

TO: FINANCE COMMITTEE

FROM: Manny Figueiredo, Director of Education

DATE: April 14, 2016

PREPARED BY: Stacey Zucker, Executive Superintendent of Board Operations and Treasurer
David Anderson, Senior Facilities Officer

RE: Annual Capital Plan

Action**Monitoring X****Rationale/Benefits:**

This report is intended to provide trustees with an overall 5-year strategy for capital spending.

Background:

On February 25, 2016, the Finance and Facilities Committee received a report that discussed the “Secondary School Revitalization Framework” and the annual funding sources available for capital over the next five years. At that time, staff discussed that this was one component of a larger capital plan.

This report outlines staff’s recommendation for all the components of the overall capital plan and the annual funding to be attributed to each of those components.

Staff Observations:Components*I. Secondary School Facility Benchmarks (Previously referred to as Secondary School Revitalization)*

At the March 3, 2016 Finance and Facilities Committee meeting, staff presented a matrix that showed the benchmarks that were contemplated in the original Secondary School Revitalization Plan. These benchmarks were attained from the requirements of the Secondary Program Strategy.

From that matrix, trustees choose priorities and these priorities were to be included in the Secondary School Facility Benchmark component of the capital plan. The priorities identified were science labs, playing fields and learning commons and potentially gym floors and technology labs.

2. Elementary School Facility Benchmarks

The Board's Program Committee is in the process of reviewing the Elementary Program Strategy. From the Elementary Program Strategy, certain facility benchmarks will be presented as expectations for all HWDSB Elementary Schools remaining in the Board's permanent inventory. The Finance and Facilities Committee will review the facility benchmarks to determine the Board priorities.

Once an elementary school finishes going through an Accommodation Review and is identified as remaining in the Board's permanent inventory, the school will be assessed as to whether it meets the expectations of the benchmarks determined by the Board as priorities. Feasibility studies will be completed, where necessary, to determine the costs associated with the associated capital projects and a plan for Elementary School Facility Benchmarks will be produced and presented to the Finance and Facilities Committee based on costs and available budget. This process would take place for all elementary schools that have been through an Accommodation Review to date as well as those that will go through an Accommodation Review in the future.

3. Secondary Program Strategy

Appendix A is schedule that shows where all the HWDSB Specialized (Tier 3) Programs and Specialist High Skills Major (SHSM) Programs will be located once the Secondary Program Strategy is fully implemented. Facilities staff is in the process of reviewing the facility requirements at each of the locations to determine any work required. At the time that the Secondary Program Strategy was approved, it was estimated that the total cost of the work related to the Secondary Program Strategy would amount to approximately \$5 million. Once staff has finalized its review, they will be in a better position to provide an update on this amount.

4. Elementary Program Strategy

Since the Elementary Program Strategy has not yet been finalized, staff is not in a position to know whether there will be specific capital costs related to the implementation of the Strategy. Staff is suggesting that Elementary Program Strategy be set aside as a possible component in the overall capital plan and will determine at a later date if it is truly required.

5. Annual School Renewal

This component of the overall capital plan relates to all other school renewal needs of all schools across HWDSB. This would be the component of the capital plan that addresses high and urgent needs. A plan for these school renewal projects will be presented to the Finance and Facilities Committee on an annual basis.

6. Annual Repairs and Maintenance

This component of the overall capital plan is actually part of the annual operating budget. It represents the regular repairs and maintenance that occurs on an annual basis in a variety of areas. The intention is that regular maintenance will prevent deferred maintenance in the future. There are many subcomponents of the repairs and maintenance plan. For example, there is a plan for elevator maintenance, a plan for gym floor maintenance and a plan for plumbing maintenance.

7. Other

This component of the plan represents any of the capital projects that have either been funded by the Ministry through School Consolidation Capital or Capital Priorities Funding or specific projects for which the Ministry has approved the Board using Proceeds of Disposition for such as Greenville.

Funding For Annual Capital Plan**Sources**

There are 3 main funding sources for the Annual Capital Plan:

School Renewal Grant (SRG)

SRG is an annual amount that is provided through the Ministry funded Grant for Student Needs (GSN). This grant is available to address the costs associated with repairs and renovations to schools. HWDSB receives approximately \$8 million per year.

School Condition Improvement (SCI)

SCI is intended to address the renewal backlog from the data collected to date through the Ministry's five-year Condition Assessment Program. SCI funding received was approximately \$12 million in 2015-16 and 2016-17 school years. The future amounts are yet to be determined by the Ministry and could impact planning negatively.

80 percent of SCI funding must be directed to key building components (foundations, roof, windows and HVAC / plumbing systems). The remaining 20 percent may be directed to the costs to improve any locally identified renewal needs that are listed in TCPS.

Proceeds of Disposition

Proceeds of Disposition result from the sale surplus properties. Ontario Regulation 193/10 states that Proceeds of Disposition (POD) must be used for the repair or replacement of components within a school. Therefore, the POD will be used for the annual capital plan. Board staff is estimating approximately \$65 million in proceeds of disposition (PODs) available for school renewal purposes over the next 5 years.

Annual Allocation

Annually through the Grant for Student Needs (GSN), the Board will receive approximately \$20 million. This amount is intended for all of the school renewal needs of the entire Board.

In addition, based on Regulation 193/10, it is reasonable that the Board set aside its POD to support the Annual Capital Plan. POD are not received equally on an annual basis and POD are a one-time source of funds. POD are not guaranteed and depend on the sale of the properties. Therefore, Board staff feels that it is reasonable to allocate \$60 million of POD over the next 5 years to the Strategy or \$12 million annually.

