



## School District No. 22 (Vernon)

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# Board Office Capital Project Update

May 23, 2018

## Introduction

The Board of Education has been developing capital plans for school district facilities including the school board office facility.

The Board wrote to the Minister of Education seeking clarification regarding government's capital funding support for the renovation or replacement of school district service facilities, including administrative offices. The Minister of Education advised the Board that if they decided to proceed with the board office project that they would need to use their Annual Facilities Grant and local capital funds.

The Board has supported the school district board office capital project and authorized staff to proceed with the project to construct new space to replace the existing portables and to renovate the existing school district board office space.

The Board has also provided direction that this capital project be funded through the sale of properties, Annual Facility Grant funds, International revenue, and surpluses from maintenance and transportation funds.

This update provides background information on the process and current status of this capital project.

## Background

The Board manages its financial resources in three areas: the operating fund, special purpose funds, and capital funds.

Major capital projects that are eligible and should be funded by the Ministry require approval and support from the Province. Projects that are not eligible or supported for Ministry capital funding, such as the board office project, and are funded locally may advance without Ministerial approval.

On June 22, 2016, after going through a public consultation process to develop a Long Term Facilities Report, the Board was provided with a final report. The LTFP included recommendations that the Board include the replacement of the school district board office on the Board's five year capital plan.



On June 23, 2016, the Board wrote to the Minister of Education seeking clarification regarding government's capital funding support for the renovation or replacement of school district service facilities, including administrative offices.

On August 22, 2016, the Minister of Education advised the Board that if they decided to proceed with the board office project that they would need to use their Annual Facilities Grant and local capital funds.

On September 28, 2016, the Board was presented and approved a five year capital plan summary. This summary identified the school board office project to replace the portables with new space and renovate existing space.

On September 28, 2016 the Board was also presented with a report on the 2015/16 Financial Statements (Surpluses and Interfund Transfers). This report provided information regarding surpluses, interfund transfers, and the reporting of surpluses and interfund transfers. The report identified an additional transfer of \$651,861 in the financial statements and the Board approved the additional transfer from the Operating Fund to Local Capital.

On April 12, 2017, the Board was provided with a Capital Budget Plan Report which included recommendations to proceed with the board office capital project. The Board of Education approved the Capital Budget Plan Report for consultation with Recommended Actions to be brought back to the Board on April 26, 2017.

On April 26, 2017, the Board was presented with recommended actions and was provided information on the consultation process. The Board considered the recommendations and consultation process during their discussions and debate prior to passing the following motion:

“That the Board of Education supports the school district board office capital project and authorizes staff to proceed with the project to construct new space to replace the existing portables and to renovate the existing school district board office space, and further;  
That the Board of Education utilizes funding from sale of properties, AFG funds, International revenue, and surpluses from maintenance and transportation funds.”

The Board has passed a motion supporting the school district board office capital project utilizing funding from sale of properties, AFG funds, International revenue, and surpluses from maintenance and transportation funds. The district will review these accounts at year end and determine amounts that the Board could transfer to Local Capital to support the board office project.

The district has proceeded with a Request for Proposal for the Architect / Prime Consultant Services for the Design and Construction / Renovation of the School District



Administration Offices. MQN Architects were the successful proponent through this process and have been awarded the contract for these services.

On November 22, 2017, MQN Architects and the school district's Director of Facilities presented an overview of the scope and design of the capital project.

The Project generally consists of the renovation and addition to the School District #22 existing board office. The existing structure is of combustible construction, consisting of a single storey of wood frame construction above a concrete foundation with an occupied basement. The floor area of the existing building is approximately 1330m<sup>2</sup>.

The Phase I addition is a separate structure connected to the existing building by a single story enclosed walkway with landscaped courtyards on either side of the connection. The addition is of combustible construction, consisting of 2 storeys of wood frame construction on a concrete raft slab supported by a helical pile foundation. The addition adds approximately 705m<sup>2</sup> of office space and 152m<sup>2</sup> of penthouse mechanical.

The Phase II renovation work includes hazardous materials removal prior to selective demolition of interior partitions and exterior envelope.

Phase III includes construction of interior partitions, building envelope, new Mechanical and Electrical, wall, floor and ceiling finishes and entrance canopies.

