



Update on 2021-22 Capital Budget

To: Finance, Budget and Enrolment Committee

Date: 16 June, 2021

Report No.: 06-21-4113

Strategic Directions

- Transform Student Learning
- Create a Culture for Student and Staff Well-Being
- Provide Equity of Access to Learning Opportunities for All Students
- Allocate Human and Financial Resources Strategically to Support Student Needs
- Build Strong Relationships and Partnerships Within School Communities to Support Student Learning and Well-Being

Recommendation

It is recommended that the Update on 2021-22 Capital Budget report be received.

Context

The 2021-22 Capital Budget was presented and approved at the private session of the June 1, 2021 Special Finance, Budget and Enrolment Committee (FBEC) meeting. Extracts from the report will be presented at the public session of the June 16 FBEC meeting for further discussion.

To support school maintenance, renewal and improvement work, the Ministry of Education has approved Renewal, School Condition Improvement (SCI) and time limited COVID-19 Resilience Infrastructure Stream (CVRIS) funding for some of the current capital priority spend requirements. Appendix A provides the projected use of Renewal funds to support maintenance and renewal work in schools, and the use of SCI funds to support school condition improvement projects. Appendix C provides a high-level breakdown of the approved CVRIS funding by category.

Since September 2015, the Ministry of Education has also directed the use of POD for school renewal projects, in accordance with the School Condition Improvement (SCI) policy. Capital Priorities grant funding for new schools and the expansion of existing schools is approved through business case submissions to the Ministry.

The capital budget incorporates changes resulting from market valuation changes and project cost fluctuations. For the year ending 31 August 2022, the capital fund balance is projected to be \$191.2M. A summary of POD projections for the 2021-22 year is provided in Appendix D.

Renewal Funding

\$47.6M

Renewal funding is program-based expenditures supporting schools, such as health and safety, preventative maintenance, and high priority school projects.

These funds will be assigned to individual projects during the year. Proceeds of Disposition (POD) will be utilized after all Ministry Renewal funding has been fully expended, which will require Board and Ministry approval.

Appendix A provides the projected use of these funds to support maintenance and renewal work in schools.

School Condition Improvement Funding

\$226.8M

The regulations require that 70% of SCI program funding be designated for critical improvements of major building components that ensure student safety and improve energy efficiency. Examples are improvements relating to roofing, windows, HVAC, electrical and plumbing systems.

The remaining 30% can be used for locally identified capital priorities. This portion of the funding is used to improve visible school elements that impact students' well-being and public confidence, such as flooring, walls, ceilings, playing fields, etc. Staff will ensure equitable distribution of funding to schools outside of critical repairs.

The allocation methodology is to review the backlog of components, consult with Facility Services staff to identify priority needs and designate funding to capital work to improve the student learning environment.

Appendix A provides the projected use of these funds to support school condition improvement projects.

Appendix B provides eligibility criteria under SCI and School Renewal Allocation (SRA).

Barrier free and Accessibility

Per Appendix B, new building enhancement for barrier free and accessibility is eligible under Renewal funding but not eligible under SCI funding. As a majority of the Board's Renewal funding is allocated to support school maintenance and renewal work, any projects in excess of the Renewal funding (e.g. new barrier free and accessibility projects) will need to be funded by the Board's POD which requires Board and Ministry approval.

In 2014, the TDSB developed an accessibility definition for every TDSB building: Accessible, Partially Accessible and Not Accessible. This information is available on each school's web page. Based on the 2015 survey, and considering any recently built new buildings, approximately 46.9% of our buildings are accessible or partially accessible. The estimated cost to retrofit all existing buildings to meet the current Ontario Building Code requirements for barrier-free design was \$3.9B.

The cost to retrofit an existing building to allow accessibility will vary based on the design/configuration of the building and the extent of accessibility work required – for example, the scope and costs would need to reflect whether the building requires one (or more) elevators, are there existing barrier free washrooms for students and staff on each floor, what are the building entrance conditions, whether ramps are needed, etc. Accessibility should also include provisions for hearing and visual impairments.

It is important to note that barrier free requirements were introduced in the 1983 Ontario Building Code. Buildings that were built prior to 1983 were not required to provide Barrier Free design, although many schools built before 1983 do have an elevator for example. In terms of the TDSB Building Accessibility rating, there may be buildings that are accessible (with an elevator, automatic door openers, barrier-free washrooms, etc.) but not fully compliant with the most current code. For example, in the current code, the wheelchair turning radius in a barrier free washroom has been increased from 5'-0" to 8'-0".

