

DATE: November 26, 2024

TO: Board of Trustees

FROM: Darrel Robertson, Superintendent of Schools

SUBJECT: Revised Capital Reserve Plan for 2024–2025

ORIGINATOR: Todd Burnstad, Chief Financial Officer

RESOURCE STAFF: Cliff Richard, Christopher Wright, Terri Gosine, Crystal Plante

REFERENCE [Recommendation Report – Centre for Education Capital Plan Information Report - Division Energy and Environment Strategy Update](#)

ISSUE

The 2024–2025 Capital Plan was presented and approved by the Board in conjunction with the Spring Budget on May 24, 2024. Subsequently, during the summer, the Center for Education (CFE) experienced electrical interruptions as a result of equipment failure associated with aging infrastructure, underscoring the benefits of moving forward expeditiously with the CFE Capital Plan. In addition, on September 18, 2024, the Alberta Government announced funding under the School Construction Accelerator Program which will now provide funding for some modular classrooms that were budgeted for through the Division’s Capital Reserve. An updated 2024–2025 Capital Reserve plan is being proposed to reflect our updated capital needs for the year.

BACKGROUND

The Centre for Education (CFE) has reached 41 years of age and several key building components and systems have reached end-of-life and require renewal at a cumulative cost of approximately \$16 to \$19 million. In order to best address the condition of the facility and systems, a CFE Capital Plan was created to identify projects that will need to be undertaken over the coming years. These projects include priority deferred maintenance such as roof renewal and structural repairs, technology upgrades, accessibility improvements, and energy efficiency improvements. Amongst the most critical projects are the upgrade of the Division’s Data Centre and the CFE electrical system.

On May 14, 2024, the Board of Trustees approved a four-year plan to address the most pressing CFE capital needs estimated at approximately \$8.5 million. For 2024–2025, \$365,000 was approved from operating surplus funds to address some water infiltration issues, to complete a feasibility study on relocating the Data Centre, and for other Data Center related upgrades.

The recommended approach to address the CFE deficiencies includes multi-year project planning or phases where projects would be bundled where feasible and phased appropriately to realize financial and project efficiencies. If approved, requests for proposals (RFPs) for certain projects can be initiated early in 2025 with work starting prior to the end of the 2024–2025 school year. Discrete projects such as the roof renewal and parkade/plaza repairs can proceed relatively quickly while complex projects such as the Data Centre upgrade ramp up through feasibility and engineering studies and preliminary scoping and design work.

Related to growth and student accommodation, the Division has been approved to receive 42 new and four relocated modular classrooms (combined, 46 net new), along with funding to relocate four existing units within the Division, over the 2024–2025 school year. The total number is a result of the Division’s initial November 1, 2023, modular request submission, a secondary mid-year submission opportunity, and an opportunity to receive four units from another jurisdiction through the Province. Capital reserve funding that had been earmarked to secure new unfunded units is no longer required due to the mid-year approvals.

The Province has also announced enhanced funding for modular classrooms (more than 20,000 student spaces in new or relocated modular classrooms) over the next four years as part of the Alberta School Construction Accelerator Program. Administration believes the provincial Modular Classroom Program—by virtue of the new School Construction Accelerator Program—is now resourced to a level that our Division’s needs over the next three years will be sufficiently addressed. As such, \$3.7 million of the originally approved \$5.7 million within the Capital Reserve for growth and student accommodation for 2024–2025 can be reprofiled into future years or for other purposes.

RELATED FACTS

Center for Education

If approved, for the 2024–2025 school year, the following priority items can move forward in order to ensure that deferred maintenance is addressed in a timely and sequential manner, as well as maximize the Division’s ability to gain efficiencies through procurement:

- Parkade/plaza water infiltration – proposed expenditure for the 2024–2025 school year is approximately \$2.7 million, allowing for early completion of nearly the entire anticipated scope (all phases). Accelerating this work mitigates additional water infiltration and related corrosion.
- Roofing – proposed expenditure for the 2024–2025 school year is approximately \$1.2 million, with an additional \$500,000 anticipated to be expended in the early part of the 2025–2026 school year.
- The most complex and interrelated aspects of the CFE Capital Plan (electrical system, Data Centre, security monitoring, etc.) will progress as a comprehensive Integrated Project Delivery (IPD) project – proposed expenditure for the 2024–2025 school year is approximately \$500,000 out of a total (preliminary) rough order estimated budget of \$2.75 million for all phases. It is anticipated that the majority of the expenditures would occur over the 2025–2026 school year.

Growth and Student Accommodation

A portion of the Capital Reserve funding approved for growth and student accommodation measures in 2024–2025 could be reprofiled into future years or for other uses due to the Province’s recent injection of additional funding into the Modular Classroom Program as a result of the School Construction Accelerator Program. The Division anticipates requiring facility modifications within highly-utilized schools—high schools in particular—to accommodate projected student enrolment for 2025–2026. Administration is recommending that \$3.7 million of the \$5.7 million earmarked for growth and accommodation measures in 2024–2025 be reprofiled into future-year growth and student accommodation, while \$2 million remains accessible to facilitate building modification projects (earmarked for summer 2025) required to accommodate projected student enrolment for 2025–2026.

