

Memorandum

vancouver school board



Date: February 16, 2018
To: Committee II – Planning and Facilities
From: J. David Green, Secretary-Treasurer
Re: **Five-Year Capital Plan Process**

ITEM 5

REFERENCE TO STRATEGIC PLAN:

Goal 4: Provide effective leadership, governance and stewardship

Objectives:

- Develop and implement a long term financial planning model
- Implement the recommendations of the Long Range Facilities Plan
- Effectively utilize school district resources and facilities.

INTRODUCTION:

This item is provided for information

BACKGROUND:

In April 2017, the Ministry of Education (MoE) issued revised instructions to school districts in the Province regarding submissions for the annual submission of the Five-Year Capital Plan. The annual Five-Year Capital plan is now due at the Ministry no later than June 30th of each year. The annual submission each year will now be responded by the Ministry in the following spring for funding consideration for the Ministry's next fiscal year which starts on April 1st.

Districts will receive approval for projects in the form of a Capital Plan Response Letter. A Board of Education previously had to pass capital bylaws for individual approved projects. Under the new process only a single capital bylaw is required for all approvals in the Capital Plan Response Letter.

On February 21, 2018 the Secretary-Treasurer will present a PowerPoint which details the new progress in order for the committee to prepare for the submission that will be presented in June.

School District No. 39 (Vancouver)

Five-Year Capital Plan Process Presentation
February 21, 2018 Committee II

Overview

- ▶ Capital Plan instructions revised April 2017
- ▶ Submissions are used to inform the Ministry's priority selection of capital projects in the following fiscal year
- ▶ Submission deadline is June 30
- ▶ Submission on June 30, 2017 will have approvals for Ministry fiscal year 2018–2019
- ▶ Submission must be approved by a resolution of the Board of Education

Capital Programs Covered

- ▶ Capital Plan now covers all Ministry Capital related programs
 - Seismic Mitigation Program (SMP)
 - School Expansion Program (EXP)
 - School Replacement Program (REP)
 - Building Envelop Program (BEP)
 - School Enhancement Program (SEP)
 - Carbon Neutral Capital Program (CNCP)
 - Bus Replacement Program (BUS)

April 2017 Revisions

- ▶ Capital Plan Response Letters, Board Resolution and Bylaw requirements
- ▶ Project Contribution Policy
- ▶ Requests arising from restoration of collective agreement language
- ▶ Modular construction options vs traditional methods
- ▶ Addition of dedicated Washroom and Flooring Upgrades as eligible projects under the School Enhancement Program

Board Resolution

- ▶ In accordance with section 142 (4) of the *School Act*, a board of education must approve the proposed capital plan for its school district by resolution prior to submission to the Ministry
- ▶ School districts are required to provide a copy of the resolution as a part of their annual Five-Year Capital Plan submission to the Ministry.
- ▶ A board-adopted bylaw is not required at this point in the annual Five-Year Capital Plan process.

Process for Approvals – CPRL

- ▶ Written response to District's Five-Year Plan will be provided in the form of a Capital Plan Response Letter (CPRL)
- ▶ The CPRL will identify next steps for supported projects, which may include:
 - Proceed to design, tender and construction
 - Proceed to development of a Project Definition Report
 - Proceed to acquire a site
 - Proceed to acquire a bus

Process for Approvals – Bylaw

- ▶ Upon receipt of the Capital Plan Response Letter from the Ministry, a board of education must adopt a single capital bylaw, in accordance with section 143 (1) of the *School Act*.
- ▶ Individual capital bylaws for each supported capital project are no longer required

Project Contribution Policy

- ▶ All major projects, other than the least cost option for a seismic mitigation project, require school districts to contribute a 50 percent cost share, including:
 - Site Acquisition
 - School Addition
 - New School
 - School Replacement
 - Seismic Mitigation Project (where a school district chooses to advance a different project scope that is not the least cost option)

Project Contribution Policy

- ▶ Assessed by Government on a case-by-case basis – a lesser proportion may be accepted dependent on financial justification by the school district.
- ▶ The value of the contribution should be determined during the development of the Project Definition Report (PDR).
- ▶ Confirmation of a school district's contribution will be required prior to the Ministry seeking a project funding decision from Government.

