

SAMPLE ALTERATION & RENOVATION BUDGET JUSTIFICATION

Project Title: Optimizing Virtual Care at the HPC West End Health Center

Project Site: 123 Main Street, City, State, Zip Code

Total OVC minor A/R funding request = \$150,000

Total funding from other source and description = \$12,000 paid from a state grant and private contributions

Total Project Cost = \$162,000

The West End project proposes converting an existing 1,800 SF meeting room into three additional exam rooms for virtual consultations, and removal of a wall to expand the existing space housing the computer and security network. The project also includes minor cosmetic work, including installation of security cameras and ceiling mounted projectors, new tile flooring and acoustic tiles for sound-dampening in the three new exam rooms. All the spaces will be re-painted and the lighting will be replaced to provide energy efficient lighting throughout the space. Air conditioning will be upgraded to provide temperature control and maintain the integrity of IT systems and equipment. In addition, new furnishings, telemedicine carts, and IT equipment will be purchased. Minor A/R activities are anticipated to begin within 60 days of obtaining all local approvals and completed within 3 months after the work begins.

	ALLOWABLE COSTS	UNALLOWABLE COSTS
Line 1— Administrative and legal expenses	\$8,000 to pay HPC’s staff for project management costs directly related to this project.	
Line 2—Land, structures, right-of-way, appraisals	This space is leased by HPC.	
Line 3—Relocation expenses and payments		
Line 4— Architectural and engineering fees	\$6,500 for the architectural and engineering fees, which will cover the following: mechanical and electrical design; bid construction documents (plans and specifications); and assistance during the construction bidding (answer questions presented by the contractors).	
Line 5—Other architectural and engineering fees		
Line 6—Project inspection fees	\$4,500 for project inspection fees. The inspections will be conducted in accordance with the local Department of Public Works standard and building codes.	
Line 7—Site work	\$3,000 – Repave sidewalk and widen for handicap access.	
Line 8—Demolition and removal	\$8,000 for removal and disposal of interior partitions and materials in the interior of the existing building.	\$7,500 for removal and proper disposal of existing asbestos floor tile
Line 9— Construction	\$81,000 to renovate 1,800 square feet of existing space. This renovation cost is derived from the following cost breakdown: architectural & finishes (\$50,000), mechanical (\$12,500), and electrical (\$18,500).	

	ALLOWABLE COSTS	UNALLOWABLE COSTS
	<p>The architectural & finishes cost of \$50,000 includes the following: Convert large meeting room into three exam rooms approx. 200 SF each. Cabinets and casework, door replacement, four windows, floor replacement and finishes. (\$37,000) Fiber Optics and cabling inside walls (\$3,000) Installation of acoustic ceiling and wall panels installation 800 SF (\$1,500) Installation of 3 Omni-directional Wifi signal boosters (\$2,500) Repainting throughout 1800 SF space and lighting fixtures upgraded in exam rooms, network room, reception and nurse station. (\$6,000)</p> <p>The mechanical cost of \$12,500 includes: Installation of 4 air conditioning units, one for each space (\$12,500)</p> <p>The electrical cost of \$18,500 includes the following: lighting system (PVC conduit, EMT conduit, lighting fixtures and wiring, light switches and lighting control, wall outlets and wiring); communication system (PVC conduit, EMT, computer data networking system (outlet, conduit & CAT 5E cabling), telephone outlet, CA TV outlet, PA intercom system (conduit and wiring), security alarm conduit system (installation of 6 1080p HD surveillance cameras); and fire sprinkler system (fire alarm cable, fire alarm heat detector, fire alarm control panel).</p>	
Line 10— Equipment	<p>\$40,000 for loose, movable equipment items, including telemedicine IT items.</p> <p>See itemized equipment list for additional information.</p>	
Line 11— Miscellaneous		\$1,500 for artwork for the waiting room and exam rooms.
Line 12— SUBTOTAL	\$151,000	
Line 13— Contingencies	\$2,000 , which is less than 5% of lines 7, 8, and 9.	
Line 14— SUBTOTAL	\$153,000	\$9,000
Line 15—TOTAL PROJECT COSTS	\$162,000	
Line 16—OVC one- time funds	\$150,000	

The following chart lists sample allowable and unallowable costs for a proposed minor A/R project.¹ To be eligible for funding, the total federal and non-federal cost of the minor A/R project must be less than \$500,000, excluding the cost of moveable equipment.

