



REPORT TO

CORPORATE AFFAIRS, STRATEGIC PLANNING AND PROPERTY COMMITTEE

CAPITAL PROGRAM SEPTEMBER 2014 - 2015

*"I can do all this through Him who gives me strength."
Philippians 4:13 (NIV)*

Created, Draft	First Tabling	Review
September 10, 2015	September 17, 2015	
V. Barton, Senior Coordinator, Capital Development P. de Cock, Comptroller, Business Services M. Puccetti, Superintendent of Facilities Services		
RECOMMENDATION REPORT		

Vision:

At Toronto Catholic we transform the world through witness, faith, innovation and action.

Mission:

The Toronto Catholic District School Board is an inclusive learning community rooted in the love of Christ. We educate students to grow in grace and knowledge and to lead lives of faith, hope and charity.



G. Poole

Associate Director of Academic Affairs

A. Sangiorgio

Associate Director of Planning and Facilities

Angela Gauthier

Director of Education

A. EXECUTIVE SUMMARY

This report updates the Board on the Ministry of Education Memorandum B13 on the Proceeds of Disposition (POD) Policy that became effective September 1, 2015. This policy restricts the use of POD to the school renewal unless the Ministry has given previous approval or direction.

This report also updates the Board on the status of the Capital Program and additional monies that the Ministry of Education has approved to address “Unique Site Conditions” that exist in the City of Toronto. Previously the Board’s POD funded unique site costs for the 6 new/replacement schools in Phase 2.

The report further recommends that detailed budget information be provided for Board approval for each Capital project prior to tendering, detailing both Capital and Operating cost impact and that a request be submitted to the Ministry of Education for additional funding for each Capital project, to cover all costs, including operating costs attributable to the project development.

B. PURPOSE

1. On April 14, 2015, a report in private “Capital Program 2015 Status Update” was provided that discussed the Ministry of Education’s Proposed Policy for the Use of Proceeds of Disposition and the implications of this proposed policy.
2. This report provides an update to that report with the following:
 - a September 2015 update to the Capital Program including the project status and estimated costs in Phase 3, Phase 4, Phase 6 and Phase 7 (2015 Capital Priority Projects), detailed in Appendix A attached;
 - The June 11, 2015 Ministry of Education’s Proceeds of Disposition Policy (detailed in Appendix B attached) and the implications of this policy on the capital and school renewal funding and program; and
 - Explains the cost pressures of building in the City of Toronto and the Ministry of Education’s recent funding of Unique Site Costs for some Phase 3 and 4 current capital projects.

C. BACKGROUND

1. The Board Capital Program consists of 7 phases of work, funded from Ministry, Board and Development levies/contributions.
2. The Capital Program Phases are as follows:
 - Phase 1 – Additions to 16 Elementary Schools – **complete**;
 - Funded from various Ministry grants. Many of the grants are no longer available.
 - Phase 2 – New/Replacement of 6 Elementary Schools – **complete**;
 - Funded from various Ministry grants, Educational Development Charges/Revenue (EDC revenue) and Board generated Proceeds of Disposition (POD).
 - Phase 3 – Ministry/Board Funded Capital Projects – **design/contract documents underway**;
 - Assumed to be funded from Ministry Capital Priority grants, Ministry Unique Site Costs grants and EDC revenue.
 - Phase 4 – Ministry/Board Funded 2013-2014 Capital Priority Projects including elementary replacement schools and Expanded Additions – **design/contract documents underway**;
 - Assumed to be funded from Ministry Capital Priority grants, EDC revenue and Board generated and Ministry approved Proceeds of Disposition (POD).
 - Phase 5 – Full Day Kindergarten Program – **complete**;
 - Funded from Ministry grants.
 - Phase 6 – Development Projects – **design/contract documents underway**;
 - Funded from development levies/contributions.
 - Phase 7 – Ministry/Board Funded 2015 Capital Priority Projects – **submitted for Ministry approval, expected late fall 2015**;
 - Assumed to be funded from Ministry Capital Priority grants, Ministry Unique Site Costs grants and other funding.

The Capital Program Cost and Funding – Updated September 2015 for Phases 3-7 is detailed in Appendix A attached.

3. Experience with the completed projects in Phase 1 and 2 is that the project costs in the City of Toronto were typically 10% to 15% higher than the Ministry of Education benchmark funding.
4. In 2011, the Board requested additional funding to address Unique Site Conditions above the Ministry benchmark construction funding. With the exception of minor funds for demolition of two schools, additional funding was declined. In 2011, the Ministry did permit the Board to use Proceeds of Disposition for projects in Phase 2 to bridge the funding gap between the construction cost benchmark and the actual project costs in the City of Toronto.

D. EVIDENCE/RESEARCH/ANALYSIS

1. In November 2014, TCDSB's application for Ministry Approval to Proceed for The Holy Trinity CS Replacement School, was turned down because the estimated cost was above Ministry benchmark, even though the Board had allocated and approved Proceeds of Disposition (POD) to cover the overage, as had been previously approved for Phase 2 (see above). This was the first indication from the Ministry that approval would not be given for costs over benchmark and it was confirmed at a meeting between Ministry and Board staff that this would be the case for all upcoming projects.
2. On June 11, 2015, the Ministry of Education issued memorandum B13 on the Proceeds of Disposition Policy. This policy was a revision to the previous Ontario Regulation 193/10 Restricted Purpose Revenues and the changes became effective September 1, 2015. TCDSB issued comments to the Ministry objecting to the change in policy.
3. A summary of the POD policy revision is as follows:
 - POD must be used for the repair and replacement of components within a school;
 - For components, boards are to follow the expenditure requirements set out in the School Condition Improvement (SCI) policy. Through this policy, boards are to spend 80% of their POD to target key building components and systems, with the remaining up to 20% addressing other locally identified renewal needs. Boards will not need to seek Ministry Approval to Proceed for school component repair or replacement using POD;

