



Memorandum

Date: February 7, 2025
To: Finance and Planning Committee
From: Rob Drew, Director of Operations

Action Item: **Three Year Annual Facility Grant (AFG) Plan 2025/2026 - 2027/2028**

1.0 ISSUE STATEMENT

The Annual Facility Grant Plan is prepared yearly by School District No. 23 (Central Okanagan) (the "District") staff for approval by the Board of Education and for submission to the Capital Planning Branch within the Ministry of Education and Child Care (the "Ministry").

2.0 BACKGROUND

For the provincial fiscal year of April 1, 2025 through March 31, 2026, the Ministry may grant the District approximately \$4.9M in the Annual Facility Grant ("AFG"), intended for minor capital improvements required to ensure the long-term viability of existing School District facilities. The District has prioritized this grant funding towards the upgrading of mechanical and electrical systems, end of life roofing and urgent facility and site upgrades.

The Ministry directives state:

"A school board may expend its Annual Facility Grant for the purpose of:

- Upgrading or replacing existing building components throughout the expected economic life of an existing capital asset.
- Enhancing the service potential of an existing capital asset or a component of an existing capital asset by correcting deficiencies in design or construction, and unsafe conditions.
- Significantly lowering the associated operating costs of an existing capital asset; or
- Extending the life of an existing capital asset or a component of an existing capital asset beyond its original life expectancy.

A school board is responsible for managing its annual facility grant funds to enable emergent health and safety expenditures to be addressed within each fiscal year.

District staff utilizes nine categories for determining eligible AFG expenditures:

- Accessibility upgrades - improvements related to access for people with mobility issues or physical disabilities.
- Asbestos abatement - mitigation and/or remediation of asbestos affected areas.
- Electrical upgrades - improvements or replacements of power supply and distribution systems, fire protection systems, and technological infrastructure upgrades to accommodate computer and telecommunications networks.

- Exterior wall system upgrades - improvements to protect the fabric of the building, including exterior painting, window, and door replacement, building envelope repair and replacement, structural and non-structural seismic mitigation.
- HVAC upgrades - improvements, replacements or provision of heating, ventilation, and air conditioning systems.
- Interior construction upgrades - improvements of school facilities related to flooring, wall partitions, non-structural upgrades, and the provision of educational programming.
- Plumbing upgrades - improvements, replacements or provision of washroom and plumbing systems, and safe drinking water.
- Roofing upgrades - scheduled roof replacements and major roof repairs.
- Site upgrades - site improvements including positive site drainage; repairs to sidewalks, parking lots, site access/egress, paved work areas, paved play areas, and play fields; repairs, upgrading or replacement of playground equipment; perimeter safety fencing; contaminated soil remediation; underground storage tanks removal; sewer or water services; underground irrigation systems; traffic safety."

Expenditures for annual facility projects may include any associated consultant fees.

Examples of ineligible use of annual facility grants include:

- Building expansions resulting in increases to gross facility area or nominal capacity.
- Building acquisitions.
- Site acquisitions.
- Acquisition of equipment, furnishings, personal computers and peripherals, servers, or vehicles and their accessories.

The Ministry requires that all AFG funding be expended by March 31st of the provincial fiscal year. In addition, the District has the opportunity to seek approval for major mechanical and electrical projects along with end-of-life roofing and urgent facility upgrades to be considered within Minor Capital programs available through the District Five-Year Capital Plan Submission.

3.0 POINTS FOR CONSIDERATION

The Operations Department has created the Three-Year AFG plan (Appendix A) based on an understanding that grant funding levels will remain consistent. Operations staff will ensure that the funds are utilized to maximize long-term benefits to the District.

Sources of information to create the Three-Year Plan:

- Operations maintenance staff and managers.
- Specific consultants (i.e., roofing, mechanical, electrical, etc.).
- Discussions with specialty groups such as Inclusive Education Department and Learning Technology Department to discuss their unique District-wide needs.
- Comparison to the Ministry of Education and Child Care Computerized Asset Management System (CAMS).

The Operations Department management team then met to review each line item and evaluated and set priorities of a selected group. The entire plan was then reviewed by the Superintendent of Schools/CEO, and the Secretary-Treasurer/CFO. The final plan is then reviewed by the Finance and Planning Committee and then forwarded to the Board of Education for final approval. Again, this year, the expectation is to completely expend all funds by the March 31st deadline.

4.0 OPTIONS FOR ACTION

- a. Recommend that the Board of Education approve the plan as submitted, subject to receipt of an AFG funding confirmation announcement.
- b. Ask staff to revise the plan to meet specific Board of Education directed needs.

5.0 FOLLOW UP

Upon Board of Education approval, the Operations Department will assign projects to staff pending a future announcement of the Annual Facility Grant from the Ministry. No major expenditure will be made until funds are secured. Should a reduced funding level be subsequently announced, the Operations Department will prioritize the highest rated items from the projects supported by the Board and provide the Finance and Planning Committee with an updated list of projects as an Information Item at a subsequent meeting.

6.0 DIRECTOR OF OPERATIONS COMMENTS

This plan is a guideline and must be regularly managed. Emergent critical needs (e.g., large mechanical, electrical, and/or structural failures) can cause funds to be redirected. As each item is further investigated, the scope of work can change, which may increase or decrease the costs of a project. This can result in the delay of a particular project until a future year. Larger projects usually require a substantial amount of design before tendering, which often results in projects being phased in for study and design one year and with tendering and completion the next year. Historically, funding provided by the Ministry has not been adequate to address the demands across the District. Each year, the Operations Department is compelled to defer maintenance activities on equipment or infrastructure to align with funding levels (Appendix B).

7.0 STAFF RECOMMENDATION

THAT: The Finance and Planning Committee recommends to the Board:

THAT: The Board of Education approve the Annual Facility Grant Plan for 2025/2026 through 2027/2028, as attached to the Agenda and as presented at the February 12, 2025, Finance and Planning Committee Meeting.

8.0 APPENDICES

- A. Appendix A - Annual Facility Grant Plan for 2025/2026 through 2027/2028
- B. Appendix B – 2025/2026 Annual Facility Grant (AFG) and Deferred Maintenance (DM)