



## **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

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