



Update on Capital

To: Finance, Budget and Enrolment Committee

Date: 3 November, 2020

Report No.: 11-20-3983

Strategic Directions

- Allocate Human and Financial Resources Strategically to Support Student Needs

Recommendation

It is recommended that:

1. the Update on Capital report be received; and
2. the application to the Ministry of Education, to utilize Proceeds of Disposition to offset against pandemic-related construction staffing costs, in the amount of \$10.3M, be approved.

Context

This report provides an update on recent developments regarding the Toronto District School Board's (TDSB) capital program, including a Capital Priorities announcement and from the province on *COVID-19 Resilience Infrastructure Stream: Education Related (CVRIS-EDU) Projects* funding and an update to 2019-20 renewal expenditures.

Capital Priorities

On 30 October 2020, Minister Lecce announced Capital Priorities funding for David Lewis PS in the amount of \$5.7M from the 2020-21 Capital Priorities funding. Staff were advised that this will be the only TDSB project supported by Capital Priorities funding this year. This project was part of the TDSB's 2019-20 submission. Staff were informed

that the Ministry decided to use school boards' 2019-20 submissions to determine this year's allocations for the following reasons:

- The 2019-20 funding and approvals did not meet the needs demonstrated in the 2019 submissions;
- The Ministry recognized that school boards are dealing with extraordinary circumstances and are stretched. Therefore, there was a desire to not initiate a new Capital Priorities process, which takes a considerable amount of time and effort for school boards; and,
- There was a desire to move quickly to address immediate needs and to commence the projects as soon as possible.

Staff had a meeting with the Ministry on Friday afternoon to discuss the TDSB's Capital Priorities submissions. In previous years, when Capital Priorities were announced, there was also a brief explanation as to why other projects submitted were not approved. Staff requested that information be provided on the seven unsuccessful projects, so staff could determine which projects may be successful in future years and should be re-submitted, and which (in the Ministry's view) were not viable for future consideration at this time.

Ministry staff also confirmed that the next round of submissions will be in the spring of 2021 for the 2021-22 school year.

During this meeting, staff also discussed the status of our Approvals To Proceed (ATP) applications with the Ministry.

Both Board and Ministry staff committed to having future meetings to keep the lines of communication open and resolve issues as quickly as possible.

COVID-19 Resilience Infrastructure Stream: Education Related (CVRIS-EDU) Projects

Attached as Appendix A is a copy of [B20 memorandum](#) outlining the funding available as part of the *COVID-19 Resilience Infrastructure Stream: Education Related (CVRIS-EDU) Projects* program. There is \$700 million in funding available (for school boards across the province) for capital infrastructure improvements to support the health and well-being of students and staff through an application process.

The funding is intended to be used to support retrofits, repairs or upgrades in either elementary or secondary schools, continuing education facilities or childcares centres co-located in schools. Should work be identified in a co-located childcare, school boards must consult with their local Municipal Service Managers.

Eligibility of projects are those that are fixed tangible capital assets that either build, modify, repair and/or reconfigure assets to respond to COVID-19 pandemic and provide

public benefit. The projects that will be considered should follow one of the following themes:

- Promote occupant health and safety;
- Improve facility conditions;
- Enhancing physical distancing; and,
- Facilitating distance learning.

Projects must meet the following criteria for consideration:

- Project cannot be receiving funding through another federal or provincial program;
- Individual projects cannot exceed \$10 million in total costs. However, projects can be similar in nature and applied for on site or district parameters;
- Project cannot be tendered prior to approval by the federal government;
- Projects can start no later than 30 September 2021 and must be substantially completed by 31 December 2021; and,
- Work can only be done in schools that will remain open and operating until 1 January 2027.

It should be noted that failure to meet any of the program requirements, including timeline, could constitute project default and ineligibility for funding. Any ineligible costs will be the school boards' responsibility, to be subsidized through renewal funding.