All portables for the board office have been removed and staff has been temporarily relocated to other facilities. The project has been tendered with the tender closing on May 10, 2018.

### **Project Costs and Funding**

The district has been working with MQN and consultants to develop plans to construct new space to replace the existing portables and to renovate the existing school district board office space.

High level plans and cost estimates were prepared in early 2016 for the school district with an original cost estimate of \$7.3 million. As the plans have developed over the last 18 months, detailed working drawings/plans have been prepared along with updated cost estimates.

The scope of the project has remained unchanged since the presentation to the Board on November 22, 2017.

Structural changes have been required in the planning to accommodate the additional pilling work and raft slab work resulting from geotechnical information on soil conditions. A Geothermal mechanical system has been included increasing mechanical



and site development costs. Market conditions in the Central Okanagan have resulted in increased construction cost escalation rates of 21% from the last quarter of 2016 to the first quarter of 2018.

The district has tendered the majority of the capital project. Five general contractors submitted bids for the project which ranged from \$7,219,367 to \$9,320,000. The difference between the highest and the lowest bid was \$2,100,633. The second lowest bid was \$7,266,210, \$46,843 higher than the lowest bid. Based upon this, the district is finalizing construction documents with Sawchuk Developments who was the lowest bid.

The project is estimated to be substantially complete by December 2019.

In addition to the tendered construction award, the district will incur costs associated with this project including architectural and other consultant fees, additional site development costs, development cost charges, and equipment costs. Based upon the updated information, including the recent tender amounts, the total cost of the project is now estimated at approximately \$9.5 million.

The Board has supported the school district board office capital project and authorized staff to proceed with the project to construct new space to replace the existing portables and to renovate the existing school district board office space.

The Board has provided further direction that the district utilizes funding from sale of properties, AFG funds, International revenue, and surpluses from maintenance and transportation funds for this project.

Based upon this, the district has identified the following as sources of funds for this project:

Local Capital Balance 2015/16	\$6,679,289
Annual Facilities Grant 2018/19	1,000,000
Annual Facilities Grant 2019/20	<u>1,000,000</u>
Sub Total	\$8,679,289

The Board of Education also has five undeveloped sites owned by the district. The Board has adopted disposal bylaws on some of these properties and the district will be determining which should be held for potential future educational facility purposes and which should be disposed of.

The Board has a developed site (Whitevale) and is working through the disposal process in accordance with the district's policy for Disposal of Land and Improvements as approved by the Board's Bylaw No. 14 and Ministry of Education requirements. Proceeds from the disposition of surplus properties will be deposited into the local capital and minister-



restricted funds consistent with Ministry policy. These proceeds can be utilized to support the board office capital project.

In addition to the above, the district typically has a profit from the district's international program. In the past, these international program profits have been utilized to support capital purchases that have not been eligible for additional funding from the Ministry.

As identified in a report to the Board on April 25, 2018, the district is projecting a profit from the international program of approximately \$400,000 in 2017/18. Similar profit was achieved in 2016/17 and could be expected for 2018/19. The Board could decide to utilize these profits for this capital project consistent with the Board motion. This would result in approximately \$1.2 million to support this project.

## **Summary**

The Board has been reviewing the need to undertake a capital project for the board office for numerous years.

On April 26, 2017, the Board was presented with recommended actions and was provided information on the consultation process. The Board considered the recommendations and consultation process during their discussions and debate prior to passing the following motion:

“That the Board of Education supports the school district board office capital project and authorizes staff to proceed with the project to construct new space to replace the existing portables and to renovate the existing school district board office space, and further;  
That the Board of Education utilizes funding from sale of properties, AFG funds, International revenue, and surpluses from maintenance and transportation funds.”

The district proceeded with a Request for Proposal for the Architect / Prime Consultant Services for the Design and Construction / Renovation of the School District Administration Offices. MQN Architects were the successful proponent through this process and were awarded the contract for these services.

Construction plans have been developed and tendered. The lowest bid was received from Sawchuk Developments and the district is finalizing documents with them.

The total project cost is expected to be approximately \$9.5 million and be substantially completed by December 2019.

The district has sufficient funds as outlined above to support this capital project.