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2015: SB4

MEMORANDUM TO: School Business Officials
Superintendents of Facilities

FROM: Grant Osborn
Director
Capital Policy and Programs Branch

DATE: **March 26, 2015**

SUBJECT: **Update on the School Condition Improvement
Funding Program and the Condition Assessment
Program**

This memorandum is intended to provide boards with additional information about the changes to the School Condition Improvement (SCI) funding program and reporting for 2015-16 that were announced today in memorandum 2015:BX Grants for Student Needs Funding for 2015–16. As well, this memorandum provides an update on the status of the Ministry's Condition Assessment Program.

Highlights:

1. SCI

- Total SCI funding for 2015-16 will be \$500 million.
- SCI funding allocation has been revised to align primarily with renewal needs identified through the Condition Assessment Program.
- Eighty (80%) of a board's allocation must target key building components and systems, with the remaining 20% addressing other locally identified needs.

- Boards must report SCI expenditures in TCPS/VFA.facility.
- Cash flow payments for SCI will be made twice a year, based on the lesser of the amount reported in TCPS/VFA.facility and in EFIS.

2. Condition Assessment Program

- 2015 represents the final year of the original assessment cycle.
- The Ministry plans to begin a new five-year assessment cycle in 2016.
- VFA will be working with all boards over the next year to migrate from TCPS to the VFA.facility asset management software

3. Remaining Service Life

- Boards are reminded to update the remaining service life of their assets.

A. School Condition Improvement Funding

New Funding Methodology

In 2015-16, SCI funding will increase to \$500 million, double the amount that was allocated to boards in 2014-15. Please see Appendix A for individual school board allocations for 2015-16. A further \$500 million in SCI funding will be allocated to boards in 2016-17. Please note that the allocation for 2016-17 will differ from the 2015-16 allocation.

In large part, the Ministry was able to obtain additional SCI funding because of the data collected about school condition and renewal needs through the Ministry's Condition Assessment Program. Now that most of the schools in the province have been assessed, the Ministry would like to ensure that SCI funding is allocated in a manner that best supports the identified five-year renewal needs of schools and keeps schools in a good state of repair. Therefore, the Ministry is changing the SCI funding methodology, starting in 2015-16.

SCI funding will now be allocated in proportion to a board's total assessed renewal needs under the Ministry's Condition Assessment Program. As the Ministry has not yet assessed all eligible facilities under the Condition Assessment Program, renewal needs for buildings not yet assessed have been estimated. Based on data from assessed facilities to date, the Ministry has noted a general relationship between age and condition of facilities. The Ministry has used this information and the weighted age and size (on-the-ground capacity and gross floor area) of the unassessed facilities to estimate outstanding renewal needs. This estimation is only applicable for 2015-16.

Renewal needs for school facilities that are five years of age or under or are not assets of the board (i.e. short-term leases) have not been considered. To adequately recognize renewal needs in a facility jointly owned between two school boards, assessment data for that facility has been split between the two boards in proportion to each board's percentage of the buildings total gross floor area.

Under this revised methodology, the Ministry will also ensure that most of the SCI funding is targeted towards identified major renewal needs, while still providing boards with the flexibility to direct some SCI funding to address other locally-identified renewal needs.

School boards will now be restricted to use 80 percent (80%) of their SCI funding to address major building components (for example, foundations, roofs, windows) and systems (for example, HVAC and plumbing). It is up to boards to determine how to prioritize this portion of their SCI funding across individual schools, building components and systems. Boards also have the ability to use this portion of their SCI funding to address renewal needs at schools that have not yet been assessed as well as to address any building components/systems whose condition may have deteriorated since the date of the facility inspection. School boards will be allowed to use the remaining 20 percent (20%) of their new SCI funding to address any locally-identified renewal needs that are listed in TCPS. Please see Table 1 below for the categories of restricted (80 percent) and unrestricted (20 percent) uses of SCI funding.

