

2011: SB 15

MEMORANDUM TO: School Business Officials
Superintendents of Plant

FROM: Nancy Whynot
Director, Capital Programs Branch

DATE: May 11, 2011

SUBJECT: **Details on Capital Funding for 2011-12 and Ministry Statement on Surplus Properties**

The purpose of this memorandum is to provide additional details about the new multi-year capital program starting in 2011-12 announced in memorandum **2011:B3 *Education Funding for 2011-12***. As outlined below, there is capital funding available to school boards:

- \$150M annually for the next three school years for School Condition Improvement;
- Up to \$40M in 2011-12 for Temporary Accommodations;
- Up to \$600M in funding over three years to undertake major capital projects and expand access to French-language rights holders; and
- Funding for purchases of land.

It should be noted that a regulation to govern grants to school boards in their 2011-12 fiscal year has not yet been made. The information in this memorandum is provided in the absence of such a regulation.

The initiatives and investments described herein must be implemented by, and are conditional upon, the making of such a regulation by the Lieutenant Governor in Council.

The Ministry intends to seek such a regulation and will advise you if it is made.

School Condition Improvement

The board-by-board allocation for the 2011-12 School Condition Improvement funding was announced in memorandum **2011:B3**. Funding will be flowed to boards through the Grants for Student Needs (GSN) as part of the monthly payments to boards. Boards will be required to report the spending of this funding in the ReCAPP/TCPS[®] database. As with the School Renewal Allocation, unspent funds in any particular year from this allocation must be reported in a deferred revenue account. This deferred revenue may be brought into revenue or in a deferred capital account (deferred capital contribution) in the future as boards incur expenditures to ensure the physical integrity and safety of school buildings.

Boards must use this funding on depreciable renewal expenditures in schools that are expected to remain open and operating for at least five years. Boards should use the funding to address renewal priorities of the board, including addressing health and safety, replacing and repairing building components, improving the energy efficiency of schools, and improving accessibility. Boards are not to use this funding to expand the size of schools, build new schools or to service debt.

The allocation method for the School Condition Improvement funding in 2011-12 will not necessarily be used in 2012-13 and 2013-14. In future years this funding will likely be allocated to boards based, in part, on facility condition information acquired through the new condition assessment program beginning this spring.

Please see memorandum **2011:SB7** for the latest update on the transition from ReCAPP[®] to TCPS[®] and the facility condition assessment program. Training on TCPS[®] is available from Altus - please contact Sazan Bimo at (416) 234-4201 for further assistance. Keeping project information and building component information up-to-date is critical to the success of this program.

Temporary Accommodations

In 2011-12, the Ministry will continue to support costs related to temporary accommodations – leases for permanent instructional space, portable leases and purchases, and portable moves – that were formerly supported by the New Pupil Places grant. The board-by-board allocation of \$35.3M for 2011-12 is attached as Appendix A.

Portable funding is based on a three-year history of school specific portable counts as reported in the School Facilities Inventory System. Where boards had net board-wide additional portables, these were modelled as new portable purchases at \$120,000 per portable. Where boards had additional portables at schools offset by decreased portables at other schools these were modelled as portable relocations at \$35,000 per portable. For example, if a board averaged 8 portable additions and 5 portable removals over the three-year history, the Temporary Accommodation allocation was calculated as \$535,000 (3 portable purchases @ \$120,000 each and 5 portable relocations @ \$35,000 each).

Permanent capacity lease funding is based on the greater of the permanent capacity lease costs reported in the 2008-09 and 2009-10 Financial Statements.

Permanent Capacity lease costs incurred after 2009-10 are not reflected in the board's 2011-12 Temporary Accommodations amount. This allocation can be used to support new lease costs entered into in 2010-11 or for 2011-12. If new lease costs are sizeable, the board may contact their capital analyst about applying for additional Temporary Allocation funding in 2011-12. The board would have to demonstrate both the rationale and financial need for the lease which would be considered in the context of the board's other capital priorities.

Temporary Accommodations funding will be flowed as expenses are reported through EFIS. Unused amounts will not be carried forward to future years.

Capital Priorities Funding

The Ministry will allocate up to \$600M in funding for major capital projects to be undertaken beginning in the next three years.