COST CATEGORIES	ALLOWABLE	UNALLOWABLE
Administrative and legal expenses	<ul style="list-style-type: none"> • Salary and consultant fees that are directly related to the administration of the technical aspects of the proposed project. Administrative and legal expenses should be less than 10% of total project costs. • Costs associated with the evaluation of the environmental and historic preservation effects of the proposed project, obtaining public input, producing the necessary studies, analysis, and resultant reports, as well as compliance with environmental and historic preservation laws • Bid advertising 	<ul style="list-style-type: none"> • Costs of groundbreaking and dedication ceremonies and items such as plaques • Costs related to other sources of project financing • Costs for preparing grant applications
Relocation	<ul style="list-style-type: none"> • Costs to move and store furnishings temporarily during renovations 	<ul style="list-style-type: none"> • The cost of moving furnishings back into the renovated areas
Architectural and engineering fees	<ul style="list-style-type: none"> • Fees associated with architectural and engineering professional services including, but not limited to, preparation of bid documents and inspections • Associated expenses for preparation of specifications and reproduction of design documents • Costs incurred no more than 90 days before award for architect's fees and consultant's fees necessary to the planning and design of the project, if the project is approved and funded and the costs comply with federal procurement requirements (when applicable) • Sustainable design services, such as LEED, including commissioning • Costs associated with the preparation of the Environmental Assessment and SHPO consultation 	<ul style="list-style-type: none"> • Architectural and engineering fees for work that is not within the scope of the approved project • Elaborate or extravagant designs or projects that are above the known local costs for comparable buildings • Costs of abandoned designs (i.e., costs associated with a design that will not be used) • Costs for work not directly related to the project
Project inspection fees	<ul style="list-style-type: none"> • Clerk-of-the-works, inspection fees, structural certification, etc., to be provided by architectural engineering firm or applicant's staff 	<ul style="list-style-type: none"> • Fees not directly related to the project

¹ Refer to the cost principles embedded in 45 CFR part 75 at <http://www.ecfr.gov/cgi-bin/text-idx?node=pt45.1.75> for details on allowable costs.

COST CATEGORIES	ALLOWABLE	UNALLOWABLE
Site Work	<ul style="list-style-type: none"> Minor alteration at entrances and adjacent sidewalks as required for ADA compliance 	<ul style="list-style-type: none"> Fees not directly related to the project Exterior building work such as paving, retaining walls, etc. Landscaping costs
Demolition and removal	<ul style="list-style-type: none"> Costs of demolition or removal of structures for improvements such as wall finishings and fixtures. Reduce the costs on this line by the amount of expected proceeds from the sale of salvage. 	<ul style="list-style-type: none"> Costs not directly related to the project Hazardous materials remediation/abatement Demolition and removal of debris that will not result in a usable structure
Alteration / Renovation	<ul style="list-style-type: none"> Costs of acquisition and installation of fixed equipment² necessary for the functioning of the facility. Costs for remodeling and alteration of an existing building that will be used for the project. Special features for seismic code requirements. Use nationally recognized codes adopted by authorities having jurisdiction. Costs of eliminating architectural barriers to the handicapped Bid guarantees and performance and payment bonds Costs of pollution-control equipment for the facility's boilers, incinerators, waste water treatment, etc., which may be required by local, state, or federal regulations. The facility must meet requirements of both current and future pollution abatement regulations as described in currently approved pollution plans. 	<ul style="list-style-type: none"> Abandoned projects Relocation of utilities that are off site and off-site improvements Prorated cost of existing central utility plant and distribution systems, which serve the proposed facility Interior and exterior decorating fees and purchases (e.g. artwork, sculpture) Elaborate or extravagant materials that are above the known local costs for comparable buildings Fixed equipment if it is not part of the construction contract Bonus payments to contractors Permanent structures constructed elsewhere on the site or attached to the existing building
Equipment	<ul style="list-style-type: none"> Moveable equipment³ that is pertinent to the project (include details on Equipment List from) 	<ul style="list-style-type: none"> Donated equipment Leased equipment Luxury furniture
Contingencies	<ul style="list-style-type: none"> Contingencies are limited to 5% of the A/R and Demolition/Removal Lines. The contingency does not include moveable equipment costs. 	<ul style="list-style-type: none"> Contingency costs above the allowable percentage

² Fixed equipment includes items that require modification of the facility for its satisfactory installation or removal and is included in the construction contract. Examples include HVAC units, ductwork, generators, fume hoods, sinks, fixed shelving, built-in sterilizers, installation of security cameras, and wiring or cabling inside walls or above ceilings.

³ Moveable equipment is a non-expendable item with a useful life of more than one year and a unit cost of \$5,000 (or equal to the applicant's capitalization threshold) or more.