To ensure all kids can attend their local schools, Staff have been working on a Building Accessibility Update and Strategic Plan report which will be brought forward in the Fall. An important component of that plan will be to outline a strategic approach to address accessibility of buildings for students and other needs from both a Learning Centre and Learning Network perspective.

COVID-19 Resilience Infrastructure Stream (CVRIS)

\$81.6M

Recognizing that the COVID-19 pandemic has created new demands for infrastructure investments, the government announced the new, time limited COVID-19 Resilience Infrastructure Stream (CVRIS) funding in October 2020. The funding was requested through an application approval process, and the TDSB was allocated \$81.6M across 1,016 projects.

Appendix C provides a high-level breakdown of the approved funding by category. These projects are required to be substantially complete by December 31, 2021 to qualify for the funding. The Ministry is currently in discussions with the Federal Government to allow an extension to the December 31 project completion date. At this time, school boards are encouraged to complete the projects by the 2021-22 school year so that the school communities can benefit from the health and safety improvements.

The main purpose of the funding is to support capital improvements in response to the COVID-19 pandemic. These projects should focus on fixed, tangible capital assets intended for public use and/or benefit that fall under one of the following themes:

- promoting occupant health and safety
- improving facility condition (e.g., optimize air quality and water refilling stations that also improve access to safe drinking water)
- enhancing physical distancing
- facilitating distance learning (e.g., network and broadband infrastructure)

Action Plan and Associated Timeline

The 2021-22 capital budget approved at the 1 June, 2021 Special FBEC meeting has been incorporated into the revised 2021-22 Operating budget to be presented on 16 June, 2021. Once the Board approves the 2021-22 operating budget and capital budget on 30 June, 2021, Staff will complete and submit the required budget documentation to the Ministry of Education on or before 9 July, 2021.

An update on SCI spending by project and building accessibility report will be provided at a future FBEC meeting in October 2021.

Resource Implications

Despite best efforts to address renewal issues through increased grants and applying revenues from site sales, the TDSB continues to face a renewal backlog of approximately \$3.7B.

Communications Considerations

N/A

Board Policy and Procedure Reference(s)

N/A

Appendices

- Appendix A: Renewal & School Condition Improvement (SCI) Project Allocations for 2021-22
- Appendix B: Eligibility Criteria under SCI and School Renewal Allocation (SRA)
- Appendix C: COVID-19 Resilience Infrastructure Stream (CVRIS) Funding Summary
- Appendix D: TDSB 2021-22 Proceeds of Disposition Projection

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Appendix A

Renewal and School Condition Improvement Grant				
Funding Programs	2019-20	2020-21	2021-22	
Renewal				
	Expenditures (\$ millions)	Budget	Budget	Budget
	Renewal Funded Maintenance	29.9	29.8	29.9
	School High Priority Projects	2.0	3.0	3.0
	Standards, Compliance & Env.	4.2	4.2	3.9
	Planned Programs/Projects	3.6	3.6	3.6
	Emergency/Health & Safety	2.5	2.5	2.5
	Preventive Maintenance	4.0	4.0	4.0
	Other/Contingency	1.0	0.5	0.7
	Total Expenditures	47.2	47.6	47.6
School Condition Improvement (SCI)				
	Expenditures (\$ millions)	Budget	Budget	Budget
	Roofing	30.0	20.0	17.0
	Mechanical	72.5	80.0	68.0
	Structural/Brick Work	40.0	45.0	40.5
	Windows	20.0	30.0	25.0
	Electrical	20.0	20.0	17.0
	Barrier Free Upgrades	10.0	0.0	0.0
	Parking Lots	12.0	14.0	12.0
	Field Restoration	12.0	14.0	12.0
	Interior Components	4.0	15.5	13.0
	Fascia	2.0	3.0	0.0
	Painting	4.0	3.8	3.5
	Student Success Strategy	0.0	8.5	8.0
	Contingency	18.3	10.2	10.8
	Total Expenditures	244.8	264.0	226.8

Eligibility Criteria under SCI & SRA (School Condition Improvement & School Renewal Allocation)