- Boards will not be required to contribute POD to Capital Priority projects unless the board identifies POD as a source of funding for that project, subject to Ministry approval;
 - Boards can use POD to replace a school due to poor condition, but the board must submit the project through the Ministry's Capital Priorities process;
 - Boards requesting to use POD for the purposes that fall outside the SCI expenditure requirements may request a Minister's exemption to O.Reg 193/10.
4. The memorandum clarified that the Ministry's priority is to allocate POD to school renewal, and that any previous approvals for the use of POD, prior to the policy coming into effect, will remain valid.
 5. Memorandum B13: June 11, 2015 "Proceeds of Disposition Policy" is provided in Appendix B attached.
 6. The implications of this change in the POD use and allocation is that **Boards cannot use POD without either receiving prior approval or direction from the Ministry on:**
 - Projects that increase the gross floor area (GFA) of a building;
 - To build over Ministry construction benchmarks;
 - Build new schools; or
 - Projects that have no renewal components in them.

E. ACTION PLAN

1. Subsequent to the change in the use of Proceeds of Disposition, Staff entered into discussion with Ministry of Education staff to advance a business case for additional funding. In addition, working with Board-approved consultant, to reduce the cost of construction.
2. Approval to Proceed (ATP) requests for five (5) of the Phase 3 and 4 projects; namely, The Holy Trinity CS, St. Simon CS, St. Victor CS Addition, St. Paschal Baylon CS Addition and St. Eugene CS Addition have been submitted. To date, the Ministry has approved two (2) ATP's for St Simon CS and St Victor CS Addition.

3. The Ministry of Education Benchmark construction costs are based on the expectation that the site preparation costs are 100% funded by Educational Development Charges. Since many of the TCDSB sites are not eligible for EDC funding, those sites are at a funding disadvantage without additional Ministry funding.
4. The current ATP process has highlighted a number of cost pressures that the Ministry has funded as “Capital Priorities Additional Funding” or Capital Land Funding (Unique Site Costs). **The type of cost pressures that the Ministry has recently funded** and is reviewing for additional funding can be categorized as follows:
 - **Toronto Green Standards (City of Toronto bylaw)** – green roof/cash-in-lieu, bird-friendly mitigations, tree replacement/cash-in-lieu, permeable paving premiums;
 - **EDC eligible costs (if not 100% funded by EDC revenue)** – demolition and hazardous waste/abatement removal, consultant studies to allow site development, poor soil excavation, rough grading, storm water systems, utilities/services off site to the property line, storm/water services to the site;
 - **Unique building/small site constraints** – roof anchors, crane base, additional stairs to the 3rd storey; additional wash/caretaking rooms for 3rd storey; indoor garbage rooms, on-site internal roadways.
 - **Additional program space requirements for classroom additions** - larger gymnasiums, administration space
5. Board staff have submitted cost consultant reports detailing the unique cost pressures for the five (5) projects note above along with the ATP applications with requests for additional funding and/or approval to use additional P.O.D. Approval to Proceed on these projects has been delayed while the Ministry reviews the additional funding requests.

F. COMMUNICATIONS AND COMMUNITY ENGAGEMENT

1. Principals, school superintendents and school community members (design committee members) are engaged with facilities staff to review and provide input on the capital projects at appropriate times in the process.

2. Letters to the principals and community on the status of the capital program are sent monthly during the school year and posted on the TCDSB web site and portal.
3. As per the TCDSB's Good Neighbour Policy, prior to the start of capital construction activity, letters are sent to adjacent and surrounding neighbours to appraise them of the expected activity and board contact information. The appropriate Trustee is copied on this letter.

G. ACCOUNTABILITY

1. To date, the Ministry of Education has provided **additional Capital Priorities/Capital Land funding of \$1,656,535** for two (2) projects, namely St. Simon CS and St. Victor Cs Addition. Currently, the Ministry is reviewing the additional funding requests for the remaining three schools; The Holy Trinity CS, St. Paschal Baylon CS Addition and St. Eugene CS Addition. Based on similar site issues and the Toronto Green Standards requirements, the Ministry may approve additional funding for the three remaining projects as with the first two projects noted above; **potentially in the amount of several million dollars, which would further reduce the amount of P.O.D required for those projects.**
2. Staff, working with the consultants, have worked over the past several months to re-design Phase 3 replacement schools to reduce building area, ensure the use of the most economical materials, revise mechanical systems to reduce the amount of in-floor radiant heating, simplify structural systems, eliminate extra circulation stairs and eliminate features such as exterior sunshades on for an **estimated cost savings of \$5,920,973.**
3. Funding from other sources – City of Toronto Child Care funding, developer contributions, Opportunities for Youth, etc. – totalling **\$5,274,364** has been obtained by staff to enhance the Board's Capital Program.
4. There may be additional operating, leasing and/or transportation costs resulting from the increased approval timelines, both Municipal and Ministry of Education. These costs will be identified in a detailed project cost budget for each project to be submitted to Board for approval.

H. RECOMMENDATIONS

1. That the Director of Education submit a detailed budget for Board approval for each Capital project prior to tendering, detailing both Capital and Operating cost impact.
2. That the Director of Education submit a request to the Ministry of Education for additional funding for each Capital project to cover all costs, including Operating budget implications of the project development.