Eligible projects include building or purchasing schools, building additions, or undertaking major retrofits of existing schools. Funding decisions will be based on the Ministry's review and analysis of the capital priority business cases submitted by school boards in response to memorandum **2010: B10 Request for Updated Capital Priorities**.

Boards' existing build capacity, as identified in the Capital Wrap-Up Template, adjusted for subsequent financial updates and construction approvals, will also be considered when approving funding. Boards will be expected to utilize their existing build capacity, proceeds of disposition, and/or board designated capital funds to address capital priorities prior to the Ministry providing funding.

Funding provided for capital priorities will be based on Ministry benchmarks. This new capital funding will be flowed to boards through the GSN as capital grants based on completed work. Payments will be based on the Capital Priorities related spending that boards report in their Financial Statements and in the March Report. While school boards will no longer need to undertake any long-term borrowing to finance their Capital Priorities capital investments, the Ministry will continue to fund short-term interest costs related to Capital Priorities capital projects to reflect that cash flows to boards will occur on a bi-annual basis. The short-term interest payments will be calculated in a similar manner as they are for other eligible capital programs.

The Ministry may provide additional funding to approved capital priority projects for land purchases, demolitions and/or unique site costs based on actual cost. As noted, the Ministry has some funding available to support the purchase of land.

The focus will be on funding the most urgent and pressing capital needs over the next three years. The program will address accommodation pressures, facility condition and/or facility utilization, including projects that can be completed in conjunction with

Full-day Kindergarten. Preference will be given to projects with clear solutions that can be completed by 2014-15 and projects where accommodation reviews have been completed or will be completed by June 2011.

The evaluation of business cases will focus on a number of criteria, including the following:

- Number of students without suitable accommodations
- Number of students currently housed in portables or holding schools
- Number of students in poor condition schools
- Distance from planned school/addition to either the existing holding schools or the existing students needing accommodation
- Facility condition information/magnitude of renewal needs
- Number of surplus spaces to be removed
- Joint school and/or partnership opportunities
- Appropriateness, cost and viability of the proposed solution
- Connection to Full-day Kindergarten requirements and funding
- Cost, energy or water savings

All the criteria related to number of students will be reviewed in the context of factors that can affect school size, such as location and school type.

As part of the \$600M Capital Priorities funding, the Ministry is allocating up to \$45M to expand access to French-language education over the next three years to provide equitable accommodation to rights holders not currently served by French-language education.

Projects will be selected based on business cases, with a focus on:

- Number of rights holders
- Distance to nearest French-language schools
- Appropriateness, cost and viability of the proposed solution
- Joint school and/or partnership opportunities

All Capital Priorities business cases will be evaluated by the Capital Program Branch analysts, who will be in contact with their boards to discuss the business cases, seek clarification and additional information where required, and provide feedback on the business cases. Approval announcements are expected to begin in June 2011.

Capital Approval Process

Boards are reminded of the capital approval process (Appendix B) required for any school construction or purchase with the following exceptions:

- projects funded through renewal funding, including regular and top-up renewal, Good Places to Learn renewal, Energy Efficient Schools funding or School Condition Improvement amount.
- projects of less than \$250,000 that are funded entirely through Full-Day Kindergarten.

In requesting an Approval to Proceed for a project that a board plans to self-fund from its build capacity and/or other sources, boards must identify the project's priority in relation to its existing list of Capital Priorities. The Ministry expects that the board's self-funded projects will be ranked among the board's highest priorities.

Disposition of Surplus Assets

Maximizing the use of public assets for the benefit of school boards, colleges and universities, and government is a core guiding principle seen in the *Education Act*, Ontario Regulation 444/98, the Facility Partnership Guideline, and government initiatives to improve coordination among public sector partners. The current fiscal situation underscores the importance of maximizing the use of public infrastructure for public purposes.

As part of board capital planning, boards are expected to review their surplus properties to determine whether they are needed for student accommodation in the foreseeable future. Assets not needed should be sold in a timely manner based on O. Regulation 444/98 or other relevant legislation.