Division Energy and Environment Strategy

The Division’s Energy and Environment Strategy aims to reduce our carbon footprint by 45 per cent by 2035. To achieve this ambitious goal, the Division must explore multiple avenues, including upgrading building components to energy-efficient alternatives. LED lighting upgrades, for instance, will replace

high-energy-use fixtures in various buildings. While provincial Infrastructure Maintenance and Renewal (IMR) and Capital Maintenance and Renewal (CMR) funding may be used in support of operational school facilities, administrative buildings (e.g., Centre for Education, Distribution Centre, Maintenance Facility) and closed schools are not eligible. Administration proposes allocating \$750,000 for LED lighting upgrades in administrative buildings in 2024–2025, which will significantly contribute to the Division’s carbon reduction efforts while reducing annual operational costs related to utilities. Engineering assessments, building audits and project development work in 2024–2025 will support additional energy and environment strategy capital investments in future years.

In summary, the original amount of access to Capital Reserve funds for 2024–2025 amounted to \$6.95 million. Factoring in the above noted proposed changes, the revised request for access to capital reserve funds now amounts to \$7.15 million, or a net increase of \$200,000.

RECOMMENDATION

That the revised 2024–2025 Capital Reserve Plan as outlined in Attachment I be approved.

OPTIONS

Based on the information provided in this report, the following options are considered most appropriate:

1. Proceed with the recommendation as detailed in this report.
2. Do not proceed with the recommendation.
3. Another option favorable to the Board.

CONSIDERATIONS and ANALYSIS

A number of CFE Capital Plan priority projects can commence during the 2024–2025 school year, as described above. The \$12 million recently transferred into the Capital Reserve and targeted to addressing this work will allow Administration to facilitate an expedited approach to addressing priority deferred maintenance items starting in the current school year. Advantages to accelerating the CFE Capital Plan include risk mitigation related to component failure or further damage, cost avoidance related to future inflation and cost escalation, and potential reductions to the Division's carbon footprint sooner.

Some Capital Reserve funding approved for growth and student accommodation measures in 2024–2025 can be reprofiled into future years or for other uses due to the Province’s recent injection of additional funding into the Modular Classroom Program as a result of the School Construction Accelerator Program. The provincial commitment to additional modular funding only covers the next four years, while the Division’s space challenges are anticipated to extend beyond that timeframe. The Division will require facility modifications to support enrolment growth at highly-utilized schools, and high schools in particular, within that time frame, to include in preparation for school year 2025–2026. As such, the Administration recommends reprofiling the excess portion (\$3.7 million) of the growth and student accommodation funds allocated for 2024–2025 into growth and student accommodation (future use) to facilitate building modification projects and modular classroom purchases that are anticipated to be required in future years.

Included within the Division Energy and Environmental Strategy (2023–2026) is a strategy for reducing the Division’s carbon footprint and meeting our greenhouse gas emissions reductions targets of five per cent by 2025 and 45 per cent by 2035. Upgrading to LED lighting will help to reduce the Division’s operational costs and carbon footprint in a meaningful way. Additional work related to the Strategy will

continue to progress as facilitated by the Capital Reserve funding allocated in the current and future years.

NEXT STEPS

If approved, Administration will work to align project timelines and cash flows with the updated Capital Reserve allocations. Updates will be provided to the Board through the annual budgeting process and periodic CFE Capital Plan and Energy and Environment Strategy updates.

ATTACHMENTS and APPENDICES

ATTACHMENT I Revised 2024–2025 Capital Reserve Plan

TB:ja

Edmonton Public Schools
Revised 2024-2025 Budget - Capital Reserve Plan

Notes:	Original Approved	Proposed Change	Updated Balance
Actual capital reserve balance at September 1, 2024			\$ 43,257,785
Capital transactions projected for 2024-2025			
1 Growth and Student Accommodation 2024-2025	\$ (5,700,000)	\$ 3,700,000	\$ (2,000,000)
2 Division Energy and Environment Strategy	(1,250,000)	500,000	(750,000)
3 CFE Deferred Maintenance	-	(4,400,000)	(4,400,000)
Forecasted accumulated capital reserve balance at September 1, 2025			\$ 36,107,785
Capital Reserve funded projects, future use:			
1 Growth and Student Accommodation (future use)	(9,300,000)	(3,700,000)	(13,000,000)
2 Division Energy and Environment Strategy	(8,000,000)	(500,000)	(8,500,000)
3 CFE Deferred Maintenance	(12,000,000)	4,400,000	(7,600,000)
Forecasted accumulated capital reserve balance (uncommitted)	\$ (29,300,000)	\$ -	\$ 7,007,785

Notes:

- Growth and Student Accommodation (2024-2025)** -Additional modular classrooms anticipated through the School Construction Accelerator Program will allow the Division to defer accessing some Capital Reserve funds previously approved for access during the 2024–2025 school year. As this Provincial funding initiative is for an initial four year period and does not support facility modifications, Division-funded work will still be required to accommodate growth in the future.
- Division Energy and Environment Strategy** -The Division is committed to reducing our greenhouse gas emissions and has set reduction targets of five per cent by 2025 and 45 per cent by 2035. These funds will be used to address the action items identified with the strategy.
- CFE Capital Plan** - The Centre for Education (CFE) has reached 41 years of age and several key building components and systems have reached end-of-life and require renewal. A CFE Capital Plan has been created to identify projects that will need to be undertaken over multiple years. These projects include priority deferred maintenance such as roof renewal and structural repairs, technology upgrades, accessibility improvements, and energy efficiency improvements.

CFE - Phase I Priorities

	2024-2025	> 2024-2025	Total
Ground water mitigation	\$ 2,700,000	\$ -	\$ 2,700,000
Roofing	1,200,000	500,000	1,700,000
Electrical, Data Centre, Security monitoring	500,000	2,250,000	2,750,000
	\$ 4,400,000	\$ 2,750,000	\$ 7,150,000