and enhance energy conservation



4. Marketing and promotional costs of the SDF Capital Stream project. (Example, material costs associated with the signage or plaque required for the SDF Capital Stream).
5. The costs of engagement of Indigenous communities, as identified by the Province and required as part of the Crown's Duty to Consult and, where appropriate, the costs of pre-approved accommodation measures. Costs will not be reimbursed where engagement has taken place prior to project approval.
6. Land and/or building acquisition costs may be considered for funding on a case-by-case basis, at the discretion of the Province. Only the direct purchase price of the land and/or building will be considered an Eligible Cost for the purpose of SDF Capital funding. The Recipient will be responsible for all other costs and expenses associated with the acquisition of the land and/or building, including but not limited to, title insurance, appraisal fees, real estate commissions, legal expenses, legal registration fees, and land transfer taxes. If land and/or building acquisition costs are covered as part of an SDF Capital Project, the Recipient will also be required to comply with additional terms and conditions that may vary from this Guideline, which will be outlined in the TPA. Additional information and requirements for these types of costs are outlined in Appendix H.
7. Professional fees that are incurred in connection with construction tender services, contract administration, and construction/building inspections, other than legal fees. These include but are not limited to:
  - Architectural Engineering, Design and Studies Fees
  - Landscape Designer
  - Sustainability services (LEED and WELL certifications)
  - Interior Designer / Interior Decorator
  - Contractor fees; Consultant fees (for example, permit consultants, heritage building expert, hazardous material consultant)
  - Incremental third-party project management
  - Project Management Costs:
    - Staff compensation related to documentation and drawings
    - Security and safety staff
    - Direct payment to subcontractors or general contractors
8. Administrative costs
  - SDF Capital recognizes that there are indirect expenditures necessary for operating an organization that is delivering the skills training, but not directly

associated with the delivery of the project. Administrative costs will only be eligible if they are incurred after the TPA has been executed

- Administrative costs should be attributed to the project on a basis that is proportional with the respective size of the organization and the size and/or effort of the project
- Administrative costs may be claimed to a maximum of 5% of the Recipient's Eligible Costs and calculated as:

$[(\text{Total Eligible Costs under paragraph 1 – 7 of this section}) \times 5\%]$

Examples of eligible administrative costs include a pro-rated portion of the following:

- Salaries/benefits of the Executive Director, IT, and/or financial staff that work for the entire organization but may spend a portion of their time dedicated to administrative functions that support the project
- Accounting fees
- Bank fees, postage and courier fees; basic telephone fees and monthly internet fees
- Contracting (if not contracted specifically to support the project), bookkeeping, janitorial services, Information Technology (IT) used indirectly in project delivery, equipment maintenance services, security, translator, training fees, consultant fees, printing contracts fees
- Indirect/support equipment repair and maintenance (includes photocopy meter charges)
- IT maintenance
- Lease or finance/interest costs attributed to administrative functions

Administrative costs (including those that are indirect expenditures necessary for operating an organization but not directly associated with the delivery of the project) are eligible for the SDF Capital Program only if those same costs are not also claimed against any administrative cost allowances submitted through the SDF Operating Program or any other government program. Reimbursement of administrative costs must be (i) attributable to the capital project; (ii) transparent; and (iii) an efficient use of public funds.

As part of the SDF Capital Stream application, Primary Applicants will be required to submit detailed Class B estimates of all Eligible Costs that are associated with the Capital Project ("**Total Eligible Costs**"). Through the Application process, Primary Applicants must specify the amount of grant funding requested as a percentage of Total Eligible Costs ("**Requested Funding Percentage**"), but this amount shall not exceed 49% of the Total Eligible Costs ("**Maximum SDF Commitment**"). The Province may prioritize projects that would deliver greater Outcomes relative to the SDF Contribution requested.

Recipients cannot receive any other provincial funding for the SDF Capital Project. Projects that receive funding from federal or municipal government sources will be considered for SDF Capital Stream funding, provided that Recipients contribute a minimum of 30% of the Total Eligible Costs for the SDF Capital Project.

The Primary Applicant/Recipient is required to disclose, in its application and on an ongoing basis, all provincial, federal, and municipal funding that it receives or expects to receive in relation to the same capital asset. The Province may audit a project and/or require the submission of reports in order to assess compliance with the above requirements. If a Recipient fails to meet the minimum 30% contribution requirement, the Recipient may be considered in default of its obligations under the TPA.

Primary Applicants are not entitled to receive funding for any action taken or costs incurred in relation to their project prior to entering into a Transfer Payment Agreement with the Province. The Government of Ontario is not responsible for paying any cost incurred by any Primary Applicant should the application not be approved, or if the selected Primary Applicant fails to enter into a Transfer Payment Agreement satisfactory to the Province, in its sole and absolute discretion.

If at any time the Province provides funds in excess of the amount to which the Recipient is entitled under the TPA, the Province may deduct an amount equal to the excess funds from any further instalments of funds or demand that the Recipient pay to the Province an amount equal to the excess funds.

### **3.3 Ineligible Costs**

The following costs are ineligible for SDF Capital funding:

1. Skills development activities/services (e.g., training, partnership building), training related activities/services
2. Legal costs
3. Financial obligations of the Primary Applicant, including mortgage payments or expenses, or other loan payments
4. Debt reduction costs
5. Operating, renewal, and maintenance costs
6. Infrastructure development beyond property line (e.g., roads, sanitary sewer, storm system, power lines etc.)

7. Purchasing of goods for resale
8. Salary or honoraria, except as approved under administrative costs
9. Expenses incurred before the TPA is executed
10. Staffing, except as approved under administrative costs
11. Professional development for management and administrative staff
12. Maintenance of equipment and facilities
13. Costs associated with maintenance/updates to the required SDF Capital signage/plaque throughout the lifecycle of the asset
14. Operational costs related to the SDF Operating Program or any other EO Program

### 3.3.1 Payment and Security Requirements

The SDF Capital Stream is intended to support the development of a resilient workforce. However, the Province must also safeguard prudent and effective use of public funding by ensuring that its investment programs are accessible to participants with varying degrees of financial and resourcing capabilities. The SDF Capital Stream is designed to balance the need for workforce development and capital risk management.

**Table 2: Project Parameters and Security Requirements**

<b>Project Parameters/Security Requirements</b>	<b>Description</b>
<b>Intended Use Period</b>	5 years
<b>Total Eligible Costs</b>	No Maximum
<b>SDF Contribution</b>	<p>Up to 49% of Total Eligible Costs that are incurred and supported by invoices that are defined and validated by a licensed Quantity Survey firm or Construction Cost Consultant with a valid Ontario licence.</p> <p>The SDF Contribution is divided into three parts that are payable at different stages of the project: (i) Design Development Payment; (ii) Substantial Performance Payment, and (iii) Holdback Amount.</p>

Project Parameters/Security Requirements	Description
<b>Letter of Credit Size Requirement</b>	At Substantial Performance, the Recipient must deliver a Letter of Credit to the Province. The minimum value for the Letter of Credit is the lesser of: (i) 75% of the SDF Contribution, based on incurred costs; and (ii) \$10M. The maximum value for the Letter of Credit is 75% of the SDF Contribution.
<b>Design Development Payment</b>	The “ <b>Design Development Payment</b> ” is the amount that may be paid to the Recipient for Eligible Costs incurred in relation to the advancement of design drawings to tender-level status up to a maximum amount of \$100,000. Payment will be subject to and in accordance with the terms and conditions of the TPA.
<b>Substantial Performance Payment</b>	The “ <b>Substantial Performance Payment</b> ” is the amount paid to the Recipient when the Capital Project reaches Substantial Performance. The Substantial Performance Payment is equal to the amount provided by the Letter of Credit, less the Design Development Payment, and is payable subject to and in accordance with the terms and conditions of the TPA. The sum of the Design Development Payment and Substantial Performance Payment shall not exceed the amount provided by the Letter of Credit.
<b>Holdback Amount</b>	The “ <b>Holdback Amount</b> ” is the remaining balance of the SDF Contribution. This amount is divided and is distributed to the Recipient in equal annual installments over the Intended Use Period (5 years), subject to meeting performance obligations set out in the TPA.

Recipients will be responsible for providing a standby Letter of Credit at Substantial Performance and maintaining the validity of the Letter of Credit over the Intended Use Period. A definition for Substantial Performance can be found in the Construction Act. The minimum value for the Letter of Credit is the lesser of: (i) 75% of the SDF Contribution, based on incurred costs; and (ii) \$10M. The maximum value for the Letter of Credit is 75% of the SDF Contribution.

At Substantial Performance, and subject to receiving the Letter of Credit and satisfaction of other conditions as may be set forth in the TPA, the Province will provide a disbursement to the Recipient equal to the amount provided by the Letter of Credit (less the Design Development Payment described above and in Section 4.1.1. below). The sum of the Design Development Payment and Substantial Performance Payment shall not exceed the amount provided by the Letter of Credit. The remaining balance of

the SDF Contribution will be distributed in equal annual installments over the 5-year Intended Use Period, subject to the Recipient meeting its obligations (including its annual performance obligations) as defined in the TPA. See Section 4.1 Funding and Performance for more details.

During the assessment process, the Primary Applicant may be required to, or choose to, provide a parent or Partner guarantee issued by the sufficiently credit-worthy entity, for all the Primary Applicant's payment and performance obligations (as Recipient) under the TPA. The Primary Applicant will, where requested by the Province, provide reasonable evidence of the creditworthiness of the proposed guarantor.

### 3.4 Performance Measurement

Primary Applicants must identify the intended Outcomes or Key Performance Indicator(s) ("KPI(s)") related to the capital asset and skills development activities that will be delivered. To standardize applications and ensure an objective assessment by the Province, intended Outcomes must align with at least one (1) measurable and timebound KPI related to:

**Table 3: Required Key Performance Indicators**

Required Performance Reporting and Tracking	Example Indicators (pre-and post-investment)	Outcome
<b>Training Capacity:</b> Supporting greater access to skills training for jobs in key growth sectors	<ul style="list-style-type: none"> <li>Number of available training seats and associated annual enrollment volume, pre- and post-investment</li> </ul>	Increasing or maintaining access to training for emerging and in-demand growth sectors of Ontario's economy and sectors experiencing labour market challenges
<b>Training Volume:</b> Expected trainee enrollment in a calendar year or consecutive 12-month period.	<ul style="list-style-type: none"> <li>Expected trainee enrollment and training completion volume, pre- and post-investment</li> </ul>	Increasing or maintaining training capacity
<b>SDF Capital Participant Groups:</b> workers and Jobseekers who face higher barriers of entry, and enhance pathways into meaningful and gainful employment	<ul style="list-style-type: none"> <li>Number of available training seats and associated annual enrollment volume for SDF Capital Participant Groups, including but not limited to Women, Youth, People with Disabilities, seniors, francophones, Indigenous</li> </ul>	Increasing or maintaining access to training for a SDF Capital Participant Group(s)

Required Performance Reporting and Tracking	Example Indicators (pre-and post-investment)	Outcome
	Peoples, Racialized Persons, Justice-Involved Individuals, Immigrants, protected persons and those impacted by emergency travel measures enacted by the federal government such as Ukrainians who are in Ontario under the Canada-Ukraine Authorization for Emergency Travel	

In addition to the one or more above KPIs provided within the required project plan, the Province may request additional reporting metrics for informational purposes. Recipients of SDF Capital Stream funding will not be assessed against these additional metrics.

The Province recognizes the dynamic nature of training delivery and Recipients may propose modifications or enhancements to the approved Skills Development Activity and associated KPIs with supporting rationale. All proposed changes during the Project Term to the capital asset and the associated training delivery are subject to the Province's approval, in its sole and absolute discretion. Additional details on reporting requirements can be found in Section 3.6 (Performance).

### **3.5 Roles and Responsibilities**

#### **3.5.1 Primary Applicant/Recipient's' Role**

The Recipient is accountable to the Province for managing and executing the development and delivery of the project, including resource management and satisfaction of performance and financial obligations, as established by the Province in the TPA. The Recipient is required to adhere to all terms and conditions of the TPA.

