

2017: SB29

MEMORANDUM TO: Superintendents of Facilities
Superintendents of Business

FROM: Colleen Hogan
Director
Capital Policy Branch

DATE: September 27, 2017

SUBJECT: **Renewal & Community Hubs Reporting, 2016-17 Financial Statements**

Over the 2016-17 school year, the ministry has invested \$1.4 billion to keep schools in a good state of repair, which includes \$200 million for the new Greenhouse Gas Reduction Fund, and \$50 million to cover minor retrofit and accessibility costs to support community hubs. This memorandum is intended to provide guidance for the financial reporting of these significant investments. We would like to bring to your attention the following items:

1. Financial Reporting 2016-17 School Year
2. Reporting of School Condition Improvement (SCI) Deferred Revenues
3. Greenhouse Gas Reduction Fund (GGRF)
4. Community Hubs Capital Funding (Minor Retrofits and Accessibility)
5. School Renewal Allocation (SRA)
6. Signage

1. Financial Reporting 2016-17 School Year

Expenditures incurred under the three programs listed below must be reported in VFA.facility by October 31st to be reimbursed.

- School Condition Improvement (SCI)
- Greenhouse Gas Reduction Fund (GGRF)
- Community Hubs Capital Funding (Minor Retrofits and Accessibility)

The Ministry will then upload the reported expenditures directly into the Education Finance Information System (EFIS). To support boards in meeting their 2016-17 financial statements reporting deadline, the first upload to EFIS occurred on September 18, 2017. From that point forward, the Ministry intends to upload from VFA.facility to EFIS three times a week (Monday, Wednesday and Friday) until October 31, 2017. All projects must be locked and archived to ensure successful transfer to EFIS. Please ensure that you specify the appropriate funding source, cost incurred in the reporting

interval and fiscal year for all expenditures. The timelines for financial reporting are posted below.

Expenditure Period	First Upload to EFIS	Last Upload to EFIS	Cash Payment
April 1 to August 31	September 18, 2017	October 31, 2017	February 2018

Note that the use of capital funds is subject to audit and that the ministry may also choose to follow up on reported expenditures. Failure to provide details when requested will result in either claw back or the ministry withholding funds.

2. SCI Deferred Revenues (pre-2015-16 allocation)

School boards with SCI funds in deferred revenues are reminded to deplete these reserves prior to accessing their allocations for 2015-16 and subsequent years. Expenditure funded through deferred revenues (including interest earned on deferred revenue and adjustments) must be reported in VFA.facility using the 2014-15 SCI budget code and are to be manually entered into EFIS, as they will not be uploaded from VFA.facility.

Please ensure you are using the correct budget codes for reporting SCI expenditures in VFA.facility, as using the incorrect budget code will draw down your 2015-16/2016-17 SCI allocation before you have depleted your SCI deferred revenues. It will also double count SCI expenditure when boards enter expenditure funded through deferred revenue in EFIS.

3. Greenhouse Gas Reduction Fund (GGRF)

In memorandum 2017: SB08, the ministry announced the \$200 million Greenhouse Gas Reduction Fund (GGRF) to reduce GHG emissions from facilities in the education sector. Eligible expenditures under this program support the replacement, renewal and installation of new energy efficient building components in:

- elementary schools
- secondary schools
- administrative buildings

Eligible facilities are board-owned facilities (third party leases excluded) that are expected to remain open and operating for a minimum of five years.

Remember that **this is a time limited program** for eligible expenditures incurred between April 12, 2017 and March 31, 2018. Your available room **cannot be carried forward beyond the program end date.**

GGRF Program Timelines	Start Date	End Date
	April 12, 2017	March 31, 2018

This program has been funded through cap and trade proceeds. By law, cap and trade proceeds must be invested in projects that reduce GHG emissions. To track expenditures under this program, they must be reported in VFA.facility using the GGRF funding source to be reimbursed. Reporting will occur as part of your 2016-17 Financial Statements and 2018 March Report.

Eligible components **must be reported under the approved UniFormat categories listed in Appendix A**, otherwise expenses will not be reimbursed.

These funds are not intended to:

- Fund operational or maintenance expenses
- Support new construction or facility enhancements that expand the gross floor area of the facility or the original intended use of the facility
- Cover salary and wages of school board staff
- Service debt

4. Community Hubs Capital Funding

All Minor Retrofits and Accessibility expenditures made by boards must be reported in VFA.facility and will then be uploaded by the Ministry directly into EFIS. To report on community hubs expenditures, school boards will summarize their minor retrofit or accessibility expenditures by school and enter the total under two expenses categories – “Retrofit Expenses” and/or “Accessibility Improvement Expenses”. School boards will report on:

- the expenditures incurred to date (note: all expenditures must be depreciable and qualify for amortization);
- the type of capital work (retrofit and/or accessibility) undertaken;
- the community hub partners that will benefit from the capital work (new or existing);
- the type and description of the services provided by the community partners; and
- the length of the lease agreement between the community hub partner and the school board.