Eligible Expenditures	SCI	SCI	SRA
	Restricted (70%)	Unrestricted (30%)	
Capital – Renew / Replace Components			
Substructure (e.g., foundations, basement walls)	Yes	Yes	Yes
Shell / Superstructure (e.g., roofs, exterior walls and windows)	Yes	Yes	Yes
Interiors (e.g., stairs, floor finishes, ceilings)	No	Yes	Yes
Services (e.g., plumbing, HVAC, fire protection and electrical)	Yes	Yes	Yes
Equipment & Furnishings (e.g., <u>fixed</u> items only)	No	Yes	Yes
Special Construction & Demolition (i.e., hazardous waste removal)	No	Yes	Yes
Building Sitework (e.g., parking lots, site lighting, pavements, site utilities)	No	Yes	Yes
Capital – Other			
Portables repair and retrofits	No	No	Yes (TA funds* should be used first)
Additional portable purchase (i.e., adding to board inventory)	No	No	No
Program or accommodation related changes and retrofits (e.g., science labs converted into standard classroom)	No	No	Yes
New building enhancements: Non-renewal projects (e.g., accessibility, air conditioning, building automation systems, etc.)	No	No	Yes
Administrative facilities	No	No	No
Construction (e.g., changes to gross floor area or the replacement of existing building structures)	No	No	No
Salaries and wages for school board staff	No	No	No
Service debt (SRA only for previously encumbered debt. No allowance for new debt)	No	No	No
Moveable furniture and equipment (e.g. vehicles, furniture, equipment, computer hardware and computer software)	No	No	No
Community partners	No (should operate on cost-recovery basis)		
Outdoor Education Centre	Requires minister's approval		
Leased Site	Requires minister's approval		
Operating			
Maintenance (e.g., costs incurred to service or maintain the tangible capital asset until the end of its estimated useful life)	No	No	Yes (with board-specific caps)

* TA = Temporary Accommodation Funding

Appendix C

COVID-19 Resilience Infrastructure Stream (CVRIS) Funding Summary		
Categories	# of Projects	Approved Funding (\$)
Armour Stone and Accessibly Pathways	50	2,000,000
Automatic Door Operators	78	3,260,000
Building Automation System (BAS) Upgrades	104	14,480,835
Classroom Enclosures	1	6,457,000
Handwashing Stations	50	510,000
Heating, Ventilation and Air Conditioning (HVAC) Upgrades	55	24,750,000
HVAC Upgrades in Portable Classrooms	11	627,000
Hybrid Learning Classroom Implementation Project	310	16,358,537
Kindergarten Outdoor Area and Junior Play Area	14	1,535,000
New Portable Classrooms	5	852,000
New Universal Washrooms	4	1,430,000
Water Bottle Filling Stations	324	1,500,000
Windows	10	7,880,000
Grand Total	1,016	81,640,372

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Appendix D

TDSB 2021-22 Proceeds of Disposition (POD) Projection			Amount (\$Mil)
1	Capital/POD Opening Balance as of September 1, 2020	A	141.0
2	Total Property sales 2020-21 and 2021-22	B	153.2
3	Additional POD required for existing capital priority projects:		
	Use POD to cover unfunded portion of capital priority projects		43.2
	Additional POD required due to construction cost Inflation		16.2
	Subtotal	C	59.4
4	Additional POD required for existing childcare projects:		
	Use POD to cover unfunded portion of capital priority projects		24.4
	Additional POD required due to construction cost Inflation		4.5
	Subtotal	D	28.9
5	POD required for Board priority projects:		
	Program and Pupil Accommodation (CAT)		5.0
	Portable Management Strategy		5.0
	Pupil Accommodation for FDK		2.0
	Jones Avenue Adult Learning Centre (post-fire school rebuild)		2.6
	Subtotal	E	14.6
6	Projected Capital/POD Ending Balance - Aug 31/22 (A+B-C-D-E)	F	191.2

Note: Opening balance and POD projections are on a commitment basis.

Background regarding uses of Proceeds of Disposition (POD)

POD is generated when school boards sell school facilities or properties that are declared surplus. POD must be used in accordance with requirements in the School Condition Improvement (SCI) policy. Boards are allowed to spend a minimum of 80% of POD to target key building components in schools and the remaining 20% for other identified school renewal needs. Boards do not require Ministry approval for using POD for these purposes. For examples of these projects, please refer to Appendix B of this report.

Boards can also use POD to replace a school that is in poor condition. The project must be submitted through the Ministry's Capital Priorities process. Boards also have the capacity to generate Administrative POD through the sale of administrative buildings. Boards are required to seek Ministry approval in order to use Administrative POD.

Boards are not required to contribute POD to Capital Priority projects, unless the Board identifies POD as a source of funding for the project, as is the case with the childcare projects outlined above. Pursuant to O.Reg 193/10, the Minister's exemption is required for Boards to use POD for purposes that fall outside the SCI policy expenditure requirements.

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