In cases where the SDF Capital Stream project is delivered by a Consortium of Partners, the Primary Applicant is the primary contact and is responsible for all matters related to the application, and if selected to enter into a TPA, as Recipient, is responsible for all matters related to the SDF Capital Stream project. The Recipient is not expected to perform all the specific tasks related to the Capital Project and intended Skills Development Activity but is required to ensure that tasks are completed by themselves, their Partners or contractors.

The Primary Applicant/Recipient is also required to:

1. If applicable, create formal agreements with all Partners that are delivering the SDF Capital Stream project. These agreements must be disclosed in their application
2. Advise if the SDF Capital Stream project could have an impact on any Indigenous communities (including any adverse impacts on recognized or credibly asserted Aboriginal or Treaty rights protected under s. 35 of the Constitution Act, 1982), and if requested, support the Province in consultations and/or undertake such consultations and tasks as are delegated by the Province
3. Provide a comprehensive budget for each project stage noting key milestones, and to update the budget according to the progress report requirements
4. Complete the project within budget, and to the extent that any cost overruns are incurred, to offset those overruns with outside funding, so as not to impair the project or the project scope as per the application
5. Build and maintain credibility with stakeholders including participants, Partners, regulatory bodies (for regulated professions), unions, industry (i.e., the broader sector, where relevant), etc.
6. Ensure the delivery of the SDF Capital Stream project is within the scope set out in the TPA
7. Meet reporting requirements (i.e., construction, activity, and financial reporting) as outlined in the TPA
8. Establish and maintain formal agreements with all project Partners and other necessary parties where applicable to avoid risk of not delivering on commitments and to ensure clear accountabilities
9. Develop and manage clear protocols, governance, and decision-making processes, and establish regular communication with key Partners and other stakeholders if applicable
10. Manage and distribute funds through the TPA to relevant project Partners and other necessary parties if applicable, per its TPA with the Province, including for greater certainty (and where applicable), in accordance with the *Construction Act*
11. Adhere to the terms and conditions of the TPA



### **3.5.2 Province's Role**

The Province establishes the SDF Capital Stream policy and sets standards for requirements and quality assurance. This includes:

1. Providing funding (the SDF Contribution) to the Primary Applicant in accordance with the TPA
2. Setting policy, designing services, and providing program details
3. Developing reporting requirements and tools
4. Assessing whether consultations with Indigenous Peoples should be undertaken (and the sufficiency of those consultations), including whether certain procedural aspects of consultation should be delegated to the Primary Applicant
5. Establishing and approving TPAs, and
6. Establishing service delivery and managing performance expectations

The Province ensures accountability through:

1. Monitoring project progress and performance against TPA commitments, and
2. Measuring the extent to which projects have achieved the outcome(s) they identified in relation to the SDF Capital Stream Objective

The Province will monitor the progress and performance of all SDF Capital Stream projects to ensure the Recipient is compliant with their TPA and program obligations. The Province may without limitation:

1. Verify documents, reports and other forms prior to release of payments
2. Directly contact Partners, and individuals involved in the project (i.e., consultant, architect etc.)
3. Conduct on-site/virtual visits to assess the progress and achievement of milestones
4. Conduct on-site/virtual visits to verify expenditures and compliance with the terms of the TPA
5. Use or request project data and reports as required for monitoring or program assessment purposes
6. Review activity and financial reports submitted by the Recipient

7. Engage in reasonable quality monitoring and quality assurance activities for the project
8. Audit projects to ensure Recipients are meeting all terms and performance obligations found in the Transfer Payment Agreement

### **3.6 Performance Management**

To ensure that SDF Capital Projects are implemented as intended, Recipients must demonstrate that they are:

1. Meeting all legal and technical standards, codes, and regulations/requirements
2. Meeting all financial obligations (staying on budget) and sourcing necessary external funding to satisfy any cost overruns or increases in project scope
3. Meeting intended project timelines
4. Maintaining the required Letter of Credit during the Intended Use Period, and
5. Achieving all the prescribed milestones and the technical indicators related to those milestones

Recipients are contractually obligated to communicate their progress through the mandatory reporting requirements during construction and the Intended Use Period as noted below. Financial and performance indicator records must be maintained for a period of seven (7) years following completion of the Intended Use Period. Failure to do so may result in breach of the TPA, which in turn could result in the Province exercising any of its rights and remedies under the TPA (including funds being recovered by the Province).

Reporting on project activities and financials supports the Province's monitoring of project progress against key deliverables outlined in the TPA. The Province will maintain open and regular dialogue with Recipients throughout the funding period in support of continuous improvement and a flexible design plan.

### **Performance Reporting During Construction**

From the start of construction, including any demolition project, construction progress reports are to be delivered to the Province in accordance with the timelines set out in the TPA (a representative example is included in Appendix D and is not indicative of the final reporting template) ("**Example of a Construction Progress Report**").

Construction projects will be monitored using a range of activities, tools, and techniques, all to be utilized at the sole discretion of the Province. Examples of construction progress monitoring that Recipients may need to provide or accommodate for include:

**Table 4: Construction Progress Monitoring Examples**

<b>Components of Construction Progress Monitoring</b>	<b>Explanation</b>
<b>Site Visits</b>	Site visits are utilized to assist in substantiating the Recipient's periodic, mandatory construction self-reporting as generated by, for example, an accredited Quantity Surveyor or Construction Cost Advisor.
<b>Property sub-search</b>	A property sub-search can be conducted by the Province as a means of verifying the payment of trades on a construction site and in support of the Recipient's periodic, mandatory construction self-reporting. This will also verify that no liens or claims (whether related to construction or otherwise) are registered on title, as well as state of ownership, leasing or financing of the subject property.
<b>Use of Cost Consultants and Quantity Surveyors</b>	<p>Quantity Surveyors or Construction Cost Consultants may be used (or other qualified professionals) to provide updates verifying, among other things:</p> <ul style="list-style-type: none"> <li>• Project completion costs versus application or any updated construction budget</li> <li>• Project completion versus schedule and any potential remediation necessary/advisable</li> <li>• Verification of payment of all trades</li> <li>• Verification of project equity in place and versus budget</li> <li>• Accounts payable</li> <li>• Accounts receivable</li> <li>• Confirmation of total project costs to complete</li> <li>• Determination of any necessary cash infusions required should cost overages occur, and</li> <li>• Determination of tax remittances, rebates, and current position.</li> </ul>
<b>Periodic and mandatory self-reporting</b>	Periodic and mandatory self-reporting by Recipients may be structured and detailed to include the submission of project invoicing summaries along with the proof of payment.

Components of Construction Progress Monitoring	Explanation
<b>Timelines</b>	The budget(s) should be complemented by a construction timeline which will be validated through the submission of the progress reports.

Project monitoring may include (but is not limited to):

1. Verification of organizational status, including with the Canada Revenue Agency (CRA)
2. Verification of documents and other forms prior to processing
3. Direct contact with the Recipient and/or participants, stakeholders, and partners at the discretion of the Province
4. On-site/virtual visits to assess progress and achievement of activity milestones
5. On-site/virtual visits to verify expenditures and compliance with TPA terms
6. Periodic requests by the Province, for reports, data and additional information at the discretion of the Province

### **Final Construction Report**

Recipients must submit a final report outlining the construction cost budget to actual, in the form of a progress report within final timelines as outlined in the TPA. This must be validated with receipts and invoices to substantiate the actual Eligible Costs incurred (including proper invoices submitted by the contractor and the Certificate of Substantial Performance, each within the meaning of the *Construction Act*).

### **Financial Reports**

Financial reporting of the Recipient's financial statements will allow the Province to ensure that the Recipient continues to have the financial capacity to carry out the performance obligations as defined in the TPA during construction and the Intended Use Period. A combination of the Recipient's (or Guarantor, if any) Audited Financial Statements and unaudited financial statements are to be provided to the Province. Final timing will be outlined in the TPA.

## **Performance Activity Reports**

During the Intended Use Period, activity reports are to be shared with the Province on a periodic basis as outlined in the TPA, to determine the Recipient's performance regarding the KPIs defined within the TPA.

The Recipient is required to meet minimum performance thresholds as it relates to annual KPI targets defined in the TPA ("**Minimum KPI Standard**"). To accommodate an enrollment ramp-up period for the new capital asset, the Province is providing relief on target KPIs for Year 1 of the Intended Use Period. In Year 1 of the Intended Use Period, Recipients will be required to achieve a minimum of 50% of the project's annual KPI targets. In Year 2 to Year 5 of the Intended Use Period, the project must meet at least 80% of its annual KPI targets, to account for potential fluctuations in trainee enrollment within the normal course of business.

If a Recipient fails to meet the Minimum KPI Standard in two consecutive years during the Intended Use Period, the Recipient may be considered in default of its obligations according to the TPA.

If in any year during the Intended Use Period, a Recipient fails to reach a minimum of 25% of its annual KPI target ("**Minimum KPI Threshold**"), the Recipient may be considered in default of its obligations according to the TPA.

During the Intended Use Period, Recipients will be responsible for reporting on the agreed upon KPIs on a semi-annual basis. If the mid-year KPI report ("**Interim KPI Report**") suggests that the project may not meet the Minimum KPI Standard over the full year, the Recipient must provide an explanation for the current performance status and present a Remediation Plan to meet its annual performance obligations with the submission of the Interim KPI Report.

## **Change in Skills Development Activity Over the Intended Use Period**

The Province recognizes the dynamic nature of training delivery and Recipients can propose modifications or enhancements to the approved Skills Development Activity and associated KPIs with supporting rationale. All proposed changes to the intended use of the capital asset are subject to the Province's approval, at its sole and absolute discretion.

## **4.0 FUNDING**

### **4.1 Funding and Performance**

Recipients cannot receive any other provincial funding for the SDF Capital Project. Projects that receive funding from federal or municipal government sources will be

considered for SDF Capital Stream funding, provided that Recipients contribute a minimum of 30% of the Total Eligible Costs for the SDF Capital Project. Primary Applicants will be required to declare any funding they receive or expect to receive from other sources in relation to the same capital asset, and the anticipated use of those other funds. This is an ongoing obligation that continues to apply to any new funding received from the time the application is submitted to the completion of the Project Term. This includes, but is not limited to, municipal, Provincial, or Federal funds (including all their agencies, subsidiaries, and agents).

Primary Applicants must demonstrate the ability to satisfy all project costs prior to receiving SDF Capital Stream funding at Substantial Performance. Financing may be in the form of:

- cash equity
- contributed equity
- loans
- mortgages
- Grants, and/or
- any combination of the above

#### **4.1.1 Funding Structure**

The Maximum SDF Commitment will be based on project cost estimates provided by the Primary Applicant through the SDF Capital Stream Application. As part of the Application process, the Primary Applicant will specify the amount of grant funding requested through the SDF Capital Stream, but this amount shall not exceed 49% of the estimated Total Eligible Costs associated with the proposed project at the time of application.

For clarity, the Province will not contribute more than 49% of actually incurred Total Eligible Costs.

##### **(a) Design Development Payment**

Upon the receipt and approval of the Recipient's tender-level design drawings and associated construction documents and subject to compliance with the other conditions set forth in the TPA, the Recipient can receive a portion of the SDF Contribution in an amount equal to the Eligible Costs incurred in relation to the advancement of the drawings to tender-level status up to a maximum amount of \$100,000 (the Design Development Payment).

The Design Development Payment must be supported by associated invoices provided by the Recipient. If the Recipient fails to start construction or achieve Substantial Performance within the required timelines as defined in the TPA, the Recipient will be required to return the Design Development Payment.