In total, Board staff feels that it has approximately \$32 million annually to allocate to its Capital Plan. Board Staff is recommending it be allocated as follows:

Component	Amount
Secondary School Facility Benchmark	\$11 million
Elementary School Facility Benchmark	\$11 million
Secondary Program Strategy	\$2 million
Elementary Program Strategy	TBD if any
Annual School Renewal	\$8 million
Other	Varies depending on approved projects
Total	\$32 million

Annual Repairs and Maintenance	\$3.5 million from the operating budget
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1. Secondary School Facility Benchmark

The Board approved \$11 million towards this component of the plan at the March 21, 2016 Board meeting.

2. Elementary School Facility Benchmark

Based on available funding and the number of elementary schools that have been through or will be going through Accommodation Reviews, Board staff feels that \$11 million is a reasonable amount. It matches the amount being spent on Secondary School Facility Benchmarks and it leaves \$10 million for the remainder of the annual capital plan.

3. Secondary Program Strategy

Board staff is recommending that \$2 million be set aside in the annual plan for the capital projects resulting from the Secondary Program Strategy. Over a 5-year period, this amounts to \$10 million which is double the original estimate. This is conservative but if it is not entirely used, the unused amount can be moved to another component of the overall capital plan.

4. Elementary Program Strategy

Currently staff is not recommending any budget be allocated to this component. If after the Elementary Program Strategy is complete there are projects which are required, staff is suggesting that funding be allocated from the Elementary School Facility Benchmark component.

5. Annual School Renewal

Through the GSN, the Board is allocated approximately \$8 million annually for school renewal. Board staff feels that this is an appropriate amount to allocate annually to all schools to manage high and urgent needs.

The total of the proposed budget allocation for these 5 components matches the \$32 million expected in revenue on an annual basis.

6. Annual Repairs and Maintenance

This component is funded through the annual operating budget. Previous year's spending has been approximately \$3.5 million. This is what staff is proposing to continue.

7. Other

The budget for this component will vary from year to year depending on the amount of money provided to the Board from the Ministry. The budget will be presented to trustees on an annual basis through the regular budget process as part of the capital budget.

Conclusion:

The components of the annual capital plan and the recommended budget allocation for each component are highlighted in Appendix B. Board staff feels that this will be the basis of a comprehensive capital plan that will begin address the significant capital and renewal needs of the Board.

APPENDIX A: HWDSB Specialized (Tier 3) Programs & Specialist High Skills Major Programs Placements

Section 5

	ENTRY GRADE	PROGRAMS	Ancaster	Dundas VSS	Glendale	Nora Henderson	New North SS	Orchard Park	Saltfleet	Sherwood	Sir Allan MacNab	Sir Winston Churchill	Waterdown	Westdale	Off Site Location
SPECIALIZED (TIER 3) PROGRAMS	10,11,12	Artsmart									X				
	11,12	Construction - BCFTGU													X (TBD)
	9-12	Cosmetology				X (From MTN SS) upon opening of New NFH SS)		X				X (From Delta) with opening of New North SS	X		
	9-12	ESL/ELD			X	X	X (from SJAM)							X* New - with opening of new North SS	
	9	French Immersion								X				X	
	11	International Baccalaureate	X		X									X	
	11,12	Ontario Public Service Program					X (Delta)								
	9-12	Performing Arts			X Sept 2016										
	9	Strings			X										
	10,11,12	EXYTE													X (TBD)
SPECIALIST HIGH SKILLS MAJOR PROGRAMS	11	Arts & Culture: Arts			X						X			X	
	11	Arts & Culture: Digital Media		X			X New Appl'n with school opening	X New Appl'n for 2016/17							
	11	Aviation & Aerospace	X									X New Appl'n for 2016/17			
	11	Business			X										
	11	Construction							X					X	
	11	Energy					X (from SJAM)								
	11	Environment											X		
	11	Horticulture							X						
	11	Health & Wellness					X (from Delta)			X	X	X			
	11	Hospitality/Tourism (Food Services)					X (from Delta)	X			X (From MTN SS upon closure)		X New Appl'n for 2016/17		
	11	Information & Communication	X New Appl'n for 2016/17			X									
	11	Justice, Community Safety, & Emergency Services				X									
	11	Manufacturing		X						X* (From NFH SS upon closure)		X			
	11	Non-Profit							X						

APPENDIX A: HWDSB Specialized (Tier 3) Programs & Specialist High Skills (Major Programs Placements)

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	11	Transportation		X New Appl'n for 2016/17	X New Appl'n for 2016/17	X New Appl'n with school opening									
INTERVENTION & SUPPORT	9-12	ALPHA				X	X (from SJAM)								
	9-12	NYA:WEH				X Sept 2017	X (from Delta)					X			
	9-12	Graduated Support Program				X	X	X	X Sept 2016	X		X	X	X	
	9-12	Extended Support Program	X	X	X		X				X				
	9-12	Personalized Learning Support Program		X	X	X									X
CURRENT SCHOOL ENROLMENT (October 31, 2015 Count)			1200	1047	848	700	0	992	1190	1023	1103	848	1213	1403	
ANTICIPATED SCHOOL ENROLMENT WITH FULL IMPLEMENTATION			1334	966	809	845	1193	969	1333	1048	1098	915	1240	1472	
SCHOOL UTILIZATION WITH FULL IMPLEMENTATION			98%	101%	68%	77%	95%	73%	114%	76%	81%	78%	75%	101%	

Hamilton-Wentworth District School Board
Components of Annual Capital Plan

