

CAPITAL BUDGET – 2008/09

Funding Sources for Capital Projects

NOTE: *Ministry approval is now required prior to commencing with any capital project, regardless of the funding source.*

Grant for New Pupil Places

- Annual grant to fund the construction of new pupil accommodation including the purchase or lease of portable classrooms.
- Amount of the grant is based on the difference between the FTE enrolment and the total capacity of the board's schools as established in 1998. The amount of the grant fluctuates as enrolment increases and decreases.
- Any unused portion of the annual grant must be placed in the Pupil Accommodation Reserve for use on future capital projects
- New pupil place funding may not be used for operating expenses
- The WCDSB is currently in the position where the amount of funding received from the Ministry is exceeded by the Board's debt commitments and other sources of capital funding will be required to fund the long-term debts.
- There are two contributing factors leading to this situation – first, the Ministry benchmarks lagged actual construction costs throughout the period when the Board was constructing schools and second, the Board's capital finance strategy relied on the Ministry policy that allowed Board's to close schools to finance additional capital spending. That policy was suspended by the Ministry in 2005.
- The Ministry is working with all boards to complete a Capital Liquidity Template which will provide an accurate assessment of a board's current capital financial position and the board's ability to take on additional capital debt. This tool will be used in the analysis of Capital Debt Commitments, transfers of reserves and for Growth School business cases. It is expected that the Ministry will complete the capital liquidity templates by the end of June 2008.

Grant for School Renewal

- Annual grant to fund major replacement / repair of original building systems and to complete program related changes to school facilities
- Any unused portion of the annual grant must be placed in the Pupil Accommodation Reserve for use on future capital projects, although typically the Board spends all of the annual allocation.

Good Places to Learn

- Ministry initiative initiated in 2005 to allow Boards to complete a backlog of urgent and high need repairs to schools
- Initially established as a 3 stage program but a Stage 4 for 2009-10 has recently been announced
- Stages 3 and 4 permit some flexibility by allowing funds to be spent on program related needs where those needs were previously identified through the Ministry school inspections
- The Stage One allocation for the WCDSB was \$6,082,548; Stage Two was \$3,513,738 and Stage Three, for 2007-08 was \$2,377,127.

Primary Class Size

- Capital funding was provided to school boards to assist with the implementation of the primary class size initiative
- The Ministry identified that the WCDSB would have PCS capital requirements equivalent to 498 pupil places as a result of PCS implementation. The Ministry provides an annual allocation to the board in the amount of \$560,056 which would support \$6,044,957 worth of construction.
- Annual grant allocations are based on the actual funding requirements of the board. At this point the WCDSB is using the funding allocation to lease portables.
- The Ministry does permit Boards to transfer the allocation from one school to another where it can be demonstrated that a construction program at one school results in a PCS solution at another school (e.g. an addition at one school frees up owned portables that can be used to replace portables that have been leased for PCS reasons)
- This would be the funding source for a classroom addition at St. Nicholas and possibly at John Sweeney (subject to the outcome of the 2008-09 accommodation review for Southwest Kitchener).

Prohibitive to Repair

- Ministry inspections in 2003 identified required repairs at schools which have been loaded in the ReCAPP software provided to all Ontario Boards
- The ReCAPP software predicts future renewal events based on the theoretical life span of individual building components and estimates the cost of those repairs
- Where the cost of the repairs over a ten year period are in excess of 65% of the replacement cost of the school, the Board may qualify for “prohibitive to repair” funding to either rebuild the school on another site, rebuild the school on the same site or complete a “deep retrofit” of the existing building
- The WCDSB has submitted a business case for PTR funding for two schools – St. Patrick and Notre Dame.
- PTR funding from these two schools would be used to construct a new elementary school in East Kitchener.

Growth Schools

- The Ministry initiated the Growth Schools program to address the need for Boards to build schools in localized growth areas when they would not otherwise qualify for additional new pupil place funding
- The Ministry has specific criteria that must be met to qualify for the funding and Boards must submit a business case outlining their proposals
- The WCDSB will be submitting business cases in 2008-09 for growth schools funding for the Brigadoon-Huron elementary school in southwest Kitchener, the Moffat Creek elementary school in southeast Galt and the Guelph Avenue elementary school in Hespeler.

Proceeds of Disposition

- When the Board disposes of surplus property, either through sale or lease, the proceeds of the disposition must be placed in a reserve.
- These funds may be used to build new pupil places, complete major repairs or to purchase sites.
- The WCDSB has accumulated a significant Disposition of Property reserve as a result of the sale of surplus properties.

- A number of past capital projects were built on the premise that proceeds from disposition would be used to augment the funding (e.g. St. Mary's High School).
- The reserve funds will be used to offset the capital debt obligations.

Education Development Charges

- The Board collects a levy on each residential building permit issued in the Region in the amount of \$104 per unit.
- This revenue is placed in a reserve fund and may be used to purchase school sites as identified in the Board's Education Development Charge bylaw.
- The Board draws from the reserve periodically to pay down land purchases.
- This is the only purpose for which these funds may be used.

Reserve Balances

	Balance at August 31, 2007	Projected Balance at August 31, 2008
Grant for Improved Access Reserve	\$190,230	\$190,200 160,200
Pupil Accommodation Reserve	\$8,133,696	\$7,026,256
Disposition of Property	\$8,959,379	\$9,032,250
Education Development Charges	\$191,526	\$391,526

Annual Capital Funding

	2007-08 Revenue	Projected 2008-09 Revenue
New Pupil Places	\$7,584,398	\$7,281,875
Grant for School Renewal	\$3,449,577	\$3,580,550
Primary Class Size	\$172,969	\$172,969