**(b) Substantial Performance Payment**

Once the capital portion of the project reaches Substantial Performance, the Recipient must provide the Province with:

- (1) a Certificate of Substantial Performance as provided by the accredited Architect of Record licensed to practice in Ontario by the Ontario Association of Architects (OAA)
- (2) the Contractor's attestation of the construction progress report, as provided by the accredited Cost Consultant or Quantity Surveyor with a valid licence (issued by AACE International Institute or equivalent) to practice in the Province of Ontario
- (3) a record of Total Eligible Costs and associated supporting invoices for the project (including the Contractor's proper invoice(s), as delivered in accordance with the Construction Act)
- (4) an irrevocable, non-expiring Letter of Credit. The minimum value for the Letter of Credit is the lesser of: (i) 75% of the SDF Contribution, based on incurred costs; and (ii) \$10M. The maximum value for the Letter of Credit is 75% of the SDF Contribution, and
- (5) for projects with approved land and/or building acquisition costs, any additional materials required under the TPA – see Appendix H.

Upon receipt of the required materials, the Province will verify and calculate the actual Eligible Costs and the corresponding actual **SDF Contribution** in accordance with the TPA, and this amount will not exceed the Maximum SDF Commitment.

Upon meeting the above requirements and subject to satisfaction with the Recipient's performance of its obligations under the TPA, the Substantial Performance Payment of the SDF Contribution will be released to the Recipient in an amount equal to the amount provided by the Letter of Credit, less the Design Development Payment. The sum of the Design Development Payment and the Substantial Performance Payment shall not exceed the amount provided by the Letter of Credit.

Notwithstanding the above, payments made may be adjusted as deemed necessary in order to comply with applicable laws, including the Construction Act.

### Intended Use Period

The remaining portion of the SDF Contribution (“**the Holdback Amount**”) will be divided by the number of years in the Intended Use Period (5 years) and released (subject to the Province’s satisfaction with the Recipient’s performance of its obligations under the TPA) in equal annual installments over the Intended Use Period.

See Table 5 and Table 6 for further detail. Timelines set out in these tables may vary for projects with approved land and/or building acquisition costs – see Appendix H.

**Table 5: Conceptual Example of SDF Capital Project Funding Structure/Process**

<b>SDF Capital Funding Disbursement Steps</b>	<b>3-6 Months: Application Submission and TPA Execution</b>	<b>Up to 6 Months after TPA Execution: Design Completion</b>	<b>Up to 12 Months after TPA Execution: Construction Start</b>	<b>Up To 5 years after Construction Start: Substantial Performance</b>	<b>Year 1-5 Post Substantial Performance: Balance Paid in Equal Amounts Annually</b>
1a. Submit the application package on TPON. 1b. Funding of up to 49% of Total Eligible Costs based on Class B estimates provided in the application	N/A				
2. Recipients must advance design to tender-level status within 6-months of TPA execution to be eligible for Design Development Payment of up to \$100K		N/A			
3. Must begin construction within 12-months of TPA execution			N/A		
4. SDF Capital Substantial Performance Payment				N/A	



matches Recipient's Letter of Credit at time of Substantial Performance, less the Design Development Payment					
5. Recipient must meet KPI obligation to receive remaining holdback payment throughout 5-year Intended Use Period					N/A

**Table 6: Conceptual Funding Disbursement Example of an SDF Capital Project with \$5M of Total Eligible Costs**

<b>SDF Capital Funding Disbursement Steps</b>	<b>3-6 Months: Application Submission and TPA Execution</b>	<b>Up to 6 Months after TPA Execution: Design Completion</b>	<b>Up to 12 Months after TPA Execution: Construction Start</b>	<b>Up To 5 years after Construction Start: Substantial Performance</b>	<b>Year 1-5 Post Substantial Performance: Balance Paid in Equal Amounts Annually</b>
1a. SDF Capital assesses/verifies \$5M of Total Eligible Costs 1b. SDF Capital commits up to \$2.45M of funding (49% of \$5M)	N/A				
2. SDF Capital distributes [\$X] based on applicable design related Eligible Costs up to a cap of \$100K (the Design Development Payment)		N/A			
3. Construction Start			N/A		
4a. Costs verified and recipient provides Letter of Credit for 75% of the SDF Contribution (~\$1.8M). 4b. SDF Capital distributes ~\$1.8M less				N/A	

the Design Development Payment.					
5. Recipient meets performance obligations, SDF Capital distributes ~\$123k annually (one fifth of the remainder of the SDF Contribution). This occurs for five years until the total SDF Contribution has been disbursed					N/A

#### 4.1.2 Performance Obligations and Deadlines

Primary Applicants must provide timelines for submission of tender-ready drawings, Construction Start and Substantial Performance for the SDF Capital Stream project that, at minimum, meet the requirements below. If the Recipient cannot meet the timelines set out in the TPA for submission of tender drawings, Construction Start and/or Substantial Performance, the Recipient shall provide a Remediation Plan prior to the relevant deadline that will be missed. The plan must include a rationale for the delay and a revised timeline. The Province, in its sole and absolute discretion, may accept or reject any proposed Remediation Plan which may result in an Event of Default.

The timelines may be modified if the Province determines that the rationale and circumstances presented in the Remediation Plan are reasonable and constitute a need for modification to the SDF Capital Stream project.

For projects with approved land and/or building acquisition costs, the requirements below may be adjusted to accommodate the completion of the acquisition and associated activities. Additional information is provided in Appendix H.

#### Submission of Tender-Level Drawings

All Recipients will be required to advance design development to tender-level design drawings within six (6) months of TPA execution.

#### Construction Period

The Province requires Recipients to reach Construction Start within 12 months of TPA execution. All SDF Capital Stream projects must achieve Substantial Performance within 5 years of Construction Start. The term “**Construction Start**” is defined as the start of site preparation activities (e.g., clearing, grading, grubbing, etc.) after any required notice(s) and health and safety documents have been provided to the Ministry of Labour, Immigration, Training and Skills Development in accordance with the

*Occupational Health and Safety Act.* All Recipients must report progress during construction on a regular/periodic basis as outlined in the TPA.

### **Performance Over Intended Use Period**

The Recipient must meet performance obligations as defined in the TPA to ensure that the SDF Capital Stream project continues to meet stated target Outcomes. The performance assessment will include the collection and reporting of data to track progress and measure the extent to which results were/are achieved against defined KPIs in the TPA. Recipients must meet the performance obligations outlined in the TPA.

### **Performance assessment is used to:**

- Help focus and align resources to support the achievement of priority Outcomes, commitments and other areas of public interest
- Monitor and assess effectiveness in relation to achieving priority Outcomes over the Intended Use Period through the maintenance of accurate and reliable records
- Provide quality, timely reporting that allows informed decisions that advance government's mandate, and
- Demonstrate accountability for public resources in achieving intended Outcome(s), and to assist in reporting on progress and results achieved

Primary Applicants must identify and describe the intended outcome(s) that is associated with the SDF Capital Stream project within the submitted project plan. SDF Capital Stream Outcomes and indicators will vary based on the nature of the project. The rationale as to **why** a Capital Project is needed to support the SDF Capital Stream objective and intended Skills Development Activity will be assessed as part of the project plan and those outcome(s) monitored over the Intended Use Period.

The following table provides an example of an SDF Capital Stream project that aligns with the SDF Capital Stream objective, as well as related Outcomes and indicators:

**Table 7: SDF Project Example Aligned with the Objective, Outcome and Indicator**

Nature of proposed SDF Capital Stream Fund project	SDF Capital Stream objective to which the SDF Capital Stream Fund project is aligned	Outcome	KPI Indicator
An addition to an already existing skills training facility	Create or improve physical spaces that increase training capacity/number of trainees and/or increase retention of trainees for jobs in emerging and in-demand growth sectors of Ontario's economy and sectors experiencing labour market challenges	Increased capacity to deliver intended Skills Development Activity	Number of available training seats and associated annual enrollment volume, pre- and post-investment

## **5.0 EVENTS OF DEFAULT**

### **5.1 Summary Default Terms**

Events of Default will be outlined in the TPA, are subject to the sole and absolute discretion of the Province, and may include but not be limited to:

- Inaccuracy or misrepresentation in any representation provided by the Recipient in the TPA or application
- Failure to achieve any of the required SDF Capital Stream design development and construction milestones within the required timeframes
- Failure of the capital asset to operate in accordance with or be used for the approved Skills Development Activity outlined in the Recipient's Transfer Payment Agreement at any point during the Intended Use Period
- Occurrence of an Early Disposition without the Province's consent
- Breach of reporting covenants
- Failure to maintain any performance security or comply with any obligations, covenants, or agreements with respect to performance security (including the Letter of Credit)
- Failure of the Recipient to achieve the Minimum KPI Standard (Year 1: 50%, Year 2-5: 80%) in any two consecutive annual periods during the Intended Use Period

- Recipient failing to meet the Minimum KPI Threshold of (25%) for any KPI outlined in the TPA
- Change in ownership of the Recipient, or where applicable, the Guarantor, solely where the person acquiring the ownership interest is a Restricted Person (defined in the TPA)
- Material adverse change in the business, assets, operations, prospects or financial condition of the Recipient or the Guarantor
- Failure to comply with the requirements set out in Appendix H for building/land acquisition costs, where applicable

## 5.2 Early Disposition of Asset

Recipients are not permitted during the Intended Use Period to sell, lease, sublease, license or otherwise dispose of the capital assets supported by SDF Capital in whole or in part or to undergo a change of control (each, an “**Early Disposition**”).

The TPA will include provisions to govern an event of Early Disposition by the Recipient, including the early disposition adjustments found below:

- Recipients must notify the Province of their intention to undertake an Early Disposition at least six (6) months prior to the intended Early Disposition date and seek the Province’s consent thereto
- The Province’s consent may be withheld in the Province’s sole and absolute discretion, or provided on such conditions as the Province may determine in its sole discretion, including, without limitation, requiring payment of the Early Disposition Adjustment (See Table 8) and/or assumption and novation of the Recipient’s obligations under the TPA
- The Recipient will provide additional information regarding the proposed Early Disposition as may be requested by the Province
- If the Province refuses consent to the Early Disposition, the Recipient will be required to pay the Province the Early Disposition Adjustment
- The Province reserves the right to waive all, or a portion of, the Early Disposition Adjustment

For projects with approved land and/or building acquisition costs, the Early Disposition Adjustment Calculation would be modified. Please see Appendix H for details.

**Table 8: Early Disposition Adjustment Calculation**

Year of Disposition	Recourse + Adjustment Calculation
<b>Intended Use Period Year 1</b>	<ul style="list-style-type: none"> <li>If an Early Disposition occurs in Year 1 of the Intended Use Period: The Recipient will be required to return all provided SDF Contribution amounts and pay an additional amount equal to <b>25%</b> of the SDF Contribution provided to date.</li> </ul>
<b>Intended Use Period Year 2</b>	<ul style="list-style-type: none"> <li>If an Early Disposition occurs in Year 2 of the Intended Use Period: The Recipient will be required to return all provided SDF Contribution amounts and pay an additional amount equal to <b>20%</b> of the SDF Contribution provided to date.</li> </ul>
<b>Intended Use Period Year 3</b>	<ul style="list-style-type: none"> <li>If an Early Disposition occurs in Year 3 of the Intended Use Period: The Recipient will be required to return all provided SDF Contribution amounts and pay an additional amount equal to <b>15%</b> of the SDF Contribution provided to date.</li> </ul>
<b>Intended Use Period Year 4</b>	<ul style="list-style-type: none"> <li>If an Early Disposition occurs in Year 4 of the Intended Use Period: The Recipient will be required to return all provided SDF Contribution amounts and pay an additional amount equal to <b>10%</b> of the SDF Contribution provided to date.</li> </ul>
<b>Intended Use Period Year 5</b>	<ul style="list-style-type: none"> <li>If an Early Disposition occurs in Year 5 of the Intended Use Period: The Recipient will be required to return all provided SDF Contribution amounts and pay an additional amount equal to <b>5%</b> of the SDF Contribution provided to date.</li> </ul>

## 6.0 GOVERNANCE AND DELIVERY

Organizations interested in applying to the SDF Capital Stream will apply through [Transfer Payment Ontario \(TPON\)](#).