Facilities Planning & Capital Project Development



Long Term Facilities Plan (LTFP)

- ▶ A current and comprehensive LTFP is still required to support the District's Five-Year Capital Plan
- ▶ Should use a ten-year planning horizon with consideration for the longer term
- ▶ Forms the basis of the District's capital investment decisions and aligns with best practices in asset management

LTFP Requirements

- ▶ Educational Considerations
- ▶ Existing Situation (Base Case)
- ▶ Enrollment Projections
- ▶ Future Challenges
- ▶ Impact on Utilization
- ▶ Potential Options
- ▶ Comparison of Options
- ▶ Recommended Option and Implementation Strategy

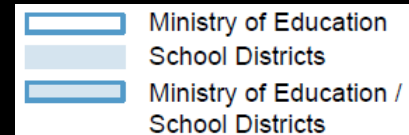
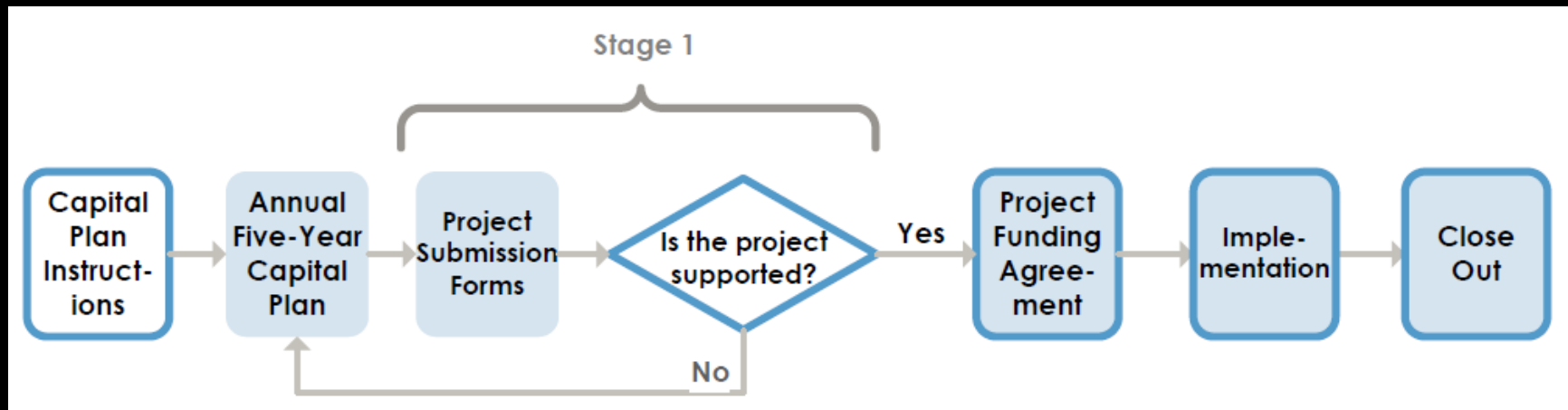
Capital Submission Overview

Annual Five-Year Capital Plan Submission

- Informed by the District's LTFP
- Assessment and prioritizing of capital needs over next five years
- Preliminary assessments of project needs, options, scope and costing
- Two different processes depending on the project