5. School Renewal Allocation (SRA)

The Ministry is moving to mandatory reporting of all SRA expenditures that are capital in nature in VFA.facility for the 2016-17 school year. All reported expenditures (as in-progress or complete projects) in VFA.facility must match the reported expenditures (for the 2016-17 school year) in EFIS by January 31, 2018. Note that this deadline has no bearing on EFIS reporting. For 2016-17 financial statements, boards can continue to enter expenditure details in EFIS.

6. Signage

With significant investments to maintain and repair facilities, the Ministry is requesting that school boards continue to display signage that identifies the support of the Government of Ontario at the site of all school renewal construction work with a value of

at least \$100,000. Signage will be provided to school boards by the Ministry of Education. School boards are then responsible for posting the signage for the projects in a prominent location. This should be done in a timely manner following the receipt of the signage. All signage production costs are covered by the Ministry of Education, including the cost of distributing the signage to school boards.

7. Key Contacts

The Ministry looks forward to working in partnership with school boards as we invest in keeping our schools in a state of good repair. Improving learning environments is one of the best infrastructure investments we can make.

For questions about any of the information included in this memorandum, please contact:

Hitesh Chopra, Manager
Capital Policy Branch
(416) 325-1887 / Hitesh.Chopra@ontario.ca

For questions relating to VFA.facility, please contact Accruent:

Sazan Bimo, Project Lead
sbimo@accruent.com
(647) 497-5421

Al Kostiuk, Application Lead
akostiuk@accruent.com
(647) 497-5405

Sincerely,

Original signed by:

Colleen Hogan
Director
Capital Policy Branch

Copy: Directors of Education

Appendix A: Uniformat Codes for GGRF Expenditures

Category	Eligible Components	Uniformat Code
Lighting	High Efficiency Lighting Systems (e.g. LED)	D502003 - Lighting and Branch Wiring - Interior Lighting D502004 - Lighting and Branch Wiring - Exterior Lighting D502005 - Lighting and Branch Wiring - Exit Lighting and Signs D502006 - Lighting and Branch Wiring - Stage Lighting D502007 - Lighting and Branch Wiring - Emergency Lighting - Battery Back-ups
	Controls and Sensors	D306002 - Controls and Instrumentation - Electronic
HVAC & Controls	High Efficiency Boilers & Furnaces	D302001 - Heat Generating - Steam Boilers D302002 - Heat Generating - Hot Water Boilers D302003 - Heat Generating - Furnaces
	High Efficiency Boiler Burners	D302001 - Heat Generating - Steam Boilers D302002 - Heat Generating - Hot Water Boilers
	Heat Recovery / Enthalpy Wheels for Ventilation	G304099 - Other Heating Distribution
	Economizers	D302052 - Auxiliary Equipment - Heat Exchanger
	High Efficiency HVAC Systems	D3010 - Energy Supply
	High Efficiency Rooftop and MUA units	D302097 - Make-Up AHU D302098 - Roof Top AHU - Heat & Cool
	High Efficiency Domestic Hot Water	D202030 - Domestic Water Distribution - Natural Gas DWH D202031 - Domestic Water Distribution - Electric Hot Water Heaters D202032 - Domestic Hot Water Distribution - Instantaneous Hot Water Heaters

Category	Eligible Components	Uniformat Code
	High Efficiency Motors	D501007 - Electrical Service and Distribution - Motor Control Centre
	Variable Frequency Drives	D302056 - Variable Frequency Drives (VFD)
	Demand Ventilation	D305001 - Terminal and Package Units - Unit Ventilators
	Controls for Entrance Heaters	D306001 - Controls and Instrumentation - HVAC Controls
	Building Automation Systems – New or Upgrades	D3060 - Controls and Instrumentation
	Real-time Energy Monitoring	D5090 - Other Electrical
	Voltage Harmonizer	D5010 - Electrical Service and Distribution
	Ground Source Heat Pump (Geothermal)	D305007 - Terminal and Package Units - Heat Pumps
	Air Source Heat Pump	D305007 - Terminal and Package Units - Heat Pumps
	Solar Air & Water	D3010 - Energy Supply
	Energy Efficient Ventilation	D305001 - Terminal and Package Units - Unit Ventilators
Building Envelope	Energy Efficient Windows / Doors / Skylights (e.g. lower thermal conductivity fenestration)	B2020 - Exterior Windows B2030 - Exterior Doors B302006 - Roof Openings - Skylight
	Increased Wall & Roof Insulation (with increased air tightness)	A2020 - Basement Walls B2010 - Exterior Walls B3010 - Roof Coverings
	New Roof (with high insulation factors)	B3010 - Roof Coverings
Various	Solar Photovoltaic	D3010 - Energy Supply
	Commissioning / Retro-commissioning (as part of a capital project)	Include expenses in capital project costs

Category	Eligible Components	Uniformat Code
	Electric Vehicle Charging Stations	D509003 – Other Electrical – EV Charging Station (Boards will need to specify number of stations and costs)
	Other technologies (only if approved by the Ministry of Education in advance)	