Applications will be assessed as follows:

- Applications will be assessed based on requirements as defined in this Guideline (See Section 7.0 - Assessment Criteria)
- A risk-based approach and investment protection considerations will be used to identify, assess, and understand the potential risks that could affect the Primary Applicant's ability to achieve the project objectives

The Province is not required to enter into a Transfer Payment Agreement with any Applicant, even if they meet the eligibility requirements in the Guideline.

If the Province selects an eligible Primary Applicant to proceed to the next stage of the application process, the Primary Applicant will be notified by the Province regarding

next steps, which may include consultations with Indigenous communities and/or negotiating the final parameters and budget to be set forth in a proposed TPA. The Province retains the absolute right to not enter into a TPA with any selected applicant, notwithstanding any negotiations and/or consultations.

Applications will be assessed using the assessment criteria below set out in Section 7.0 (Assessment Criteria). The Province retains full and absolute discretion to select or not select any eligible application for funding. If a TPA is signed by the Province and a Recipient, the funds will be distributed to the Recipient in accordance with and subject to the terms of the TPA.

Applicants can apply to both the SDF Operating Stream and the SDF Capital Stream if expenses do not overlap and are not duplicated.

## **7.0 ASSESSMENT CRITERIA**

SDF Capital Stream applications will be assessed as follows:

- The Province will review submitted applications and assess eligible applications against the program's requirements as outlined in this Guideline
- A risk-based approach will be used to identify, assess, and understand the potential risks that could affect the Primary Applicant's ability to achieve the project objectives

The Province will have sole authority to decide which eligible projects are to be funded and the decision cannot be appealed.

**Table 9: Assessment Criteria**

<b>Principles</b>	<b>Description</b>
<b>Project Concept and Readiness</b>	Evidence of sufficient project and program planning and financial acumen to implement the proposed Capital Project and training program with consideration of the Primary Applicant's funding and financing plan.
<b>Capital Need and Impact</b>	Identified need for the project including supporting evidence of the scarcity of the training activity and the need of identified cohorts in the community, consistent with the SDF Capital Stream objective. Clearly identified and measurable training delivery KPIs.
<b>Return on Investment</b>	Detailed planning and evidence that support best design practices to ensure the prudent use of funds and optimization of return on investment

Principles	Description
<b>Experience and Background</b>	Sufficient experience in, and track record of, training delivery. Sufficient experience in executing Capital Projects or demonstration of the support of technical and other supporting advisors and management capacity to enhance Capital Project delivery and minimize construction risk.

Applications may be selected and/or prioritized based on expected Outcomes relative to the estimated SDF Contribution and alignment to the SDF Objective.

## **8.0 PROGRAM ADMINISTRATION**

The following section provides general information, tools and resources for Recipients, Partners and participants in the SDF Capital Stream.

The section also identifies some key obligations for Recipients and Partners with respect to information management, documentation, and reporting.

### **8.1 Accessibility for People with Disabilities**

Recipients and Partner organizations must have the capacity to deliver the approved Skills Development Activity in a facility that is readily accessible to participants, employers and training partners, including People with Disabilities. Where services are not fully accessible to People with Disabilities, there must be a plan to accommodate to the point of undue hardship.

#### **8.1.1 Accessibility for Ontarians with Disabilities Act, 2005**

SDF Capital Stream Recipients, Partners, employers, and participants in the training programs taking place at the SDF Capital training centres must comply with the requirements under the [Accessibility for Ontarians with Disabilities Act, 2005](#) (AODA), including applicable accessibility standards

The [AODA](#) can be accessed via the e-laws website or through:

Publications Ontario  
222 Jarvis St, 8<sup>th</sup> Floor  
Toronto, Ontario  
Tel: 1-800-668-9938, or in Toronto at (416) 326-5300

#### **8.1.2 Facility Co-Location**

The Province recognizes the importance of co-location arrangements with community stakeholders such as other EO programs and other community services as one of several service delivery options. These arrangements can be established to enhance customer service, strengthen community access, and promote cost efficiency.



Where the Primary Applicant or a Partner is co-located with other programs and services, the Primary Applicant must describe the co-location arrangement(s) in the application and explain how SDF Capital Stream funds will be used to address capital needs directly related to the intended Skills Development Activity.

If relocation or revision of facility arrangements are required, the Primary Applicant must obtain prior written approval from the Province before those financial commitments are made.

## **8.2 Promotion, Communications and Graphic Standards**

Any public-facing communication/messaging related to the SDF Capital Stream (printed or broadcasted) must use the Employment Ontario wordmark/logo and the Government of Ontario logo. This includes but is not limited to, news releases, posters, flyers, brochures, newspaper displays and classified advertising, radio or television advertising, billboards, transit shelter postings, and newsletters that are produced by service providers.

Alternatively, acknowledgement can be used when wordmarks/logos are not feasible. For more information, consult the Visual Identity and Communication Guidelines for Employment Ontario Services on the [Employment Ontario Partners' Gateway website](#). For information on the use of the Ontario logo specifically, consult the [Ontario logo usage guidelines](#).

SDF Capital Stream Recipients and Partners must use official hard copy or digital master artwork when reproducing the Employment Ontario logo and may not alter or add to it in any way.

SDF Capital Stream Recipients are required to secure the Province's approval prior to doing media events, advertising, digital marketing, social media campaigns or publishing news releases relating to their SDF Capital Stream funding. The Recipients will also give the Province prior notice before doing public events around construction milestones (like an opening ceremony).

SDF Capital Stream Recipients must provide the following to the Province for approval:

- Stamped shop drawings of Project Signage fabrication and installation details
- Proposed location(s) for the Project Signage, together with a graphic design mock-up of the signage location(s)
- Confirmation that the SDF Capital Stream Recipient has obtained any Permits required to install the Project Signage at the proposed location(s).

A permanent plaque will be installed by the Recipient at a clearly visible and noticeable location, at (or on the site of) the training centre being funded. This will include language provided by the Province acknowledging the Province's contribution to the project, upon project selection. For clarity, the material costs associated with the signage/plaque requirement will be considered an Eligible Cost.

Throughout the lifecycle of the asset, the SDF Capital Recipient shall, at its own cost and expense:

1. Ensure that all Project Signage is kept in good condition
2. Replace any Project Signage that is damaged
3. Remove graffiti on all Project Signage within forty-eight (48) hours
4. Provide personnel to install, remove and relocate Project Signage within two (2) weeks, as requested by the Province from time to time at its sole discretion; and
5. Install, remove, or relocate any Project Signage that is provided by the Province, as requested by the Province from time to time at its sole discretion, and ensure that such signs are visibly displayed

### **8.3 Access to Information and Protection of Privacy**

The Province is subject to the *Freedom of Information and Protection of Privacy Act* ("FIPPA"). FIPPA is a provincial statute that regulates the collection, use and disclosure of personal information and access to information in the custody and/or control of governmental institutions.

Section 17 of FIPPA provides a limited exemption for third party information that reveals a trade secret or scientific, commercial, technical, financial, or labour relations information supplied in confidence where a disclosure of the information could reasonably be expected to result in certain harms. Any trade secret or any scientific, technical, commercial, financial, or labour relations information submitted to the ministry in confidence should be clearly marked by the Primary Applicant/Recipient.

The Province will provide notice before granting access to a record that might contain information referred to in Section 17 of FIPPA so that the affected party/parties may make representations to the Province concerning the disclosure. Should the Province decide not to disclose certain records, the requester has the right to appeal the Province's decision to the office of the Information and Privacy Commissioner, who will decide on the disclosure of the record.

Applicants are advised that the names and addresses of Transfer Payment Recipients, the amount awarded, and the purpose for which the Transfer Payment is awarded is information that the Province may make available to the public.

#### **8.4 Information Management Requirements**

Personal information must be managed in accordance with all contractual requirements and applicable laws, including privacy laws.

Recipients and Partners must maintain effective file management with respect to documentation, records, and planning, monitoring, and reporting systems. Where applicable, record-keeping obligations under the *Employment Standards Act, 2000* and other legislation or regulations must also be met.

##### **Data Security/Storage**

Retention schedules for hard copies of program-related records are the same as those for electronic records. Recipients must establish procedures and timelines for archiving participant records, including how and when records are deleted and stored, consistent with their obligations under the TPA.

Recipients are responsible for ensuring that all personal information (both hard copy and electronic) is securely stored when not in use.

Standard measures for safeguarding personal information include:

- Store hard copies of all personal information in lockable file cabinets
- Adopt and maintain a clean-desk policy
- Secure all unattended personal information (both hard copy and electronic)
- Track computers containing personal information so that unauthorized individuals do not have access
- Do not leave personal information on voicemail
- Ensure accuracy of the email recipient before sending emails containing personal information

For further information and resources from the Information and Privacy Commissioner (IPC) of Ontario, see the following:

- [“IPC Practice Direction: Safeguarding Privacy in a Mobile Workplace”](#)
- [“IPC Fact Sheet #10 - Secure Destruction of Personal Information”](#)

#### **8.5 Documentation Requirements**

Recipients and Partners must maintain documentation and records related to participants as set out in the TPA.

## **8.6 Insurance**

As outlined in the Transfer Payment Agreement, the Recipient will be required to maintain and provide evidence of customary insurance of a quantum and type commensurate with the size and scope of the project/project assets.

## **8.7 Engagement with Indigenous Communities**

Ontario may have a Duty to Consult and, where appropriate, accommodate Indigenous communities (First Nations and Métis peoples) where Ontario contemplates funding an activity or acquisition that may adversely impact an established or credibly asserted Aboriginal or treaty right.

Before deciding whether a project should receive funding, Ontario will assess whether a duty to consult obligation is potentially triggered. Ontario may delegate day-to-day, procedural aspects of consultation to Primary Applicants and Recipients who may also have their own separate obligations. Ontario's delegation of procedural aspects of consultation is a regular practice. It is important that all Primary Applicants anticipate this process and appropriately plan for this work (e.g., resources, time, etc.) as part of their funding submission.

Consultation requirements may vary depending on the size and location of the project in question. Further details surrounding specific consultation requirements, including which communities require consultation, will be provided by provincial officials for applications being considered to proceed. Primary Applicants and Recipients should ensure that Ontario is satisfied that any duty-to-consult requirements are met prior to commencing any site preparation, removal of vegetation or construction in respect of the project. Any potential funding will be conditional upon these consultation requirements having been satisfied, in the Province's sole discretion.

## 9.0 APPLICATION PACKAGE AND PROCEDURES

### 9.1 Application Requirements

The Province may, at its discretion, request additional supporting documentation (beyond what is set out below) to assess an application to the SDF Capital Stream.