Table 1: Summary of Restricted and Unrestricted Expenditures:

Categories	Restricted (80%)	Unrestricted (20%)
Substructure (e.g. foundations, basement walls)	☑	☑
Shell/Superstructure (e.g. roofs, exterior walls and windows)	☑	☑
Interiors (e.g. stairs, floor finishes, ceilings)		☑
Services (e.g. plumbing, HVAC, fire protection and electrical)	☑	☑
Equipment & Furnishings		☑
Special Construction & Demolition		☑
Building Sitework (parking lots, site lighting)		☑

Note that school boards with SCI funds in deferred revenue (from 2011-12 to 2014-15) are required to deplete these reserves prior to accessing their 2015-16 allocation.

Unspent funds from a board's 2015-16 allocation will be carried forward and be available to the board in addition to the board's 2016-17 allocation.

Boards must continue to use SCI funding on depreciable renewal expenditures in schools that are expected to remain open and operating for at least five years. Boards should use the funding to address renewal priorities of the board, including addressing health and safety, replacing and repairing building components, improving the energy efficiency of schools, and improving accessibility. Boards are not to use this funding to expand the size of schools, build new schools, or to service debt.

Reporting Renewal Expenditures

Boards are reminded that all school renewal expenditures funded through SCI must be reported in TCPS (and then VFA.facility once available). Boards are expected to report any such outstanding expenditures made between the 2011-12 and 2013-14 school years by January 29th, 2016. **School boards that fail to report these expenditures will be unable to access their 2016-17 SCI allocation.**

All reported expenditures must be consistent with amounts reported by boards to the Ministry in their annual financial statements as submitted in the Education Finance Information System (EFIS). Payments will be made twice a year based on reported expenditures (receiving the lesser of the amount reported in TCPS and EFIS). The Ministry will fund short-term interest costs related to these expenditures reflecting that SCI funding will occur on a bi-annual basis, consistent with other capital programs.

As good practice, school boards are also strongly encouraged to report their School Renewal Allocation capital expenditures (for buildings and other non-moveable type assets), which is flowed through the School Facility Operations and Renewal Grant, in TCPS for the 2015-16 school year. The Ministry will be moving to mandatory reporting of all School Renewal Allocation expenditures that are capital in nature (for buildings and other non-moveable type assets), in VFA.facility for the 2016-17 school year.

B. Condition Assessment Program

The Ministry has now completed the first four years of the Condition Assessment Program. Over this period, over 3,700 school facilities have been assessed across all 72 school boards.

2015 represents the fifth and final year of the assessment cycle that began in 2011. Overall, by the end of 2015, it is estimated that almost 4,600 eligible school facilities will have been assessed through this program. Please see Appendix B for the proposed number of facility assessments to be undertaken in 2015 (note: not all boards will have assessments in 2015).

School boards are reminded to take advantage of training offered by VFA, as the condition assessment data is updated in the Total Capital Planning Solution (TCPS) application. To register for in-class training, boards can login to the EDU-VFA Portal at <http://www.edu-vfa.com>. Alternatively, please contact VFA by e-mail at edutrainig@vfa.com.

Summary on the Condition of Our Schools

Based on the data collected to date from the Condition Assessment Program, the Ministry has compiled the following summary information about the condition of schools across Ontario and the five-year renewal needs of these schools:

Table 1: Assessment Summary

Assessment Year	GFA(m2)	Number of Schools	Average Age	FCI	5 Year Renewal Needs
2011	4,872,363	903	45	38%	\$3.9B
2012	4,937,928	979	43	35%	\$3.9B
2013	5,176,716	932	42	33%	\$3.6B
2014*	4,924,261	892	38	TBD*	TBD*
Total	19,911,268	3706			

*The Ministry has not yet validated all of the condition assessment data for 2014.