Board capital assets should be utilized for the benefit of current and future students. Selling surplus properties reduces costs and generates funding to renew schools, build additions or build or purchase new schools. As well, assets not needed by one board may be needed by other publicly funded school boards or other public partners. Boards are encouraged to share information about surplus properties in order to assist co-terminous boards and other partners in making timely decisions.

The Ministry will be reviewing the surplus assets at all boards in order to determine potential next steps.

Other Updates

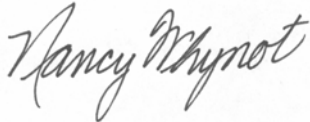
Memorandum 2011:B3 *Education Funding for 2011-12* also outlined an extension to the Energy Efficient Schools and Renewable Energy project completion dates.

In our October 21, 2010 SFIS update to boards, we asked that boards report the Functional Capacity of schools based on how facilities were actually being used. This initiative was designed to support Facility Partnerships (Memorandum 2010: B01 Encouraging Facility Partnerships). Top-up funding will continue to be calculated based on the On-the-Ground Capacity of the facility for 2011-12, as it was for 2010-11. The Ministry continues to review the Functional Capacity information submitted by boards in SFIS.

Ministry Contacts

If you have any questions, or require additional information, about capital funding for the 2011-12 school year, please feel free to contact the Capital Programs Branch analyst assigned to your board. A list is attached as Appendix C. You can also contact Paul Bloye, Manager (A), Capital Programs Branch at 416-325-8589 or at paul.bloye@ontario.ca.

Sincerely,

A handwritten signature in cursive script that reads "Nancy Whynot". The signature is written in black ink on a light-colored background.

Nancy Whynot
Director, Capital Programs Branch

Copy: Superintendents of Business and Finance

Appendix A: Temporary Accommodations Allocation 2011-12

Name of Board/Nom du conseil	Amount/Montant \$
Algoma District School Board	0
Algonquin and Lakeshore Catholic District School Board	367,984
Avon Maitland District School Board	70,000
Bluewater District School Board	70,000
Brant Haldimand Norfolk Catholic District School Board	140,000
Bruce-Grey Catholic District School Board	0
Catholic District School Board of Eastern Ontario	330,000
Conseil des écoles publiques de l'Est de l'Ontario	366,840
Conseil scolaire de district catholique Centre-Sud	1,065,000
Conseil scolaire de district catholique de l'Est ontarien	0
Conseil scolaire de district catholique des Aurores boréales	0
Conseil scolaire de district catholique des Grandes Rivières	0
Conseil scolaire de district catholique du Centre-Est de l'Ontario	1,515,000
Conseil scolaire de district catholique du Nouvel-Ontario	155,000
Conseil scolaire de district catholique Franco-Nord	0
Conseil scolaire de district des écoles catholiques du Sud-Ouest	1,065,000
Conseil scolaire de district du Centre-Sud-Ouest	720,000
Conseil scolaire de district du Grand Nord de l'Ontario	65,325
Conseil scolaire de district du Nord-Est de l'Ontario	360,000
District School Board of Niagara	280,000
District School Board Ontario North East	0
Dufferin-Peel Catholic District School Board	1,620,102
Durham Catholic District School Board	385,000
Durham District School Board	1,050,000
Grand Erie District School Board	140,000
Greater Essex County District School Board	422,203
Halton Catholic District School Board	1,617,693
Halton District School Board	2,530,000
Hamilton-Wentworth Catholic District School Board	620,000
Hamilton-Wentworth District School Board	1,160,000
Hastings and Prince Edward District School Board	0
Huron Perth Catholic District School Board	70,000
Huron-Superior Catholic District School Board	0
Kawartha Pine Ridge District School Board	0
Keewatin-Patricia District School Board	120,000
Kenora Catholic District School Board	0
Lakehead District School Board	0
Lambton Kent District School Board	70,000
Limestone District School Board	120,000
London District Catholic School Board	140,000
Near North District School Board	0
Niagara Catholic District School Board	210,000
Nipissing-Parry Sound Catholic District School Board	0
Northeastern Catholic District School Board	0
Northwest Catholic District School Board	0
Ottawa-Carleton District School Board	0
Ottawa Catholic District School Board	210,000
Peel District School Board	3,404,639
Peterborough Victoria Northumberland and Clarington Catholic District School Board	140,000
Rainbow District School Board	240,000
Rainy River District School Board	120,000