**Table 10: Application Requirements**

Application Requirement	Description
<b>1. Roles and Responsibilities with Organizational Chart and Governance Structure:</b> clearly identifying each Partner in the project team as well as resumes for key leads.	<ul style="list-style-type: none"><li>• Primary Applicants must demonstrate the following:<ol style="list-style-type: none"><li>1. Established track record of effective skills training delivery that meets SDF Capital Stream objectives which includes providing years of experience, number of individuals trained, achievements, accreditations, number of distinct types of training programs delivered and other information of a similar type that would demonstrate their ability to deliver the Skills Development Activity to the required performance standard set out in the TPA.</li><li>2. Evidence from the Primary Applicant and/or Partner(s) and/or sub-contractors that the project will be delivered effectively and efficiently. This includes providing a plan indicating the resources (Construction Advisors) and services that the Primary Applicant has available to it to provide effective and efficient delivery of the Capital Project (scope of work, pricing quotations, project team, CVs of key personnel and company details.)</li><li>3. Within the Primary Applicant's project team, each specific role(s) must be clearly defined with an associated governance structure. This includes each organization's financial commitment and the role of the organization(s) in leveraging the capital asset towards the SDF Capital Stream objective. Any third-party contracts and relationships that are essential to the delivery of Outcomes, including delivery of the approved Skills Development Activity must also be disclosed.</li><li>4. Where a project is proposed by a Primary Applicant on behalf of a consortium, applications must identify project team members within the consortium that will be responsible for site servicing (i.e., putting the capital asset into operations).</li></ol></li></ul>

Application Requirement	Description
<p><b>2. Technical &amp; Risk Management Package:</b> Identifying all project risks and mitigation strategies.</p>	<ul style="list-style-type: none"> <li>• The <i>technical</i> component of the package must, at a minimum, include:               <ol style="list-style-type: none"> <li>1. 40% design drawings at the design development stage. Recipients are required to advance the design of the project to tender-ready drawings within six (6) months of TPA execution (though this requirement is modified for projects with approved land and/or building acquisition costs – see Appendix H).</li> <li>2. Associated construction specifications matching Primary Applicant’s design submission including but not limited to: (more details found Section 9.3: Required Construction Working Documents)                   <ul style="list-style-type: none"> <li>• Site Plans</li> <li>• Floor plans</li> <li>• Building elevations</li> <li>• Building sections</li> <li>• Typical wall sections</li> <li>• Integrated sections/plans</li> <li>• Schedules</li> <li>• Structural</li> <li>• Mechanical/Electrical</li> <li>• Civil</li> <li>• Outline specifications</li> <li>• Other material</li> </ul> </li> <li>3. As applicable, copies of transfer/deeds indicating ownership, and/or long-term lease agreements that meet or extend beyond the Project Term and provide the Primary Applicant with a reasonable right to Quiet Enjoyment of the premises, together with any necessary landlord or lender consents needed for the project</li> <li>4. As applicable for renovation and repair project types, the Primary Applicant must provide a certified engineering report which outlines the rationale and need for the capital investment to maintain or increase training capacity. End of useful life justification will only be considered for assets with three (3) or less useful years remaining in their respective lifecycles.</li> </ol> </li> </ul>

Application Requirement	Description
	<ol style="list-style-type: none"> <li>5. As applicable, any reports, assessments, licenses, permits, approvals, summaries of any Indigenous community engagement that have been completed as relates to the Capital Project. A list of outstanding or necessary reports, assessments, licenses, permits, approvals, plans for Indigenous community engagement or authorizations which have yet to be completed or acquired to commence the Capital Project. Examples could include the appropriate zoning approval, building permits or environmental, geo-technical, and archaeological assessments. These are not essential to being selected – but will serve as evidence of the applicant’s ability to meet the requisite timelines.</li> <li>6. As applicable for projects requesting funding for land/building acquisition costs, Primary Applicants must produce an independent third-party appraisal of the land and/or building asset prepared by a professional that is accredited by the Appraisal Institute of Canada – Ontario (AIC-ON) and maintains good standing. In addition, Primary Applicants must produce a business case outlining the rationale for land and/or building acquisition. Primary Applicants must also demonstrate how they can support the ongoing operation, renewal, and maintenance of the property/building for a period of at least 20 years after Substantial Performance. See Appendix H for more details.</li> <li>7. Timeline and supporting commentary which showcases how the Primary Applicant will utilize the grant funding to seek comparable pricing while identifying any associated risks during tender.</li> </ol> <ul style="list-style-type: none"> <li>• The Risk Management Plan included in the package must cover the following areas: <ol style="list-style-type: none"> <li>1. Primary Applicants must identify risks that can occur during construction. In addition, Primary Applicants must identify control measures and contingency plans that can be put into place to mitigate against key risk(s).</li> <li>2. Primary Applicants need to identify risks which could impact the delivery of the proposed Skills Development Activity</li> </ol> </li> </ul>

Application Requirement	Description
	<p>during the Intended Use Period. In addition, Primary Applicants must identify control measures and contingency plans that can be put into place to mitigate against key risk(s).</p>
<p><b>3. Full Project Budget:</b> showing all sources and uses of funding/financing.</p>	<ul style="list-style-type: none"> <li>• Primary Applicants will submit an associated capital cost budget with Total Eligible Costs defined and validated by a licensed Quantity Survey firm or Construction Cost Consultant with a valid licence (issued by AACE International Institute (the Association for the Advancement of Cost Engineering) or equivalent) to practice in the Province of Ontario. The minimum requirement is a Class B cost estimate with (±20%) accuracy.</li> <li>• Primary Applicants will also be required to submit detailed proforma or financial projections for the project through the Intended Use Period.</li> <li>• Primary Applicants may request SDF Capital Stream funding for up to 49% of Total Eligible Costs.</li> <li>• All sources and uses of funds must be clearly outlined.</li> <li>• The Total Eligible Cost budget must be in a form that can support the required progress reporting in a timely manner until Substantial Performance.</li> </ul>
<p><b>4. Project Plan:</b> outlining how the capital asset will increase training capacity and/or training volume and/or SDF Participant Groups in Skills Development Activities.</p>	<ul style="list-style-type: none"> <li>• The table of contents for the required project plan is shown in Appendix B. For project with land/building acquisition costs, additional requirements are set out in Appendix H.</li> <li>• Primary Applicants must provide rationale to substantiate the project's commercial, economic, financial, and operational feasibility after Substantial Performance. This includes detailed financial projections inclusive of the 5-Year Intended Use Period.</li> <li>• Primary Applicants must submit project scope, design milestones, construction milestones, development vision and presentation, which includes architectural renderings of the proposed capital asset investment.</li> <li>• Primary Applicants must report on one (1) or more of the following Key Performance Indicators associated with the proposed capital asset investment: <ul style="list-style-type: none"> <li>1. <b>Training Capacity:</b> Number of available training seats, and associated annual enrollment volume, pre- and post-investment.</li> </ul> </li> </ul>



Application Requirement	Description
	<ol style="list-style-type: none"> <li>2. <b>Training Volume:</b> Expected trainee enrollment and training completion volume, pre-and post-investment.</li> <li>3. <b>SDF Capital Participant Groups:</b> Number of available training seats and associated annual enrollment volume for SDF Capital Participant Groups, pre-and post-investment including but not limited to Women, Youth, People with Disabilities, seniors, francophones, Indigenous Peoples, Racialized Persons, justice-involved individuals, Immigrants, protected persons and those impacted by emergency travel measures enacted by the federal government such as Ukrainians who are in Ontario under the Canada-Ukraine Authorization for Emergency Travel</li> </ol>
<b>5. Three Years of Audited Financial Statements</b>	<ul style="list-style-type: none"> <li>• Primary Applicants and any potential Guarantors supporting their application are required to submit Audited Financial Statements from the last three (3) fiscal years.</li> <li>• Primary Applicants and potential guarantors must include a signed letter from the Chief Financial Officer or equivalent role of the organization(s) for which financial statements are being provided, stating that there have been no material adverse changes since the date of the last Audited Financial Statements submitted.</li> </ul> <p>The Province reserves the right to determine if alternative documentation (e.g., unaudited financial statements, management reports) is sufficient where the Primary Applicant is unable to meet this requirement. In this situation, the Province may request additional supporting documentation to verify the accuracy and completeness of the numbers. Throughout the Intended Use Period, Recipients (and guarantors, if any) are to provide quarterly updates of their financial statements. Any material changes to the Recipient's financial standing post TPA execution must be disclosed immediately.</p>
<b>6. Letter of Reference from Issuing Bank:</b>	<p>Primary Applicants will be required to attach a reference letter from an issuing bank that confirms that they have the sufficient financial</p>

Application Requirement	Description
	<p>standing to deliver the Letter of Credit required at Substantial Performance.</p> <p>The reference letter should state the following:</p> <ul style="list-style-type: none"> <li>• the name and address of the entity for which the reference is being provided</li> <li>• the nature of the business the entity has conducted with the bank or financial institution in the past</li> <li>• the length of time the entity has been a client of the bank or financial institution that the entity is currently in good standing as a client of the bank or financial institution, and</li> <li>• an attestation that the bank may support the Letter of Credit issuance at Substantial Performance of the capital asset.</li> </ul> <p>If the project is approved and a TPA is executed, the Recipient must provide a Letter of Credit at Substantial Performance before the Substantial Performance Payment can be provided.</p>

## 9.2 Application Procedure and Process

Upon the launch of the SDF Capital Stream and the commencement of the application intake process, organizations can submit applications through Transfer Payment Ontario (“**TPON**”). The Province’s required due diligence on each SDF Capital application will be completed to ensure that the assessment process is consistent, fair, objective and protects public funding.

Applications will be assessed in the following order: compliance/eligibility, completeness, technical, financial and magnitude of Outcomes relative to the SDF Contribution.

Primary Applicants must register with TPON to access the SDF Capital application form. TPON is the Province of Ontario’s online application system for grant funding.

Additional information on registering and accessing TPON is available at:

- [Get funding from the Ontario Government](#)
- [Transfer Payment Ontario](#)

Applicants with questions on how to access or submit an application through Transfer Payment Ontario (TPON) can 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](mailto:TPONCC@ontario.ca).

Applicants with general questions on the SDF Capital Stream, including information provided in the SDF Capital Stream program guidelines, can contact [SDFCapitalProgram@ontario.ca](mailto:SDFCapitalProgram@ontario.ca).

### 9.3 Required Construction Working Documents

The Province requires, at minimum, applications with 40% design drawings at the Application stage and may prioritize projects that demonstrate additional due-diligence and design progress. As specified in Section 9.0 (9.1 Application Requirements), the technical package must include a minimum of 40% design drawings and associated construction specifications which match the design submission. The minimum requirement for design and construction working documents to be submitted as part of the Application include:

**Table 11: Construction Working Documents at 40% Design Development**

Categories	Building and Speciality Structures Including Exterior Works (e.g., Parking, landscape, services etc.)
<b>General Trades</b>	<ul style="list-style-type: none"> <li>• Developed architectural (&lt;25%) floor plans, reflected ceiling plans, roof plans</li> <li>• Structural foundation design, typical structural framing, including shear walls and size of members</li> <li>• Developed (&lt;25%) building elevations and sections</li> <li>• Typical interior wall types and acoustical guidelines</li> <li>• Preliminary finish schedule with material selections</li> <li>• Sustainable design requirements</li> <li>• Special project-specific Skills Development Activity requirements</li> <li>• Outline specification with selected equipment, sizes, and performance requirement</li> </ul>
<b>Mechanical</b>	<ul style="list-style-type: none"> <li>• Schematic flow diagrams</li> <li>• Preliminary equipment selections/schedules</li> <li>• Plans showing locations of major equipment</li> <li>• Plans showing routing of mains (duct and piping) runs/zoning</li> <li>• Schedule information</li> <li>• Plumbing fixture locations</li> <li>• Fire protection zoning</li> </ul>

<b>Electrical</b>	<ul style="list-style-type: none"> <li>• Preliminary Single Line Diagram</li> <li>• Preliminary Lighting and Controls Layout</li> <li>• Preliminary Systems Layout</li> <li>• Costs to be excluded by Electrical contractor, such as, security equipment, communications cabling, public address and audio-visual equipment, etc.</li> </ul>
<b>Civil/Site</b>	<ul style="list-style-type: none"> <li>• Site plans, indicating building locations and site improvements (including all paved areas, site utilities, and building or vertical structure locations)</li> <li>• Additional site investigations, as required</li> <li>• Topographical information (current and engineered topographical information)</li> <li>• Utility location (showing all underground structures and lines)</li> <li>• Demolition/removal plans and information (if applicable)</li> </ul>

All Primary Applicants who execute a TPA with the Province will be required to produce tender-ready design drawings and associated construction specifications within six (6) months of TPA execution (though this timeline may vary for projects involving land or building acquisition – see Appendix H). The requirements for tender-level design drawings can be found in Table 12 below.