Table 2: Renewal Needs by Category (for assessed/validated data)

Categories	Total
Substructure (e.g. foundations, basement walls)	\$62.7 M
Shell/Superstructure (e.g. roofs, exterior walls and windows)	\$1,799 M
Interiors (e.g. stairs, floor finishes, ceilings)	\$2,780 M
Services (e.g. plumbing, HVAC, fire protection and electrical)	\$7,422 M
Equipment & Furnishings	\$0.42 M
Special Construction & Demolition	-
Building Sitework (parking lots, site lighting)	\$1,482 M

Second Assessment Cycle and Migration to VFA.facility

The information collected through the condition assessment program has been instrumental for the Ministry to support the request for additional renewal funding for schools. Based on this evidence, the Ministry was able to obtain \$1.25 billion in School Condition Improvement funding over three years beginning in 2014-15.

The Ministry is pleased to announce that we will continue the Condition Assessment Program for another five-year cycle beyond 2015. This means that all eligible schools across Ontario will be assessed between 2016 and 2020. The Ministry will share details about the next five year assessment cycle later in the coming months.

To provide ongoing support for capital planning and management, the Ministry is pleased to announce that it is currently working with VFA to upgrade the existing TCPS asset management software used by boards. In this regard, the Ministry has arranged with VFA to support boards with their capital planning and management needs through its VFA.facility asset management database. VFA.facility offers new reporting, benchmarking and forecasting tools and an improved user interface, with more robust management reporting capabilities. VFA.facility will be fully operational for all boards in time for the beginning of the next cycle of assessments in 2016.

All data currently hosted in TCPS will be migrated to the VFA.facility asset management database over the next year. The migration of data from TCPS to VFA.facility will be phased in over 2015 and be completed by early 2016. School boards will be migrated to the new platform once all their assessments are completed. School boards in Group 1 – set out in Appendix C – will be migrated first, while school boards in Group 4 will be migrated last to allow for the completion of their 2015 assessments.

To support the migration of data to VFA.facility and planning for the next assessment cycle, a Migration Technical Committee was established in January 2015 that consists of representatives from six school boards, the Ministry and VFA. The Ministry will provide more detailed information on the migration in a separate memorandum later this year.

Asset Replacement Value

The Ministry and VFA are currently in the process of updating the replacement value of all facilities registered in the system. The revised replacement values will reflect the new classroom loadings associated with the implementation of full day kindergarten and the increases to the construction benchmarks announced in Memorandum 2014: B04 (construction cost benchmark for elementary schools is \$1,921.46/m² and for secondary schools is \$2,096.16/m²).

As a result of this adjustment, all assessed renewal needs will also be revised by 4% to provide an adjustment for inflation. No such adjustment has been made since the inception of this program.

Data Clean-up

Boards are reminded to continually update renewal data and events in TCPS. In particular, boards should be advancing any unfunded events to the current year (September 2014 to August 2015), validating their assets (including removing any assets demolished or sold), complete and archive all past projects, and plan ahead for Summer 2015 projects.

Boards are encouraged to contact VFA for assistance with these activities at help@vfa.com.

C. Remaining Service Life

Boards are reminded that condition assessment data should be used to update the remaining service life (RSL) of their assets in the Ministry's Tangible Capital Assets database. The Ministry expects boards to use the data collected from the Condition Assessment Program for this purpose, as it impacts the amortization schedule for renewal investments in the sector. Information about the RSL of schools can provide support for a board's requests for capital funding.

If you have additional questions relating to how to accurately update your remaining service life, please refer to Appendix K of the Ministry's Tangible Capital Assets Guide. Alternatively, please contact Soundari Vigneshwaran in the Ministry of Education's Financial Analysis & Accountability Branch at (416) 326-9168 or Soundari.Vigneshwaran@ontario.ca.

D. Key Contacts

We thank you for your ongoing co-operation in supporting both the Condition Assessment program and the maintenance of school board facility inventory data in SFIS.