Name of Board/Nom du conseil	Amount/Montant \$
Renfrew County Catholic District School Board	35,000
Renfrew County District School Board	0
Simcoe County District School Board	1,991,691
Simcoe Muskoka Catholic District School Board	70,000
St. Clair Catholic District School Board	0
Sudbury Catholic District School Board	0
Superior-Greenstone District School Board	0
Superior North Catholic District School Board	0
Thames Valley District School Board	700,000
Thunder Bay Catholic District School Board	71,950
Toronto Catholic District School Board	2,786,224
Toronto District School Board	1,470,000
Trillium Lakelands District School Board	35,000
Upper Canada District School Board	280,000
Upper Grand District School Board	420,000
Waterloo Catholic District School Board	455,000
Waterloo Region District School Board	1,765,540
Wellington Catholic District School Board	210,000
Windsor-Essex Catholic District School Board	694,347
York Catholic District School Board	3,330,000
York Region District School Board	0

Appendix B: Approval Process for Capital Projects

The Ministry introduced new capital accountability measures starting November 1, 2009. These measures apply to all new capital projects that school boards undertake related to new schools, additions, or major school retrofits. The measures reflect some of the preliminary findings of the Expert Panel on Capital Standards.

Approval Point 1 - Pre-Design

Facility Space Template

Boards must complete the Facility Space Template as the first approval point for new schools, and major additions or retrofits that cost more than 50 percent of the value of the existing school. The Ministry must approve the template prior to the board retaining the services of an architect.

Facility Space Templates were developed to capture instructional and operational elements and calculate the approximate square footage for new elementary and secondary schools. The templates were designed by school board officials to demonstrate how a school board's needs can be accommodated within the Ministry's space benchmarks and to assist boards in evaluating potential square footage modifications, if needed.

The Facility Space Templates can be found at <http://faab.edu.gov.on.ca/CapitalPrograms.htm>

Appointment of Project Manager

Boards are required to appoint a Project Manager (either internal staff or an external resource) for each capital project. The Project Manager will oversee all aspects of the project including monitoring the budget and project timelines and ensuring processes are in place for issues such as change orders and other internal approvals. The Project Manager will also serve as the point of contact between the board and the Ministry for the duration of the project.

Approval Point 2 - Pre-Tender

Independent Cost Consultant

The Ministry also requires that an Independent Cost Consultant be retained by the board. The role of the Cost Consultant is to review the design, provide objective costing analysis and advice, and report to the board on options to ensure that the proposed capital expenditure is within the approved budget, prior to tendering a project. The Ministry will require a letter from a senior board official confirming that the project estimate by the Cost Consultant is within the approved budget, as part of the board's request for Approval to Proceed with the project (formerly called Transfer from Reserve).

Approval to Proceed with Capital Projects (formerly called Transfer from Reserve)

Since June 12, 2006, any capital projects funded through Ministry capital programs have been subject to the Ministry's approval. As a result of this requirement, boards are advised to seek Ministry approval prior to tendering a capital project. This change was implemented to ensure that boards have the financial resources to carry capital projects to completion. This requirement for approval before proceeding with capital projects will continue.

An exception to this approval requirement: FDK capital projects that cost less than \$250,000 do not require a Ministry Approval to Proceed. This exemption only applies for stand-alone FDK projects and a cost estimate for the project would still be required.

Approval Point 3 - Post-Tender

If the tendered amount for the capital project is consistent with the pre-tender project approval, the board may proceed to accept the tender. However, as is the current practice, if the tendered amount for the capital project is higher, the board will be required to identify a source of funding to offset the higher costs and will need an additional approval for the higher amount before the contract can be awarded.