**Table 12: Construction Working Documents at Tender-level Design Development**

<b>Categories</b>	<b>Building and Speciality Structures Including Exterior Works (e.g., Parking, landscape, services etc.)</b>
<b>Construction set of drawings</b> (including but not limited to)	<ul style="list-style-type: none"> <li>• Architectural plans, notes, elevations and sections</li> <li>• Civil plans, notes, and sections – including stormwater, sanitary sewer, grading, sediment, and erosion control</li> <li>• Structural plans, notes, sections, and details fully describing the structural building requirements, including foundation/substructure and super structure</li> <li>• Mechanical plans, notes, sections, and details fully describing the plumbing, Heating, ventilation, and air conditioning (HVAC),</li> <li>• Electrical plans, notes, sections, and details fully describing the electrical communications, security, and equipment requirements</li> <li>• Detailed demolition drawings (if renovation), including clear indication of existing materials to remain</li> <li>• Conveyance plans, specifications and sections fully describing elevators, escalators, and lifts</li> <li>• Landscaping—all landscape layout and materials, planting and construction detail drawings</li> <li>• Servicing / Utility plans – Utility locations and design showing all underground structures and utility lines</li> </ul>

Categories	Building and Speciality Structures Including Exterior Works (e.g., Parking, landscape, services etc.)
	<ul style="list-style-type: none"> <li>Information, Communication and Automation Technology (ICAT) plans, notes, sections, and details describing the ICAT requirements, and</li> <li>Fire and Sprinkler plans, notes, sections, and details that describe fire and sprinkler systems ensuring the building meets the Ontario Building Code (OBC)</li> </ul>
<b>Technical specifications</b>	<ul style="list-style-type: none"> <li>Finishes schedule and notes (including flooring plans, doors, furniture fixtures and equipment, millwork, handrails, etc.), and</li> <li>Project technical specifications, completely describing materials and performance requirement</li> </ul>
<b>Permits</b>	<ul style="list-style-type: none"> <li>Building</li> <li>Foundation</li> <li>Site plan approvals, and</li> <li>Demolition (if required)</li> <li>Other Permits required to develop and construct project. E.g., Tree Cutting, Sediment and Erosion Control, Road Occupancy, Signage, Site Services</li> </ul>
<b>Assessments</b>	<ul style="list-style-type: none"> <li>Applicable assessment reports may be requested by the Province in substantiation of the assessments including, but not limited to: <ul style="list-style-type: none"> <li>Environmental (e.g., environmental site assessment phase one, environmental site assessment phase two, record of site condition if required)</li> <li>Ecological reports, bat surveys, bird surveys, endangered species, if required</li> <li>Air Quality Assessment</li> <li>Heritage Assessment</li> <li>Noise and Vibration Study</li> <li>Geotechnical and hydrogeological reports</li> </ul> </li> <li>Primary Applicant should be prepared to show evidence of its due diligence process (environmental, archaeological and/or geotechnical) including attaining the necessary Project approvals, authorizations/planning approvals, licenses, and permits, and undertaking any other steps that are considered necessary or prudent.</li> </ul>

## APPENDIX

### Appendix A - Glossary of Terms

All definitions are meant to provide consistency, clarity, and specificity for use in the SDF Capital Stream.

Term	Definition
<b>Audited Financial Statements</b>	Primary Applicants and potential Guarantors are required to submit Audited Financial Statements from the last three (3) fiscal years. Primary Applicants must include a signed letter from the Chief Financial Officer or equivalent of the organization or organizations whose financial statements are being provided, stating that there have been no material adverse changes since the date of the last Audited Financial Statements submitted.
<b>Capital Project</b>	SDF Capital Stream will support the following project types: new construction, repair, retrofit, renovation, conversion and expansion.
<b>Consortium of Partners</b>	For the purposes of the SDF Capital Stream, a consortium is a group of two or more Partners which intend to pool their resources to support common training activities and achieve common training objectives and goals. In cases where a project is proposed by a Consortium of Partners, the lead organization for the consortium is the Primary Applicant and the primary contact for the Province on all matters related to the submitted application.
<b>Construction Start</b>	The construction start means the commencement of construction work in relation to the capital asset after all required notices and documents, including those required by the <i>Occupational Health and Safety Act</i> , have been provided to the ministry (e.g., Notice of Project).
<b>Design Development Payment</b>	The SDF Capital Stream funding amount that may be paid to the Recipient as a portion of the SDF Contribution in an amount equal to the Eligible Costs incurred in relation to the advancement of drawings to tender-level status up to a maximum amount of \$100,000.
<b>Educational Organizations</b>	The following Educational Organizations are not eligible to be Primary Applicants but can participate in the SDF Capital Stream as a Partner to an eligible Primary Applicant: <ul style="list-style-type: none"> <li>• District School Boards under the <i>Education Act</i></li> <li>• Publicly assisted colleges, universities, or Indigenous institutes in Ontario</li> <li>• Private career colleges registered under the <i>Private Career Colleges Act, 2005</i>; or</li> </ul>

Term	Definition
	<ul style="list-style-type: none"> <li>Private universities with consent from the Ministry of Colleges and Universities to offer degrees under the <i>Post-Secondary Education Choice and Excellence Act, 2000</i></li> </ul> <p>All publicly assisted universities are autonomous institutions, each established by their own acts of the provincial legislature. Similarly, each publicly funded college of applied arts and technology is a non-share corporation, established through the <i>Ontario Colleges of Applied Arts and Technology Act, 2002</i>. There are nine Indigenous Institutes recognized in Ontario as part of the publicly assisted postsecondary education system under the <i>Indigenous Institutes Act, 2017</i>.</p>
<b>Employment Ontario (EO)</b>	The Province operates Employment Ontario as a one-stop source of information, services, and programs for Jobseekers, Incumbent Workers, and employers. Through this network, the Province helps employers train and hire employees through programs, grants, and incentives.
<b>Holdback Amount</b>	The remaining balance of the SDF Contribution after the Design Development Payment and the Substantial Performance Payment have been provided to the Recipient. Subject to the terms and conditions in the TPA, the Holdback Amount shall be divided by the number of years in the Intended Use Period (5 years) and distributed in equal annual instalments over the Intended Use Period.
<b>Immigrants</b>	Refers to individuals who are, or who have ever been, a landed immigrant or permanent resident, including protected persons and those in Canada under an emergency travel measure enacted by the federal government. Such individuals have been granted the right to live in Canada permanently by immigration authorities. Immigrants who have obtained Canadian citizenship by naturalization are included in this group
<b>Incumbent Workers</b>	Persons who are employed but are experiencing barriers to job retention or advancement and need help to retain their employment or advance from entry-level to medium-skilled jobs.
<b>Indigenous Peoples</b>	Individuals who self-identify as First Nations, Inuit, and/or Metis.
<b>Intended Use Period</b>	The 5-year period after Substantial Performance for which the capital asset is intended to be used to support the approved Skills Development Activity identified by the Primary Applicant.
<b>Jobseekers</b>	A person who is without work but is actively seeking employment and is available for work.



Term	Definition
<b>Justice-Involved Individuals</b>	Individuals who have had interactions with the criminal justice system as an accused person, including those who have been convicted of a criminal offence.
<b>Key Performance Indicator</b>	A quantifiable measure of performance over time for a specific objective.
<b>Letter of Credit</b>	Performance security package required by the Province in advance of the Recipient receiving the Substantial Performance Payment at Substantial Performance. The minimum value for the Letter of Credit is the lesser of: (i) 75% of the SDF Contribution; and (ii) \$10M. The maximum value for the Letter of Credit is 75% of the SDF Contribution.
<b>Maximum SDF Commitment</b>	The maximum SDF Capital Stream funding amount for a single project, to be calculated as 49% of the Total Eligible Costs.
<b>Outcomes</b>	Outcomes are defined as changes that can be observed and measured.
<b>Partner</b>	A Partner is an organization that has a formal role in the development and implementation of the SDF Capital Stream project and is directly involved in the delivery of a project component such as skills training or providing ongoing project advice/direction through governance structures such as an advisory committee.
<b>People with Disabilities</b>	An individual who self-identifies as a person with a disability, including someone who requires specialized mental health support or has a disability as defined in the Ontario <i>Human Rights Code</i> .
<b>Primary Applicants</b>	Organizations that are applying for funding under the SDF Capital Stream. If an application is selected for funding and a Transfer Payment Agreement is entered into, the Primary Applicant will be a signatory to the TPA and, as Recipient, accountable to the Province for managing and executing the development and delivery of the Capital Project and approved Skills Development Activity, including resource management and satisfaction of performance obligations established within the TPA.
<b>Project Term</b>	The period of time beginning from the execution of the TPA to the completion of the Intended Use Period of a capital asset which is supported by the SDF Capital Stream.
<b>Racialized Persons</b>	A person who self-identifies as a member of a group that has racial meanings attached to them in ways that may negatively impact their social, political, and economic life. This term is fluid and



Term	Definition
	acknowledges that race is a social construct that can change over time and place.
<b>Recipient</b>	An entity that is a party to a Transfer Payment Agreement executed by the entity and the Province to receive funding under the SDF Capital Stream. A Primary Applicant becomes a Recipient upon signing a TPA with the Province.
<b>Remediation Plan</b>	If a Recipient fails to meet or anticipates that they will fail to meet an SDF Capital deadline or performance obligation the Recipient may be required to provide an explanation for the missed or failed obligation (or anticipated missed or failed obligation) and a Remediation Plan, including (as applicable) a proposed new timeline or performance objective. The Province has sole and absolute discretion to reject any Remediation Plan which may result in an Act of Default.
<b>Requested Funding Percentage</b>	Requested funding specified by the Primary Applicant at the time of application based on a percentage of Total Eligible Costs, up to the Maximum SDF Commitment of 49%.
<b>Required Performance Reporting</b>	Recipients of the SDF Capital Stream funding will be required to report on one of three standardized Key Performance Indicators, in addition to suggesting additional indicators or Outcomes. The standardized indicators include training capacity, training volume and SDF Capital Participant Groups.
<b>SDF Capital Participant Groups</b>	<p>The SDF Capital Participant Groups are the groups that will utilize the capital asset to receive training:</p> <ul style="list-style-type: none"> <li>Any Jobseekers and/or Incumbent Workers who are at risk of job displacement, or workers that are needed to fill unmet demand and talent gaps</li> </ul> <p>Jobseekers who face higher barriers to employment including, but not limited to, Women, Youth, People with Disabilities, seniors, francophones, Indigenous Peoples, Racialized Persons, Justice-Involved Individuals, Immigrants, protected persons and those impacted by emergency travel measures enacted by the federal government such as Ukrainians who are in Ontario under the Canada-Ukraine Authorization for Emergency Travel</p>
<b>SDF Contribution</b>	<ul style="list-style-type: none"> <li>The SDF Contribution is the amount of grant funding provided by the Province through the SDF Capital Stream based on actual costs incurred and in accordance with the terms and conditions of the Transfer Payment Agreement.</li> </ul>

Term	Definition
<b>SDF Construction Contribution</b>	Calculated as the SDF Contribution, less any SDF Land Contribution.
<b>SDF Land Contribution</b>	The portion of the SDF Contribution provided for land and/or building acquisition.
<b>SDF Target Sector</b>	SDF Target Sectors include emerging or in-demand growth sectors and sectors experiencing labour market challenges. With respect to emerging or in-demand growth occupations or sectors, the <a href="#">Ontario Labour Market</a> website has a relevant tool that produces indicators of future demand through a 5-year regional occupational outlook.
<b>Skills Development Activity</b>	Training provided to Jobseekers and workers through an SDF Capital Stream asset, such as training in skilled trades, apprenticeships, or other training for skilled professions. Any proposed Skills Development Activity must have Outcomes that are measurable and timebound and aligned to the SDF Capital Stream objective in Section 2.2.
<b>Substantial Performance</b>	Substantial Performance means the state of the project being “substantially performed” with the meaning of subsection 2(1) of the <i>Construction Act</i> , as it may be amended from time to time.
<b>Substantial Performance Payment</b>	The Substantial Performance Payment is the amount paid to the Recipient when the Capital Project reaches Substantial Performance. The Substantial Performance Payment is equal to the amount provided by the Letter of Credit, less the Design Development Payment, and is payable in accordance with the terms and conditions of the TPA. The sum of the Design Development Payment and Substantial Performance Payment shall not exceed the amount provided by the Letter of Credit.
<b>Quiet Enjoyment</b>	Commercial term in a lease agreement which ensures the tenant (Primary Applicant/Recipient) has a right to enjoy the leased premises and any improvements thereon without interference from the landlord. Note that in addition to Quiet Enjoyment, the Primary Applicant/Recipient must obtain any necessary landlord and lender consents to implement the project (e.g., to undertake construction and deliver the intended skills development activities throughout the Intended Use Period).
<b>Transfer Payment</b>	Transfer Payments are a mechanism used by the Ontario government to fund activities that benefit the public and are designed to achieve public policy objectives. Transfer Payments involve transfers of money to individuals, organizations external to

Term	Definition
	the government, or to other governments for which the Ontario government does not receive goods or services directly in return.
<b>Transfer Payment Agreement (TPA)</b>	A legally enforceable, signed document required for the management and oversight of all project activities funded by Transfer Payment that sets out the rights, responsibilities, and obligations of both parties: the Recipient and the Province. The transfer payment agreement must be signed between the parties before any financial payment is issued to the Recipient for eligible expenses associated with the project.
<b>Women</b>	Individuals who self-identify with the female gender.
<b>Youth</b>	Individuals who are between the ages of 15 and 29 at the start of a project.

