

SAMPLE MINOR ALTERATION & RENOVATION BUDGET JUSTIFICATION

Service Site Address: 123 Main Street, City, ST 54321

Total Minor A/R funding request = \$484,000

Total Project Cost = \$487,500 (\$484,000 allowable; \$3,500 unallowable for this program)

HP Clinic (HPC) proposes minor alteration and renovation of the service delivery site at the HPC West End Health Center. The project proposes to renovate 5,700 square feet of the building. The space will be reconfigured to provide a waiting area with better circulation and to improve access to the exam rooms, laboratory space, and patient services. The work will include converting an existing large meeting room into three additional exam rooms and one smaller conference room that will be initially dedicated specifically to facilitate safe and prompt vaccinations. The new exam spaces will allow for more efficient turnover of in-person visits with shorter wait times while accommodating the increased time required to clean. Work will include the removal of a wall to expand the existing laboratory space to meet increased demands on space, personnel, and workflows to perform COVID-19 specimen collection and testing. The work will also enhance health center physical infrastructure to ensure continued access to primary care services by adding a telehealth exam room in an unused supply room.

In addition, we will upgrade our HVAC rooftop units to increase the number of air changes per hour and to upgrade air filtration using HEPA filters to improve overall air quality. Minor cosmetic work will be conducted, including new tile flooring in the exam rooms. All the spaces will be re-painted, and the lighting will be replaced to provide energy efficient lighting in the renovated areas. Finally, clinical and non-clinical equipment will be purchased.

Renovation related activities are anticipated to begin within 30 days of obtaining all local approvals and are to be completed within 3 months after the work begins.

The total HPC West End renovation project cost is **\$487,500**. This application requests **\$484,000** in funding to cover the majority of the total renovation and equipment costs. The balance of the project costs (**\$3,500**), including unallowable costs, will be paid for from private contributions.

	ALLOWABLE COSTS	UNALLOWABLE COSTS
Administrative and legal expenses	\$24,000 to pay HPC's administrative staff costs directly related to this project.	
Architectural and engineering fees	\$38,500 for the architectural and engineering fees, which will cover the following: mechanical and electrical design; bid renovation/construction documents (plans and specifications), and assistance during the construction bidding (answer questions presented by the contractors).	
Project inspection fees	\$7,500 for project inspection fees. The inspections will be conducted in accordance with the local Department of Public Works standard and building codes.	
Site work	\$11,500 for exterior site work for renovation of the curb/sidewalk to include handicap accessibility and for restriping parking spaces near the building to improve our handicapped spaces.	
Demolition and removal	\$9,100 for removal and disposal of interior partitions and materials in the interior of the existing building.	\$3,500 for abatement of asbestos insulation on existing ductwork at the rooftop units.

	ALLOWABLE COSTS	UNALLOWABLE COSTS
Minor A/R (Construction)	<p>\$328,900 to renovate 5,700 square feet of existing space.</p> <p>This renovation cost is derived from the following cost breakdown: structural (\$28,000), general construction (\$103,500), mechanical (\$133,000), and electrical (\$64,400).</p> <p>The structural cost of \$28,000 is comprised of the following: creating openings in the existing interior walls, wall bracing, supports and minor modifications to the existing structure.</p> <p>The general construction cost of \$103,500 is comprised of the following: concrete patching work for plumbing; metals (aluminum railings and handrails); woods and plastic (cabinets & casework, shelving, table counter tops); doors and interior windows (metal windows, aluminum doors and frames, high moisture frames, wood doors, door hardware, pass and observation window); and finishes (ceiling suspension, gypsum board (wall partitions) on metal framing, ceramic tiles, non-absorbent acoustical ceiling, seamless, poured-in-place flooring with integrated wall base and accessories, and painting new and existing partitions with easily cleaned paint).</p> <p>The mechanical cost of \$133,000 covers the following: replacement of (2) new HVAC units, additional air intake vents, replacement of air filtration with a new HEPA filter systems; fire protection system (fire sprinkler system - steel piping, sprinkler heads, steel hose, and inspector test valve), water, sewer, and piping systems (plumbing fixtures and equipment - lavatory, water closet, sinks, electric water heater); hot and cold water and piping insulation;</p> <p>The electrical cost of \$64,400 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, security alarm conduit system); and fire sprinkler system (fire alarm cable, fire alarm heat detector, fire alarm control panel).</p>	
Equipment	<p>\$48,000 (moveable equipment only; installed equipment items are included in the minor A/R (construction) costs).</p> <p>\$32,000 for clinical equipment; \$16,000 for non-clinical items.</p> <p>See itemized equipment list for additional information.</p>	
Contingencies	<p>\$16,500, which is less than 5% of the sum of site work, demolition and removal, and minor A/R (construction) costs.</p>	
TOTALS	\$484,000 total allowable costs	\$3,500 total unallowable costs
TOTAL PROJECT COSTS (Allowable and Unallowable Costs)	\$487,500	
Total funding requested for minor A/R	\$484,000	

The following chart lists sample allowable and unallowable costs for a proposed minor A/R project.¹

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
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 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 • 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
Site Work	<ul style="list-style-type: none"> • Minor alteration at entrances and adjacent sidewalks as required for ADA compliance • Small concrete pads (30 SF or less) for an A/C unit or a small power generator. 	<ul style="list-style-type: none"> • Fees not related to the project • Exterior building work such as paving, large concrete pad, retaining walls, foundations, etc. • Landscaping costs

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
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
Minor Alteration / Renovation (Construction)	<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
Equipment	<ul style="list-style-type: none"> Moveable equipment³ that is pertinent to the project (include details on Equipment List form). Fixed equipment, such as HVAC units, are included in A/R costs. 	<ul style="list-style-type: none"> Donated equipment Luxury furniture
Contingencies	<ul style="list-style-type: none"> Contingencies are limited to 5% of the sum of the site work, demolition and removal, and minor A/R (construction) costs. 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, built-in refrigerators, 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.