For further information about the Condition Assessment Program, please contact the following individuals from the Ministry or VFA:

Ministry of Education:

Mathew Thomas: (416) 326-9920 or Mathew.P.Thomas@Ontario.ca

Hitesh Chopra: (416) 325-1887 or Hitesh.Chopra@Ontario.ca

VFA – Program Management:

Sazan Bimo | sbimo@vfa.com | (647) 497-5421

VFA – Technical Support for TCPS / VFA.facility:

Al Kostiuk | akostiuk@vfa.com | (647) 497-5405

TCPS Support Line: help@vfa.com | 1-877-333-3537 or (905) 953-9948 ext 2517

Sincerely,

Original signed by:

Grant Osborn,
Director
Capital Policy and Programs Branch

Appendix A: 2015-16 School Condition Improvement Allocation

S. No.	District School Board Number and Name	2015-16
1	DSB Ontario North East	4,389,817
2	Algoma DSB	5,424,524
3	Rainbow DSB	5,257,755
4	Near North DSB	4,707,203
5.1	Keewatin-Patricia DSB	4,131,287
5.2	Rainy River DSB	2,140,107
6.1	Lakehead DSB	4,788,337
6.2	Superior-Greenstone DSB	2,546,796
7	Bluewater DSB	5,104,453
8	Avon Maitland DSB	4,632,091
9	Greater Essex County DSB	12,667,813
10	Lambton Kent DSB	8,262,449
11	Thames Valley DSB	23,467,560
12	Toronto District School Board	112,047,169
13	Durham District School Board	12,351,004
14	Kawartha Pine Ridge DSB	8,609,035
15	Trillium Lakelands DSB	4,520,792
16	York Region DSB	11,365,864
17	Simcoe County DSB	7,231,698
18	Upper Grand DSB	4,576,364
19	Peel DSB	31,743,223
20	Halton DSB	8,839,024
21	Hamilton-Wentworth DSB	11,760,429

S. No.	District School Board Number and Name	2015-16
22	DSB of Niagara	11,052,462
23	Grand Erie DSB	6,849,181
24	Waterloo Region DSB	9,354,220
25	Ottawa-Carleton DSB	25,256,459
26	Upper Canada DSB	10,828,593
27	Limestone DSB	6,653,122
28	Renfrew County DSB	3,167,697
29	Hastings and Prince Edward DSB	6,642,169
30.1	Northeastern Catholic DSB	1,548,003
30.2	Nipissing-Parry Sound Catholic DSB	873,546
31	Huron-Superior Catholic DSB	1,933,717
32	Sudbury Catholic DSB	2,053,342
33.1	Northwest Catholic DSB	583,352
33.2	Kenora Catholic DSB	608,150
34.1	Thunder Bay Catholic DSB	2,783,862
34.2	Superior North Catholic DSB	1,046,491
35	Bruce-Grey Catholic DSB	314,495
36	Huron-Perth Catholic DSB	251,766
37	Windsor-Essex Catholic DSB	3,808,187
38	London District Catholic School Board	3,356,528
39	St. Clair Catholic DSB	1,796,921
40	Toronto Catholic DSB	18,140,299
41	PVNC Catholic DSB	1,614,826
42	York Catholic DSB	7,090,673

S. No.	District School Board Number and Name	2015-16
43	Dufferin-Peel Catholic DSB	7,079,318
44	Simcoe Muskoka Catholic DSB	1,107,300
45	Durham Catholic DSB	2,316,469
46	Halton Catholic DSB	2,529,776
47	Hamilton-Wentworth Catholic DSB	3,764,982
48	Wellington Catholic DSB	514,890
49	Waterloo Catholic DSB	4,239,198
50	Niagara Catholic DSB	4,879,720
51	Brant Haldimand Norfolk Catholic DSB	1,487,865
52	Catholic DSB of Eastern Ontario	2,220,394
53	Ottawa Catholic DSB	7,432,667
54	Renfrew County Catholic DSB	1,854,834
55	Algonquin and Lakeshore Catholic DSB	3,165,595
56	CSD du Nord-Est de l'Ontario	396,189
57	CSD du Grand Nord de l'Ontario	1,735,460
58	CS Viamonde	4,276,332
59	ÉP de l'Est de l'Ontario	2,162,498
60.1	CSD catholique des Grandes Rivières	4,736,752
60.2	CSD catholique Franco-Nord	2,016,711
61	CSD catholique du Nouvel-Ontario	2,686,599
62	CSD catholique des Aurores boréales	452,918
63	CS catholique Providence	1,515,512
64	CSD catholique Centre-Sud	2,686,094
65	CSD catholique de l'Est ontarien	3,237,435