Appendix C: List of Capital Analysts

School Board	Analyst	Telephone	Email
Algoma DSB	Daniel Castaldo	416-325-2022	Daniel.Castaldo@ontario.ca
Algonquin and Lakeshore CDSB	Catherine Morris	416-326-9932	Catherine.Morris@ontario.ca
Avon Maitland DSB	Michael Wasyluk	416-326-9924	Michael.Wasyluk@ontario.ca
Bluewater DSB	Mersad Fard	416-325-2018	Mersad.Fard@ontario.ca
Brant Haldimand Norfolk CDSB	Michael Wasyluk	416-326-9924	Michael.Wasyluk@ontario.ca
Bruce-Grey CDSB	Mersad Fard	416-325-2018	Mersad.Fard@ontario.ca
CDSB of Eastern Ontario	Cameron Whitehead	416-325-4297	Cameron.Whitehead@ontario.ca
CÉP de l'Est de l'Ontario	Anne Virely	416-212-4818	Anne.Virely@ontario.ca
CSDC Centre-Sud	Alexandre Beaudin	416-235-2372	Alexandre.Beaudin@ontario.ca
CSDC de l'Est Ontarien	Anne Virely	416-212-4818	Anne.Virely@ontario.ca
CSDC des Aurores boréales	Anne Virely	416-212-4818	Anne.Virely@ontario.ca
CSCD des Grandes-Rivières	Anne Virely	416-212-4818	Anne.Virely@ontario.ca
CSDC du Centre-Est de l'Ontario	Anne Virely	416-212-4818	Anne.Virely@ontario.ca
CSDC du Nouvel-Ontario	Anne Virely	416-212-4818	Anne.Virely@ontario.ca
CSDC Franco-Nord	Anne Virely	416-212-4818	Anne.Virely@ontario.ca
CSDÉC du Sud-Ouest	Anne Virely	416-212-4818	Anne.Virely@ontario.ca
CSD du Centre-Sud-Ouest	Alexandre Beaudin	416-235-2372	Alexandre.Beaudin@ontario.ca
CSD du Grand Nord de l'Ontario	Anne Virely	416-212-4818	Anne.Virely@ontario.ca
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DSB of Niagara	Patrizia Del Riccio	416-326-9667	Patrizia.DelRiccio@ontario.ca
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Durham DSB	Catherine Morris	416-326-9932	Catherine.Morris@ontario.ca
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Halton CDSB	Mersad Fard	416-325-2018	Mersad.Fard@ontario.ca
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Kenora CDSB	Kristin Grunenکو	416-326-9445	Kristin.Grunenko@ontario.ca
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Ottawa CDSB	Cameron Whitehead	416-325-4297	Cameron.Whitehead@ontario.ca
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Renfrew County CDSB	Cameron Whitehead	416-325-4297	Cameron.Whitehead@ontario.ca
Renfrew County DSB	Cameron Whitehead	416-325-4297	Cameron.Whitehead@ontario.ca
Simcoe County DSB	Michael Wasylyk	416-326-9924	Michael.Wasylyk@ontario.ca
Simcoe Muskoka CDSB	Michael Wasylyk	416-326-9924	Michael.Wasylyk@ontario.ca
St. Clair CDBS	Diamond Tsui	416-325-2017	Diamond.Tsui@ontario.ca
Sudbury CDSB	Kristin Grunenko	416-326-9445	Kristin.Grunenko@ontario.ca
Superior-Greenstone DSB	Kristin Grunenko	416-326-9445	Kristin.Grunenko@ontario.ca
Superior North CDSB	Kristin Grunenko	416-326-9445	Kristin.Grunenko@ontario.ca
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Upper Grand	Mersad Fard	416-325-2018	Mersad.Fard@ontario.ca
Waterloo CDSB	Patrizia Del Riccio	416-326-9667	Patrizia.DelRiccio@ontario.ca
Waterloo Region DSB	Patrizia Del Riccio	416-326-9667	Patrizia.DelRiccio@ontario.ca
Wellington CDSB	Mersad Fard	416-325-2018	Mersad.Fard@ontario.ca
Windsor-Essex CDSB	Diamond Tsui	416-325-2017	Diamond.Tsui@ontario.ca
York CDSB	Mersad Fard	416-325-2018	Mersad.Fard@ontario.ca
York Region DSB	Mersad Fard	416-325-2018	Mersad.Fard@ontario.ca

Please note, that we have reassigned some school boards to different analyst to reflect the addition of new staff members. Over the next few months, we will be transitioning these school boards from their current capital analyst to their new analyst.