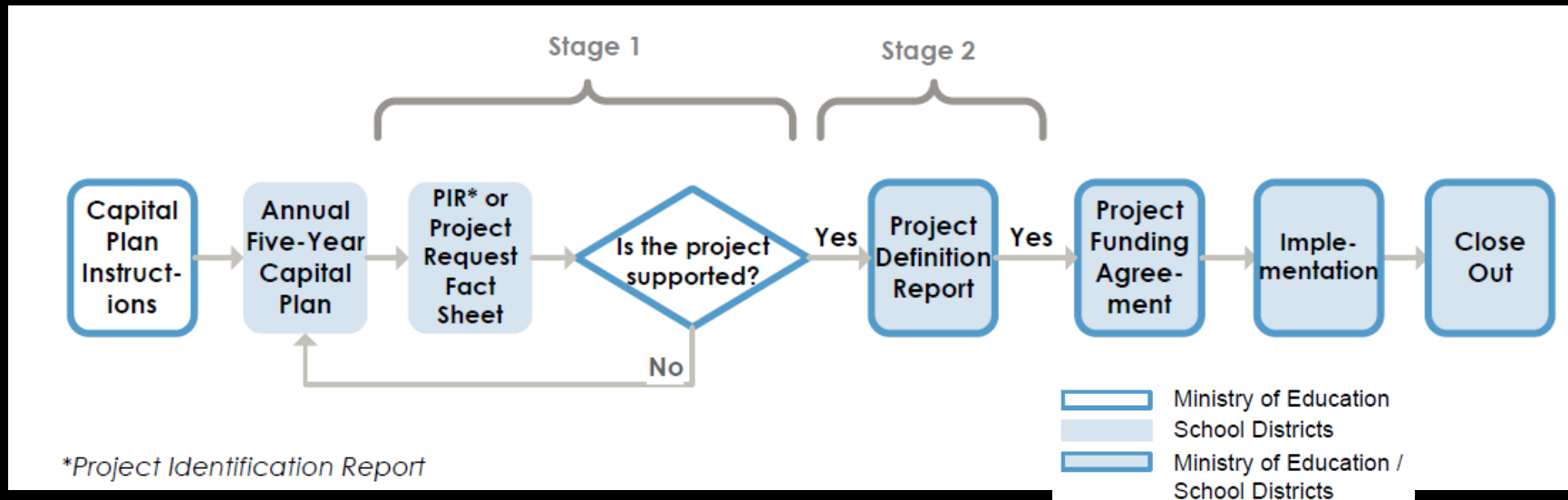
1-Stage capital Submission Process

- ▶ For BEP, SEP, CNCP and BUS Projects to be supported in the following fiscal year



2-Stage capital Submission Process

- ▶ For SMP, EXP and REP Projects to be supported over the term of the plan



Capital Submission Phase Overview

- ▶ Annual Five-Year Capital Plan Submission
 - Preliminary assessments of project needs, options, scope and costing
 - Supporting assessment documents
 - Project Request Fact Sheet
 - Project Definition Report
 - Capital Plan Funding Agreement

Project Request Fact Sheet

- ▶ Replaces Project Identification Reports (PIR) for all projects after October 1, 2016
- ▶ Required for all EXP, SMP and REP projects in first three years of the plan:
 - Rationale
 - Options
 - Estimated schedule
 - Estimated costs
 - Current enrolment and ten-year projections
 - Surrounding school utilization and ten-year forecast
 - Facility Condition Index reports

Project Definition Report

- ▶ More detailed assessment of need, options, costs, and all other items affecting project scope, schedule or budget.
- ▶ Only required for major capital investments such as SMP, EXP and REP projects
- ▶ Should include three or four possible options for addressing the capital need.
- ▶ Final PDR to be submitted by the date specified within the Capital Plan Response Letter

Capital Project Funding Agreement

- ▶ Involves the execution of a project specific agreement that defines scope, schedule, budget, reporting requirements, roles and responsibilities, and terms and conditions of the approval for a project.
- ▶ Once the CFPA is co-signed by the Board Chair and the Ministry, a Certificate of Approval (COA) is issued

Optimal Space Utilization

- ▶ As part of a PRFS or PDR the Ministry requires the district to demonstrate they have “optimized” available space
- ▶ Ensures sufficient space is available for students today and for projected enrolment over the next ten years
- ▶ Purpose-built instructional space should be converted back if need be

Year One of the Plan

- ▶ Need to be developed enough to provide reliable assessment of:
 - Need
 - Scope of work
 - Schedule
 - Cost estimate
- ▶ If supported by the Ministry in year one the expectation is that the project can be delivered at the scope, schedule and budget identified in the five-year plan

Year Two and Three of the Plan

- ▶ These projects must include factual information outlining:
 - The need
 - Possible options to address the need
 - A description of the scope
 - An estimate of costs
 - An identification of risks associated with the project

The Ministry may request projects listed in Year Two to be accelerated if capital funding is available

Year Four and Five of the Plan

- ▶ Understood to be notional projects
- ▶ Based on best information available at the time of submission
- ▶ Preliminary estimate of costs
- ▶ Will require further refinement in future years' submissions