S. No.	District School Board Number and Name	2015-16
66	CSD catholique du Centre-Est de l'Ontario	3,331,638
	Total	500,000,000

Appendix B: Assessment Schedule

S. No.	District School Board Number and Name	2015 Draft Plan
1	DSB Ontario North East	
2	Algoma DSB	
3	Rainbow DSB	
4	Near North DSB	
5.1	Keewatin-Patricia DSB	
5.2	Rainy River DSB	
6.1	Lakehead DSB	
6.2	Superior-Greenstone DSB	
7	Bluewater DSB	
8	Avon Maitland DSB	1
9	Greater Essex County DSB	1
10	Lambton Kent DSB	22
11	Thames Valley DSB	34
12	Toronto District School Board	118
13	Durham District School Board	28
14	Kawartha Pine Ridge DSB	23
15	Trillium Lakelands DSB	15
16	York Region DSB	67
17	Simcoe County DSB	2
18	Upper Grand DSB	23
19	Peel DSB	56
20	Halton DSB	39
21	Hamilton-Wentworth DSB	20

S. No.	District School Board Number and Name	2015 Draft Plan
22	DSB of Niagara	37
23	Grand Erie DSB	29
24	Waterloo Region DSB	42
25	Ottawa-Carleton DSB	26
26	Upper Canada DSB	22
27	Limestone DSB	
28	Renfrew County DSB	
29	Hastings and Prince Edward DSB	
30.1	Northeastern Catholic DSB	15
30.2	Nipissing-Parry Sound Catholic DSB	3
31	Huron-Superior Catholic DSB	
32	Sudbury Catholic DSB	
33.1	Northwest Catholic DSB	
33.2	Kenora Catholic DSB	
34.1	Thunder Bay Catholic DSB	
34.2	Superior North Catholic DSB	
35	Bruce-Grey Catholic DSB	
36	Huron-Perth Catholic DSB	
37	Windsor-Essex Catholic DSB	
38	London District Catholic School Board	18
39	St. Clair Catholic DSB	18
40	Toronto Catholic DSB	37
41	PVNC Catholic DSB	10
42	York Catholic DSB	19

S. No.	District School Board Number and Name	2015 Draft Plan
43	Dufferin-Peel Catholic DSB	31
44	Simcoe Muskoka Catholic DSB	1
45	Durham Catholic DSB	1
46	Halton Catholic DSB	29
47	Hamilton-Wentworth Catholic DSB	3
48	Wellington Catholic DSB	
49	Waterloo Catholic DSB	19
50	Niagara Catholic DSB	16
51	Brant Haldimand Norfolk Catholic DSB	10
52	Catholic DSB of Eastern Ontario	16
53	Ottawa Catholic DSB	
54	Renfrew County Catholic DSB	
55	Algonquin and Lakeshore Catholic DSB	
56	CSD du Nord-Est de l'Ontario	1
57	CSD du Grand Nord de l'Ontario	
58	CS Viamonde	1
59	CÉP de l'Est de l'Ontario	
60.1	CSD catholique des Grandes Rivières	
60.2	CSD catholique Franco-Nord	
61	CSD catholique du Nouvel-Ontario	
62	CSD catholique des Aurores boréales	
63	CS catholique Providence	
64	CSD catholique Centre-Sud	1
65	CSD catholique de l'Est ontarien	4

S. No.	District School Board Number and Name	2015 Draft Plan
66	CSD catholique du Centre-Est de l'Ontario	6
-	Penetanguishene Protestant Separate School Board	
-	Moose Factory Island DSAB	
-	Moosonee DSAB	
-	James Bay Lowlands	
	Total	864

This plan is based on the number of eligible facilities for each board.

