



## **Major Capital Projects Status Updates**

**To:** Finance, Budget and Enrolment Committee

**Date:** 7 April, 2021

**Report No.:** 04-21-4073

### **Strategic Directions**

- Provide Equity of Access to Learning Opportunities for All Students
- Build Strong Relationships and Partnerships Within School Communities to Support Student Learning and Well-Being

### **Recommendation**

It is recommended that:

- a) Utilization of Proceeds of Disposition be approved to offset capital overages unfunded by the Ministry of Education for 17 childcare additions;
- b) Ministry approval be sought to use POD to support building the 138 pupil place addition at Courcellette Public School, Ward 18;
- c) Utilization of Proceeds of Disposition in the amount of \$3.4M be approved, to offset the site easement costs unfunded by the Ministry of Education, associated with the rebuilding of Davisville Public School and Spectrum Alternative School, Ward 8.

### **Context**

This report provides an update regarding the status of current Capital projects. Since the previous Capital Update report in November 2020, as detailed in Appendix A, two additional projects have received Approval to Proceed (ATP) to tender from the Ministry as noted below:

- Interior renovations, including childcare spaces at the former Sir Sandford Fleming Secondary School, to accommodate Baycrest Public School (Ward 8);
- The 276 pupil place addition and five-room childcare for Terry Fox Public School (Ward 20).

## **Background regarding uses of Proceeds of Disposition**

This report also recommends utilization of Proceeds of Disposition (POD) for capital overages unfunded by the Ministry of Education.

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 permitted 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.

New schools and major additions are funded through Capital Priorities, and funding is based on a per pupil place formula that determines both the size of the building or addition and the funding allocation for the project. Boards are expected to build within the project cost benchmark, although Boards may receive additional Capital Priorities funding for extraordinary costs associated with site preparation or condition, demolition of an existing building, City of Toronto Green Standards and in some cases, if the building's design is impacted by site constraints or any other issues - for example, if due to poor soils, deeper footings are required, this may be funded as an extraordinary cost difference to a "typical" footing.

Should a capital project exceed the funding that the EDU provides, boards may request the use of POD to offset capital overages. 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, such as capital overages as outlined below.

## **Use of POD for Childcare Projects**

Childcare is an important service that addresses equity for many families who have children attending Toronto District School Board schools. Currently there are 17 childcares at the ATP stage, that will provide families with access to childcare as well as Before and After care programs within their neighbourhood.

These seventeen (17) childcare projects were submitted to the Ministry for funding in 2017. These projects are primarily three or five room childcare additions to existing schools. The City identified these projects, to serve areas of the City that have a shortage of subsidized childcare spaces, as shown in Appendix B. All projects include

outdoor play areas for the childcare program. Building permits are required but not Site Plan Approval.

Staff had concerns that the benchmark funding would not be sufficient to cover the costs associated with building a small “stand alone” addition in the City of Toronto. Working in collaboration with the City childcare staff and the project consultants, the designs and site requirements were simplified to reduce costs without lessening the project requirements or quality of the space. The value engineering work and revised cost estimates were shared with EDU staff as part of the Approval to Proceed submissions.

The EDU has recently indicated that an additional \$15.07M in capital funding will be provided to address extraordinary costs, to support the original \$35.23M approved for the 17 childcare projects. Additional funding is required to cover the unfunded capital costs for these childcare projects. The EDU has indicated that the Board should use POD to fund the outstanding capital amount associated with these 17 projects. The original estimated amount of POD for the 17 childcares was \$14.4M, however given the current market pressures, with increased materials and labour costs, this amount may be higher at time of tender.

If the board does not approve funding the difference using POD, Ministry staff indicated the funding will be allocated to other childcare projects across the province. Reimbursement of any costs incurred to date for the childcare projects would be reviewed on a case by case basis.