Applications must be submitted by 18 November 2020 using the Ministry Template. Once received by the Ministry of Education, they will evaluate the board submissions prior to forwarding to the Province and Federal government for final approvals. The Ministry will use the following criteria to evaluate the projects:

- Likelihood of project completion within timeline and proposed budget. Projects to be completed over the summer months will be given higher priority;
- The broad impact on health and safety of student and staff; and,
- Facility age, condition and utilization.

It is expected that final approval of projects will be communicated to school boards in February 2021. Once final approval is communicated, school boards can begin attributing costs to those projects.

Appendix A of the Ministry memorandum provides samples of eligible projects that would be considered. Appendix B of the Ministry memorandum further outlines eligible and ineligible expenditures of the program.

Staff are working to identify and apply for projects that have broad impact across the district and are targeting 6 November 2020 to finalize the list. Once the list of projects to be submitted is finalized, staff will work to collect the necessary information to prepare

business cases for each submission so that the TDSB submission can be completed on or before 18 November 2020.

Staff will report back to the next Finance, Budget and Enrolment Committee meeting on the final submission sent to the Ministry of Education.

Renewal Expenditures 2019-20

As a result of the pandemic and the system closures between March and August of 2020, Facilities Services' construction projects were suspended for a period of time, while staff continued to get paid. These costs could not be charged to individual projects and resulted in a cost pressure to the board.

In discussions with the Ministry, the TDSB can submit a proposal to use Proceeds of Disposition (POD) to offset these costs due to the pandemic. If this use of POD is not available to TDSB, these costs would be absorbed in the operating budget and would result in a larger deficit. This would require the use of reserves to offset this cost.

By utilizing POD to offset these construction costs, the Board would be able to attain a stronger future financial position and achieve a greater level of flexibility in its budget position.

Due to the uncertainty of the pandemic, staff recommend using POD to offset these costs so that reserves are available to support future operational needs. Should these reserves not be needed for future operational needs, the TDSB could use them to support renewal projects.

Action Plan and Associated Timeline

Immediately following approval of this report, staff will prepare the necessary documentation to the Ministry for their consideration of the use of POD to fund the unallocated expenditures related to construction costs during the pandemic.

Resource Implications

Should this application be approved by the Ministry of Education this will improve the operating financial position of the Board and provide maximum flexibility for working fund reserves.

Communications Considerations

This report will be placed on the Board's budget website.

Board Policy and Procedure Reference(s)

Not applicable.

Appendices

- Appendix A: Ministry of Education Memorandum: 2020:B20 - COVID-19 Resilience Infrastructure Stream: Education Related (CVRIS-EDU) Projects

From

Craig Snider, Interim Associate Director, Business Operations and Service Excellence at craig.snider@tdsb.on.ca or at 416-395-8469.

Marisa Chiu, Interim Executive Officer, Finance at marisa.chiu@tdsb.on.ca or at 416-395-3563.

Maia Puccetti, Executive Officer, Facilities and Planning at maia.puccetti@tdsb.on.ca or at 416-397-3004.

Ministry of Education**Ministère de l'Éducation**

Capital and Business Support
Division

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2020:B20

Date: October 28, 2020

Memorandum to: Directors of Education
Senior Business Officials
Secretary/Treasurers of School Authorities

From: Didem Proulx
Assistant Deputy Minister of Education
Capital and Business Support Division

Subject: COVID-19 Resilience Infrastructure Stream: Education Related
(CVRIS-EDU) Projects

Recognising that COVID-19 has created new demands for infrastructure investments, a new, time limited COVID-19 Resilience Infrastructure Stream (CVRIS) is being introduced under the Investing in Canada Infrastructure Program (ICIP) to provide up to \$700 million in combined federal-provincial funding for education-related infrastructure projects.

The COVID-19 Resilience Infrastructure Stream – Education Related Projects (CVRIS-EDU) is now open to boards. School boards are invited to put forward proposals for consideration that will protect the health and wellbeing of students, staff and children in schools and co-located child care facilities.

This memorandum provides more details on the CVRIS-EDU and is structured as follows:

1. Project Eligibility
2. Application and Decision Processes
3. Next Steps and Key Contacts

1. PROJECT ELIGIBILITY

This section provides details on the types of facilities eligible under CVRIS-EDU, project activities associated with the eligible facilities, and key criteria that must be met for projects to be considered eligible.