## **Appendix B: Project Plan Template**

### **Project Plan Table of Contents**

- a. Executive Summary
- b. Project Background
- c. Project Description
  - a. Discussion on Project Rationale and Market Issues
  - b. Discussion on Project Scope
  - c. Discussion on Project Milestones and Schedule
- d. Strategic Alignment Assessment
  - a. Project Objectives and Constraints
  - b. Alignment with SDF Capital Stream Objective
- e. Market Analysis
- f. Business and Operational Impacts
- g. Project Risk Management Plan
- h. Cost/Benefit Analysis
- i. Analysis of Cost Effectiveness and Strategy to seek Comparable Pricing
- j. Conclusions and Recommendations
- k. Implementation Strategy:
  - a. From 40% design drawing to achieving Substantial Performance
  - b. Five (5) years Operations Implementation Plan to deliver approved Skills Development Activity
  - c. Key Performance Indicators and success factors

## Appendix C: Letter of Credit Template

### Standby Letter of Credit Example Template

=====

Applicant: [Insert Applicant Details]

Standby Credit Amount: [insert amount] CAD

We, [insert bank/institution name], [insert address], at the request of the above-mentioned Applicant, hereby issue in favour of (the “Beneficiary”) this irrevocable Standby Letter of Credit for the above-mentioned amount.

This Standby Letter of Credit is available for payment upon receipt by [insert bank/institution name] at its above noted address of the Beneficiary’s dated and signed written demand, addressed to [insert bank/institution name] and completed as follows: “We, the undersigned [x], hereby demand payment of the sum of \$\$\$ [x] (\$\$\$\$\$\$\$\$\$\$\$\$ CAD) under [insert bank/institution name] Standby Letter of Credit No. [INSERT] and certify that [insert name] has failed to fulfill its obligations pursuant to the terms of an **agreement** between us and **(Applicant or other party)**.”

Partial drawings are permitted hereunder.

This Standby Letter of Credit shall be reduced automatically, by the amount of each drawing paid hereunder and/or by amendment, by the amount of reduction that may be authorized by the Beneficiary from time to time by their signed written request given to [insert bank/institution name].

[insert bank/institution name] hereby agrees that it will honour the Beneficiary’s demand for payment, presented in compliance with the terms of this Standby Letter of Credit, without enquiring whether the Beneficiary has a right as between itself and the Applicant to make such demand, and without recognizing any claim of the said Applicant.

Notwithstanding the expiration date above, this Standby Letter of Credit shall be cancelled effective the date of receipt by [insert bank/institution name] of the original Standby Letter of Credit instrument and a dated letter addressed to [insert bank/institution name], signed by the Beneficiary, referencing this Standby Letter of Credit number, and requesting the cancellation of same.

The Beneficiary may from time to time advise [insert bank/institution name] of the Beneficiary’s address by letter to [insert bank/institution name] at [insert bank/institution name]’s address stated above, dated, and signed by the Beneficiary and quoting this Standby Letter of Credit number. Any notice by [insert bank/institution name] to the

Beneficiary regarding this Standby Letter of Credit shall be adequately given if sent by registered mail or courier to the last address so advised, or if no address has been so advised, then to the address of the Beneficiary stated above.

This Standby Letter of Credit is subject to International Standby Practices 1998, International Chamber of Commerce Publication no. 590 ("ISP98") and engages us in accordance with the terms thereof.

## Appendix D: Example of a Construction Progress Report Template Information

Construction progress reports may include request for some or all of the following information, to be determined and outlined in the final TPAs:

1. **Project Overview:** This section introduces the construction project, including the project name, location, and a brief description of the work to be done.
2. **Schedule Update:** This section includes an updated schedule that outlines the work that has been completed, percentage completion, any delays or changes to the original schedule, and the planned schedule for the upcoming weeks.
3. **Work Completed:** This section provides a detailed summary of the work that has been completed since the last progress report. This could include completed tasks, milestones reached, and any changes or modifications made to the project plan.
4. **Issues and Risks:** This section includes any issues or challenges that have arisen during the construction project. This could include weather-related delays, material shortages, or any other issues that may have impacted progress.
5. **Safety Update:** This section provides an update on the safety of the construction site, including any accidents or incidents that may have occurred, as well as any measures taken to improve safety.
6. **Budget Update:** This section includes an update on the project budget, including any changes or modifications to the original budget, any cost overruns or savings, and any issues or challenges that may be impacting the budget and Forecasting / Estimate at Completion, as well as Variance from Baseline.
7. **Next Steps:** This section outlines the work that still needs to be done in order to complete the project, as well as any milestones or deadlines that need to be met.
8. **Additional Input:** Quality reporting including non-conformance report and testing and tracking key project KPIs.

## Appendix E: Key Performance Indicator Progress Report Template Example

The following is an example of content that may be requested as part of progress reporting for Key Performance Indicators for illustrative purposes. Final requirements will be outlined in the TPA:

### 1. Project Profile

Project Name:	[insert]
Recipient Organization	[insert]
Primary Applicant:	[insert]
Partners (if any):	[insert]
Project Summary:	[insert]
Ministry Contact Email:	[insert]

### 2. Recipient Contact Information

Contact Name (for this report):	[insert]
Position / Title:	[insert]
Phone:	[insert]
Email:	[insert]

### 3. Reporting Period

Date of last Transfer Payment for the Project:	[insert]
Intended Use Period - Reporting Year (Year 1 to Year 5):	[insert]
Date of Reporting Period (mm/dd/yy):	[insert]to[insert]

### 4. Progress Report

#### a. May include the following Project Updates:

- i. Please compare and comment on your current progress tracked against the project plan as under the Transfer Payment Agreement ("TPA").
- ii. To date, what challenges have you encountered with the implementation of your project, and how did you address these challenges?
- iii. What, if any, are the key project and/or participant accomplishments that you would like to highlight?

#### b. May include the following parameters:

- i. The key Participant Groups being served by the Capital Project:
- ii. The community or region within which your project is situated:



- iii. The consortia members, project Partners, and other stakeholders associated with the project:

## 5. Mandatory Performance Reporting

### a. Training Seats

Target # in the reporting period*:	[insert]
Actual # of Training Seats:	[insert]
% of target achieved in the reporting period:	[insert]

### b. Training Enrollment and Completion Volume:

Target # in the reporting period*:	[insert]
Actual # of trainees that completed the program:	[insert]
% of target achieved in the reporting period	[insert]

### c. Trainees' Demographics Measured in Training Seats:

Group	Target # in the reporting period *	Actual # in the reporting period	% of target achieved in the reporting period
Total	[insert]	[insert]	[insert]
Women	[insert]	[insert]	[insert]
Youth	[insert]	[insert]	[insert]
Persons with a Disability	[insert]	[insert]	[insert]
Indigenous Peoples	[insert]	[insert]	[insert]
Racialized Persons	[insert]	[insert]	[insert]
Justice-Involved Individuals	[insert]	[insert]	[insert]
Immigrants	[insert]	[insert]	[insert]
Protected persons	[insert]	[insert]	[insert]
Those impacted by emergency travel measures enacted by the federal government such as Ukrainians who are	[insert]	[insert]	[insert]

in Ontario under the Canada-Ukraine Authorization for Emergency Travel.			
---	--	--	--

*Please refer to the project TPA for the target numbers identified during the time of the award.*

#### 6. Performance Commitment

Have you achieved all target Outcomes for the reporting period as identified in the TPA? [Yes/No]	[insert]
Has your organization had any difficulty in meeting the above required performance deliverables? If yes, please describe.	[insert]
If the project did not achieve the target Outcomes as anticipated, please explain the factors that could have caused this:	[insert]
What actions are you taking to improve the progress on the project in the following periods:	[insert]
Currently:	[insert]
Before the end of the next reporting period:	[insert]
Before the end of the project period:	[insert]

## Appendix F: Bank Reference Letter Template

Bank Letterhead

*[insert bank/institution's full address including postal code and contact number]*

Date:

TO WHOM IT MAY CONCERN:

This letter confirms that [insert Applicant name] of [insert Applicant's full address including postal code] is a customer in good standing of this [insert bank/institution name]. Our records state that [insert name of Applicant's authorized signatory] is the [insert title of authorized signatory] of this organization and the signature appearing at the bottom of this letter is the same as the signature we have on file for this customer. [Insert Applicant name] has been a client at this bank for the past [insert number] of years. Over this period [insert Applicant name] has operated [insert type of account] satisfactorily.

During the period of our relationship credit has been approved and the repayment history is satisfactory.

[Insert bank/institution name] is satisfied that the [insert Applicant name] has the financial wherewithal to undertake the envisioned [insert proposed project name] whereby [insert project description]. Further, [Insert bank/institution name] supports the issuance of a Letter of Credit which is required for [insert amount in CAD following requirements outlined in Guideline] CAD at Substantial Performance of the SDF Capital Stream asset.

Sincerely,

---

([insert bank/institution name] Signing Officer)

Print Name:

Print Title:

Phone Number:

## **Appendix G: Capital and Operating Budget Report**

Similar to the other reporting templates, the information below is a sample/example of what may be asked for as part of the financial reporting to be provided to the Province. Final reporting requirements and budget templates will be provided through the TPA process with successful applicants.

**Executive Summary:** This section provides a brief overview of the capital and operating budgets, including the total expenses and revenues projected for the upcoming period.

**Capital Budget:** This section provides a summary of the Capital Project's budget with SDF Capital Stream Eligible Costs clearly defined. This summary may include but not be limited to baseline budget, committed to date, spent to date, cost to complete, variance against the baseline budget and spent to date and percentage completed, which is the total of spent to date divided by committed to date.

**Operating Budget:** This section provides a summary of revenue, expenses and profit forecasted through the Intended Use Period. Revenues shall detail the individual sources that contribute to revenue; expenses shall include individual sources that contribute to eligible expenses.

**Assumptions and Risks:** This section outlines the assumptions and risks that were considered when developing the budgets, including factors such as inflation, interest rates, and changes in the market.

**Conclusion:** This section provides a summary of the overall budget projections and any significant conclusions or recommendations for the business or organization.

## Appendix H: Land and Building Acquisition Costs

Land and/or building acquisition costs may be considered for SDF Capital funding on a case-by-case basis, at the discretion of the Province. The maximum amount of funding permitted under the SDF Capital Stream for this type of expense is 49% of the direct purchase price for the land and/or building. The portion of the SDF Contribution provided for land and/or building acquisition (the “**SDF Land Contribution**”) will not exceed 50% of the total SDF Contribution.