Appendix C: Proposed VFA.facility Migration Groups

Group 1

DSB No.	District School Board Name
1	District School Board Ontario North East
2	Algoma District School Board
3	Rainbow District School Board
4	Near North District School Board
5.1	Keewatin-Patricia District School Board
5.2	Rainy River District School Board
6.1	Lakehead District School Board
6.2	Superior-Greenstone District School Board
7	Bluewater District School Board
8	Avon Maitland District School Board
31	Huron-Superior Catholic District School Board
32	Sudbury Catholic District School Board
33.1	Northwest Catholic District School Board
33.2	Kenora Catholic District School Board
34.1	Thunder Bay Catholic District School Board
34.2	Superior North Catholic District School Board
35	Bruce-Grey Catholic District School Board
36	Huron-Perth Catholic District School Board
48	Wellington Catholic District School Board
54	Renfrew County Catholic District School Board
55	Algonquin and Lakeshore Catholic District School Board
56	Conseil scolaire de district du Nord-Est de l'Ontario

DSB No.	District School Board Name
57	Conseil scolaire de district du Grand Nord de l'Ontario
60.2	Conseil scolaire de district catholique Franco-Nord
61	Conseil scolaire de district catholique du Nouvel-Ontario
62	Conseil scolaire de district catholique des Aurores boréales
63	CS catholique Providence
99	School Board Authorities

Group 2

DSB No.	District School Board Name
27	Limestone District School Board
28	Renfrew County District School Board
29	Hastings and Prince Edward District School Board
37	Windsor-Essex Catholic District School Board
44	Simcoe Muskoka Catholic District School Board
45	Durham Catholic District School Board
53	Ottawa-Carleton Catholic District School Board
59	CÉP de l'Est de l'Ontario
60.1	Conseil scolaire catholique de district des Grandes Rivières
64	Conseil scolaire de district catholique Centre-Sud

Group 3

DSB No.	District School Board Name
15	Trillium Lakelands District School Board
17	Simcoe County District School Board
21	Hamilton-Wentworth District School Board

DSB No.	District School Board Name
24	Waterloo Region District School Board
26	Upper Canada District School Board
46	Halton Catholic District School Board

Group 4

DSB No.	District School Board Name
11	Thames Valley District School Board
10	Lambton Kent District School Board
12	Toronto District School Board
13	Durham District School Board
14	Kawartha Pine Ridge District School Board
16	York Region District School Board
18	Upper Grand District School Board
19	Peel District School Board
20	Halton District School Board
22	District School Board of Niagara
23	Grand Erie District School Board
25	Ottawa-Carleton District School Board
30.1	Northeastern Catholic District School Board
30.2	Nipissing-Parry Sound Catholic District School Board
38	English-language Separate District School Board No. 38
39	St. Clair Catholic District School Board
40	Toronto Catholic District School Board
41	Peterborough Victoria Northumberland and Clarington Catholic DSB

DSB No.	District School Board Name
42	York Catholic District School Board
43	Dufferin Peel Catholic District School Board
47	Hamilton-Wentworth Catholic District School Board
49	Waterloo Catholic District School Board
50	Niagara Catholic District School Board
51	Brant Haldimand Norfolk Catholic District School Board
52	Eastern Ontario Catholic District School Board
58	CS Viamonde
65	Conseil scolaire de district catholique de l'est Ontarien
66	Conseil scolaire de district catholique du Centre-Est de l'Ontario