Eligible Facilities

The CVRIS-EDU aims to support retrofits, repairs and upgrades to school board facilities to respond to the COVID-19 pandemic by supporting health and safety. Eligible facilities include:

- Elementary and secondary schools
- Continuing Education Facilities
- Child care centres co-located with school board facilities

While the priority will be given to projects in instructional facilities, school boards can identify eligible projects and opportunities in their overall portfolio.

In determining the potential needs of a co-located child care centre, school boards should consult with local Consolidated Municipal Service Managers or District Social Services Administration Boards (CMSMs/DSSABs).

Eligible Projects

Eligible projects are those where the purpose of the project is to build, modify, repair and/or reconfigure the asset to respond to the COVID-19 pandemic and provide a public benefit. 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; and
- facilitating distance learning (e.g., network and broadband infrastructure).

The CVRIS-EDU program will not support certain activities – such as purchase and installation of computers and tablets. Please refer to Appendix A for examples of eligible project activities.

Project Criteria

The following criteria must also be satisfied for project expenditures to be considered eligible:

- The project must not be receiving funding under another federal or provincial program.
- Individual projects cannot exceed \$10 million in total eligible costs.
- The project must not have been tendered before the project is approved by the federal government.
- Construction must have commenced by September 30, 2021. However, recognizing that school boards tend to undertake renewal activity in July and August during the summer break, school boards are encouraged to start projects earlier.

- Construction must be substantially complete¹ by December 31, 2021².
- Projects must be in schools that will remain open and operating until January 1, 2027.

To maximize the reach and impact of these investments, school boards are asked to consider and nominate projects across the range of eligible project categories identified in Appendix A.

Note that failure to meet program requirements, including timelines, could constitute project default and ineligibility for funding through this program. School boards would be expected to manage any ineligible costs (e.g., using existing renewal funding), as no additional funding will be made available to offset ineligible costs.

Please see Appendix B for general program requirements.

2. APPLICATION AND DECISION PROCESSES

The ministry will administer the CVRIS-EDU by assessing eligible project proposals from boards, securing approval from the provincial and federal governments, and confirming the final list of approved projects. Please refer to Appendix C for the CVRIS-EDU intake form.

Application deadline: November 18, 2020

Submit form to: Jacqueline.Chan@ontario.ca

School boards are asked to start identifying projects, in collaboration with CMSMs/DSSABs when concerning child care projects, and submit the intake form by or before November 18, 2020. Timelines have been set to reflect the need for federal approvals, as such late applications may not be considered for funding.

Project Assessment Process

The ministry will assess all eligible project proposals before making funding recommendations to the provincial and federal governments. The ministry will use an objective assessment framework including factors such as:

- likelihood of projects being completed within proposed budget and within timelines (projects that can be completed spring/summer 2021 are likely to receive higher preference);
- the broad impact of the project on health and safety of students and staff; and

¹ Substantially completed refers to the period where all significant work (except for deficiency / warrantee work) has been completed and the project/asset can be used for its intended purpose.

² For projects in remote communities, the deadline for substantial completion is December 31, 2022. A Remote Community is defined as a community with a population of less than 10,000 that is not accessible by means of an all-weather road, or a community that is accessible by means of an all-weather road and that is situated more than 161 kilometres by road from the nearest community with a population of more than 10,000 or more than 322 kilometres by road from the nearest community with a population of more than 50,000.

- facility age, condition and utilization.