Only the direct purchase price of the land and/or building will be considered as an Eligible Cost for the purpose of the SDF Land Contribution. The Recipient will be responsible for all other costs and expenses associated with the acquisition of the land and/or building, including but not limited to, title insurance, appraisal fees, real estate commissions, legal expenses, legal registration fees, and land transfer taxes.

The requirements and timelines set out below for land and/or building costs are intended to provide general guidance and may not apply to all SDF Capital Projects. The TPA may set out additional terms and conditions that vary from the Guideline, including additional documents, reports, and notice requirements. In the event of a conflict between this Guideline and the TPA, the TPA shall prevail.

### 1. Application Requirements

Primary Applicants seeking SDF Capital funding for land and/or building acquisition will be required to produce:

- a. 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 the appraisal is prepared by a professional that is accredited by the Appraisal Institute of Canada – Ontario (AIC-ON) and maintains good standing. The appraisal produced must be at the comprehensive report/narrative appraisal report level;
- b. Rationale justifying the need for land and/or building acquisition. In addition, Primary Applicants will need to demonstrate that they can support the ongoing operation, renewal, and maintenance of the property/building for a period of at least 20 years from the date of Substantial Performance; and
- c. Any other additional supporting documentation requested by the Province to assess the application.

Primary Applicants are also required to meet the other application requirements in the Guideline for the capital construction project; however, these requirements may be modified as necessary and with the agreement of the Province to adjust for the specific circumstances related to the land and/or building acquisition.

### 2. Restriction on Title

Pursuant to the terms and conditions set out in the TPA, a Recipient who wishes to receive SDF Capital funding for land and/or building acquisition must agree to register two instruments on title.

Firstly, the Recipient must register a restriction on title of the land in accordance with section 118 of the *Land Titles Act* that no subsequent transfer or charge can be made without the consent of the Province and specific conditions being met. The section 118 restriction will be registered on title as a condition of funding prior to release of the Substantial Performance Payment.

A "no dealings" indicator will be applied to the parcel register, which means that the parcel register is "cautioned". The restriction prohibits any transfer or charge from being registered unless the stated requirements have been met. This restriction ceases when the property is conveyed by the registered owner and the consent has been obtained.

As a condition of the Province providing its consent for sale/transfer, the Recipient shall notify the Province of the proposed sale/transfer and provide the Province with:

- a. A recent independent appraisal of the land and/or building asset signed by a professional who is accredited by the Appraisal Institute of Canada – Ontario (AIC-ON);
- b. Repayment of an amount equal to the SDF Land Contribution; and
- c. Payment of a proportionate share of any profit or gains generated by the sale of land and/or building (the “**gainshare amounts**”), calculated as the difference between:
  - i. the lower of the appraised value at time of purchase or the purchase price; and
  - ii. the higher of the appraised value at time of sale or sale price.

Secondly, the Recipient will also be required to register a short form agreement on title describing the profit or gain sharing obligations set out in the TPA and the conditions on which the Province will provide its consent to any transfer or charge (being those set out in the immediately preceding paragraph with respect to sale/transfer and those set out in section 3 below with respect to a proposed charge). The short form agreement will be registered on title upon acquisition of the property in priority to any other encumbrances on title (e.g. mortgages), except as otherwise agreed to in writing by the Province.

The share of any profit or gains to the Province will be proportionate to the SDF Land Contribution relative to the initial purchase price paid. The share of profit or gains paid to the Province will be equal to:

$$\text{Proportionate Share} = \frac{\text{SDF Land Contribution}}{\text{Initial Purchase Price of Land and/or Building}} \times 100\%$$

The profit or gainsharing obligations and the restriction on transfer or charge without consent will be in place for a fixed period of 20 years commencing from the date of Substantial Performance of the capital asset. The restriction may be discharged on the

earlier of: (a) expiry of the 20-year period; or (b) transfer of the land upon repayment of the above amounts, subject to the terms and conditions set out in the TPA.

### **3. Consent for Proposed Charge**

As a condition of the Province providing its consent for a proposed charge, the Recipient must notify the Province of the proposed charge and provide the Province with sufficient information to assess the amount of loan funding to be received by the borrower, the present value of the property, and the terms of proposed borrowing, including a recent independent appraisal of the land and/or building asset signed by a professional who is accredited by the Appraisal Institute of Canada – Ontario (AIC-ON).

Consent may also be refused of a charge (i.e., mortgage) if the ratio of the sum total of all loans (existing and new loan(s)) to the current value of the property would exceed the loan to value limit ("**LTV Limit**"), defined as:

$$\% \text{ LTV Limit} = \left( 1 - \frac{\text{SDF Land Contribution}}{\text{Initial Purchase Price of Land and/or Building}} \right) \times 85\%$$

### **4. Key Timelines**

Primary Applicants must provide timelines for the anticipated purchase closing date, submission of tender-ready drawings, Construction Start and Substantial Performance for the SDF Capital Stream project that, at minimum, meet the requirements below. If the Recipient cannot meet the timelines set out in the TPA, the Recipient shall provide a Remediation Plan prior to the relevant deadline that will be missed. The plan must include a rationale for the delay and a revised timeline. The Province, in its sole and absolute discretion, may accept or reject any proposed Remediation Plan which may result in an Event of Default. The required timelines may be modified if the Province determines that the rationale and circumstances presented in the Remediation Plan are reasonable and constitute a need for modification to the SDF Capital Stream project.

#### **Closing Date**

After TPA execution, the Province may provide up to six (6) months to the Recipient to complete the acquisition of the land and/or building. From the date of closing, the Recipient is obligated to register the short form agreement on title and meet the applicable planning and construction deadlines set out in the TPA. In order to be eligible for SDF Capital Stream funding, the Recipient must own the capital asset being expanded, repaired, retrofitted, renovated, or built upon for the period of time beginning from the date of closing until the completion of the Intended Use Period.

#### **Submission of Tender-Level Drawings**

All Recipients will be required to advance design development to tender-level design drawings within six (6) months from the purchase closing date.

### Construction Start Date

The Province requires Recipients to reach Construction Start within 12 months of the purchase closing date.

### Substantial Performance

All SDF Capital Stream projects must achieve Substantial Performance within 5 years of Construction Start. The SDF Land Contribution is part of the SDF Contribution, which means that it is payable at the same time and subject to the same payment and requirements set out in Section 3.3.1. The SDF Land Contribution will be paid to the Recipient as part of the Substantial Performance Payment and Holdback Amount, conditional upon provision of the Letter of Credit and satisfaction of other funding requirements set forth in the TPA (such as registration of the section 118 notice on title).

### Other Timelines

The Recipient would also be required to comply with other timelines in this Guideline, as set out in the TPA (e.g., Intended Use Period).

## 5. Early Disposition

The Early Disposition Adjustment Calculation contained in Table 8 of Section 5.2 (Early Disposition of Asset) is substituted by the table below. The “**SDF Construction Contribution**” refers to the SDF Contribution, less any SDF Land Contribution. These amounts are payable **in addition to** the gainshare amounts that will also be due and payable.

**Table H1: Early Disposition Adjustment Calculation for SDF Capital Stream Projects with Approved Land and/or Building Acquisition Costs**

Year of Disposition	Recourse + Adjustment Calculation
Intended Use Period Year 1	<ul style="list-style-type: none"><li>If an Early Disposition occurs in Year 1 of the Intended Use Period: The Recipient will be required to return all provided SDF Contribution amounts and pay an additional amount equal to <b>25%</b> of the SDF Construction Contribution provided to date.</li></ul>
Intended Use Period Year 2	<ul style="list-style-type: none"><li>If an Early Disposition occurs in Year 2 of the Intended Use Period: The Recipient will be required to return all provided SDF Contribution amounts and pay an additional amount equal to <b>20%</b> of the SDF Construction Contribution provided to date.</li></ul>
Intended Use Period Year 3	<ul style="list-style-type: none"><li>If an Early Disposition occurs in Year 3 of the Intended Use Period: The Recipient will be required to return all provided SDF Contribution amounts and pay an additional amount equal to <b>15%</b> of the SDF Construction Contribution provided to date.</li></ul>



Year of Disposition	Recourse + Adjustment Calculation
<b>Intended Use Period Year 4</b>	<ul style="list-style-type: none"> <li>If an Early Disposition occurs in Year 4 of the Intended Use Period: The Recipient will be required to return all provided SDF Contribution amounts and pay an additional amount equal to <b>10%</b> of the SDF Construction Contribution provided to date.</li> </ul>
<b>Intended Use Period Year 5</b>	<ul style="list-style-type: none"> <li>If an Early Disposition occurs in Year 5 of the Intended Use Period: The Recipient will be required to return all provided SDF Contribution amounts and pay an additional amount equal to <b>5%</b> of the SDF Construction Contribution provided to date.</li> </ul>

## **Appendix I: Top Future In-demand Occupations in Ontario**

Projects supporting occupations that are not included on this list may also be considered with supporting rationale.

### **NOC / NOC TITLE**

72320 Bricklayers

72103 Boilermakers

72320 Bricklayers

72310 Carpenters

73100 Concrete finishers

22303 Construction estimators

70010 Construction manager

72400 Construction millwrights and industrial mechanics

72021 Contractors and supervisor

72500 Crane operators

72203 Electrical power line and cable workers

72200 Electrician

72406 Elevator constructors and mechanics

73113 Floor covering installers

72302 Gas fitters

73111 Glaziers

73400 Heavy equipment operators (except crane)

72401 Heavy-duty equipment mechanics

72321 Insulators

72104 Ironworkers and structural metal fabricators

73112 Painters and decorators (except interior decorators)

73102 Plasterers, drywall installers and finishers, and lathers

72300 Plumbers

72402 Refrigeration and air conditioning mechanics

73200 Residential and commercial installers and servicers

73110 Roofers and shinglers

72102 Sheet metal workers

72301 Steamfitters, pipefitters and sprinkler system installers

73101 Tilesetters

75110 Trades helpers and labourers

73300 Truck drivers

72106 Welders and related machine operators

12200 Accounting technicians and bookkeepers

31301 Nurse

44101 Personal Support Worker

73301 Bus drivers, subway operators and other transit operators

41302 Religious leaders

31102 General practitioners and family physicians

10020 Insurance, real estate and financial brokerage managers

30010 Managers in health care

75200 Taxi and limousine drivers and chauffeurs

10019 Other administrative services managers

13112 Medical administrative assistants

31120 Pharmacists

31100 Specialists in clinical and laboratory medicine

72600 Air pilots, flight engineers and flying instructors

31110 Dentists

64310 Travel counsellors

65320 Dry cleaning, laundry and related occupations

00018 Seniors managers - public and private sector

60030 Restaurant and food service managers

63200 Cooks

62200 Chefs

62020 Food service supervisors

60031 Accommodation service managers

33100 Dental assistants and dental laboratory assistants

32201 Massage therapists

32111 Dental hygienists and dental therapists

64314 Hotel front desk clerks

52113 Audio and video recording technicians

53111 Motion pictures, broadcasting, photography and performing arts assistants and operators

83110 Logging machinery operators

84110 Chain saw and skidder operators

45100 Student monitors, crossing guards and related occupations

72025 Supervisors, mail and message distribution occupations

82010 Supervisors, logging and forestry

31200 Psychologists

64200 Tailors, dressmakers, furriers and milliners

42204 Religion workers

12012 Supervisors, library, correspondence and related information workers

31111 Optometrists

41100 Judges

72101 Tool and die makers

63221 Upholsterers

11201 Professional occupations in business management consulting

44101 Home support workers, caregivers and related occupations

53122 Painters, sculptors and other visual artists

00010 Legislators

70021 Postal and courier services managers

12110 Court reporters, medical transcriptionists and related occupations

72421 Appliance servicers and repairers

62021 Executive housekeepers

41302 Religious leaders

31201 Chiropractors

32209 Other practitioners of natural healing

50010 Library, archive, museum and art gallery managers

40041 Fire chiefs and senior firefighting officers

13100 Administrative officers

OTHER OCCUPATION - Please refer to Ontario's labour market | [ontario.ca](http://ontario.ca)