It is anticipated that future projects will also require the use of POD to offset capital overages unfunded by the Ministry. There are another 10 approved childcare projects in the design development stage that are pending submission to the Ministry for Approval to Proceed to tender. Appendix C provides a status update of all the approved childcare projects.

### **Proceeding with Relocation of the Addition at Courcellette PS**

In 2017, the Ministry provided \$3.2M in Capital Priorities funding for renovations and an addition, for an additional 138 pupil places. During the design phase, the school community raised concerns regarding the location of the addition on the southwest side in terms of impact on the school yard given the small size of the site (2 acres).

On October 3, 2018, staff provided a report to the Finance, Budget and Enrolment Committee (FBEC:021A) providing a scope and estimated cost comparison to place the addition on the northeast side of the building. It is important to note that the 2018 report noted an estimated funding shortfall of \$1.2M for the original southwest location. The report also noted an estimated capital shortfall of \$2.9M. to build the addition on the northeast side of the building, the community’s preferred location. It is likely that this

funding shortfall has increased due to inflation, with higher material and labour costs, and at the time, only preliminary site studies were undertaken.

In 2019, a Capital Priorities request based on the preliminary site studies was submitted to the Ministry to fund the additional cost of the northeast addition. The capital request was not approved. As the original addition was funded at benchmark, Ministry staff have confirmed that additional funding request does not qualify under the Capital Priorities program however, the Board may submit a request to the Minister to utilize POD to fund the additional costs.

Ministry staff also noted that If the Board does not proceed with building the addition, the Ministry may rescind the original \$3.2M of Capital Priorities funding.

### **Use of POD for Site-related Costs for Davisville PS Replacement School**

In February 2020, staff submitted a report to the Finance, Budget and Enrolment Committee (FBEC: 04-20-3872), identifying additional construction costs associated with the replacement Davisville PS and Spectrum Alternative Senior School building. The school is in construction and is expected to open in September 2021. \$5.04M in additional costs were incurred related to poor soils and addressing the existing assessment on the property, as noted below:

Item no.1 Concealed soil conditions:	\$ 1,614,600
<u>Item no. 2 Davisville access easement:</u>	<u>\$ 3,427,150</u>
Total requested additional funding is:	\$ 5,041,750

Staff subsequently submitted an “Approval to Proceed Amended Report” to request for additional “Extraordinary Cost Items” as per the EDU submission process. The Ministry has indicated that an additional \$1.6M in Capital Priorities funding will be approved (to address the poor soils) and has indicated that the Board should utilize POD to cover the access easement costs, in the amount of \$3.43M.

### **Action Plan and Associated Timeline**

Upon approval of this report, staff will inform the Ministry that the Board is willing to utilize POD to cover the unfunded capital costs for the 17 childcare additions and seek Approval to Proceed. The anticipated timeline to issue the childcare projects for tender is late spring or summer 2021, subject to receiving the ATP and individual building permits.

Staff will submit a request to the Minister of Education regarding utilization of POD to fund the additional capital costs associated with relocation of the Courcelette addition.

Construction of the new Davisville PS and Spectrum Alternative Senior School, which includes a three-room childcare, is on track for completion this summer, 2021.

## Resource Implications

An estimated \$21.4M of POD would be used to fund the capital overages for the 17 childcare projects, the Courcelette PS Addition and the Davisville PS and Spectrum Alternative Senior School access easement costs as described in this report.

## Communications Considerations

This report will be placed on the Board's budget website. A communication update will be provided to the Trustees, Learning Network Superintendents and Principals for the schools associated with the childcares. Further updates will be provided as projects are issued for tender and prior to when construction starts. Subject to the Minister's response, a further communication plan will be developed to update the Courcelette PS school community.

## Board Policy and Procedure Reference(s)

Not applicable.

## Appendices

- Appendix A: Capital Project Status Updates
- Appendix B: Map indicating location of 17 Childcare Projects
- Appendix C: Status Update for Childcare Projects

## From

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