3. NEXT STEPS & KEY CONTACTS

The ministry will continue to work with education partners to assess additional costs associated with addressing the COVID-19 public health emergency. If you have any questions or require additional information, please contact:

Mehul Mehta, Director
Capital and Business Support Division
(647) 448-3862
Mehul.Mehta@ontario.ca

Hitesh Chopra, Manager
Capital Policy Unit
416-258-3368
Hitesh.Chopra@ontario.ca

Sincerely,

Didem Proulx
Assistant Deputy Minister
Capital and Business Support Division

Attachments:

- Appendix A: Examples of Education-Related Eligible Project Activities
- Appendix B: General Program Requirements
- Appendix C: CVRIS Intake Form for Education Sector

Copy to:

- Facility Managers
- Children's Services Leads, Consolidated Municipal Service Managers and District Social Services Administration Boards

Appendix A: Examples of eligible project activities under the CVRIS-EDU

Promoting Occupant Health and Safety

- Installing fixed hand washing / sanitizing stations to meet needs that cannot be met by current washrooms.
- Installing fixed bottled water refilling stations to compensate for water fountains that have been disabled, or replacing water stations that can support safe, physically distant access to water.
- Safety retrofits and barriers (e.g. room/gym partitions) to reduce social interaction especially for open-concept areas.
- Reducing the number of touch points (e.g. automatic door openers and water faucets).

Improving Facility Condition

- Improving ventilation in buildings and portables, which could include:
 - Renewal and repair of existing heating, ventilation and air-conditioning (HVAC) units;
 - Installing mechanical ventilation in buildings where none currently exist;
 - Installing cooling / air conditioning units; and
 - Window repair or replacement for fresh air intake.
- Retrofitting or replacing (where it is more cost effective to do so) older portables with inadequate ventilation systems.
- Installation of new fixed bottled water filling stations and/or replacement of existing water filling stations.

Enhancing Physical Distancing

- Retrofit projects to support physical distancing and address over-crowding. For example:
 - Retrofitting used/unused classroom space to support physical distancing.
 - Creating cooling centers in schools where air conditioning does not currently exist to allow boards to maximize the use of classroom / non-classroom space (e.g., libraries and cafeterias) to facilitate physical distancing.
 - Installing / replacing moveable room partitions for open areas.
- Creation of separate entrances / exits with appropriate security enhancements, where not already in place, to support physical distancing.
- Creating new playground space to separate groups and promote additional outdoor programming (e.g., childcare or other).

Addressing Child Care Needs in School Facilities

- Retrofitting used/unused classroom space to support expansion of child care spaces.
- Extension of projects like those listed above – such as:

- improvements to ventilation.
- installing new or additional hand-washing stations, and/or washrooms.
- measures that support physical distancing or cohorting for children in child care centres based in school board facilities.
- creating sperate entrances / exits with appropriate security enhancements.
- creating new playground space to separate groups and promote outdoor programming.

Facilitating Distance Learning

- Fixed IT assets to support distance learning, such as network infrastructure, retrofits and upgrades, WIFI access points and broadband.

Appendix B: Program Requirements

Eligible Expenditures

Eligible Expenditures will include the following:

1. All costs direct and necessary for the successful implementation (excluding ineligible costs noted below) of an eligible project and which may include capital costs, design and planning, and costs related to meeting specific program requirements; and
2. Costs will only be eligible as of Project approval.

Ineligible Expenditures

Costs Incurred before a project is approved and any and all expenditures related to contracts signed prior to approval of a project. Ineligible expenditures will include the following:

1. Costs incurred for cancelled projects;
2. Leasing buildings and other facilities; leasing equipment other than equipment directly related to the construction of the project; real estate fees and related costs;
3. Any overhead costs, including salaries and other employment benefits of any employees of the recipient, any direct or indirect operating or administrative costs of recipients, and more specifically any costs related to planning, engineering, architecture, supervision, management and other activities normally carried out by the recipient's staff;
4. Financing charges, legal fees, and loan interest payments, including those related to easements (e.g. surveys);
5. Any goods and services costs which are received through donations or in kind;
6. Provincial sales tax, goods and services tax, or harmonized sales tax for which the recipient is eligible for a rebate, and any other costs eligible for rebates;
7. Costs associated with operating expenses and regularly scheduled maintenance work, except for essential capital equipment purchased at the onset of the construction/acquisition of the main asset and approved; and
8. Cost related to furnishing and non-fixed assets which are not essential for the operation of the asset / project.

Note: Additional details around program stipulations (e.g., audit requirements and communications) will be provided upon project approval.