



SCHOOL DISTRICT NO. 43 (COQUITLAM)

Office of the Secretary-Treasurer

MEMORANDUM

TO: Board of Education

FROM: Mohammed Azim, Secretary-Treasurer/CFO
Ivano Cecchini, Executive Director, Facilities and Planning Services

DATE: February 8, 2022

SUBJECT: **Burke Mountain Middle/Secondary School Project Update**

COPIED TO: District Leadership Team

Recommended Action: The following is provided for information.

Background: Over the past calendar year, the Board along with staff have had numerous in-camera discussions and has strongly advocated for Burke Mountain Secondary School which will first be utilized as a middle school and secondary school until such time as a new middle school is constructed. This memo outlines the historical milestones, funding cost-sharing expectations, and next steps.

Historical Milestones:

- July 12, 2019 - PDR Submission*
- December 22, 2020 – Concept Plan Submission**
- January 2021 to December 2021:
 - Continued Board lobbying for the proposed new Burke Mountain Middle/Secondary School capital request. This included meeting with various stakeholders, including MLAs, Provincial Ministers, Municipalities, etc.
 - Bi-weekly meetings - Ministry of Education (MOE) and Executive Director, Facilities and Planning Services
 - Numerous In-Camera Board Meetings discussing the items identified in this timeline and memo
- May 11, 2021 – Capital Response letter received indicating Concept Plan is under review
- July 15, 2021 – Approval of the Concept Plan by the Ministry – (March 31, 22 PDR submission date deadline provided)
- August 5, 2021 – MOE staff, SD staff and Mass Timber Association meeting
- August 6, 2021 – MOE staff, SD staff and Infrastructure BC (IBC) Meeting regarding procurement

- September 15, 2021 – City staff and SD staff meeting regarding timing and logistics of project
- September 22, 2021 – MOE staff, SD staff and Consultant meeting regarding Energy Study
- October 4, 2021 – MOE staff, SD staff, IBC follow up meeting regarding procurement
- October 6, 2021 – MOE staff, SD staff and Consultant meeting follow up regarding Energy Study
- October 27, 2021 – MOE staff, SD staff and IBC conclusion IBC indicates that Design Build is a viable option for procurement
- November 3, 2021 - Letter from the Province: re New Burke Mountain Middle Secondary cost share requirement of \$25 million
- November 10, 2021 – MOE staff, SD staff and Consultant meeting Energy Study conclusion
- November 19, 2021 – SD staff and City staff meeting to update progress
- December 15, 2021 – ADM, MOE staff, SD staff meeting to update progress
- January 18, 2022 – PDR Submission

* Concept Plan Submission: Is a form of a business case that outlines Capital Project options and high-level details of the scope of work.

**Project Definition Report (PDR): Is a form of a business case which is completed after the Concept Plan. It typically focuses in on one of the options of the Concept Plan and provides a detailed analysis of the scope of work.

Local Funding Contribution

The MOE notified SD43 of its expectation that as a condition of government funding for the approval of the new Burke Mountain Middle/Secondary school, the MOE will require the School District to contribute \$25 million or approximately 20% of the December 2020 estimated new school cost. The MOE also indicated that Capital Planning staff would work with the district to establish a timeline for providing the district contribution and a proposal to potentially reduce the cost-share amount if the district can deliver the project under budget compared to its tendered cost. This is consistent with requests made to other school districts with new school projects and is also indicated in Section 1.9 of the [2021/22 Five-Year Capital Plan Instructions](#).

The Board has restricted all available SD43 capital funds for other projects, including portables, school classroom additions, or other new/replacement school projects. SD43 had provided details of its financial capacity and limitations on its ability to raise the required funding without drawing from the Operating fund and potentially impacting education services delivery to students. The Provincial Treasury Board's concession has allowed the contribution to occur over five years and to 'share' in any savings should the procurement method be determined as a design-bid-build model.

A significant source of capital funding is the diversion of \$10M already procured and associated with the Scott Creek Middle School - 10 classroom addition. SD43 staff has clearly articulated that this #1 priority addition will be 100% funded by the Ministry of Education. There is general acknowledgment from Ministry staff of this expectation.

Funding Potential

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he below tables details where the funding could be and is likely to be sourced as follows:

Local Capital Surplus:

2021/22 – A significant source of capital funding is the diversion of \$10M already procured and associated with the Scott Creek Middle School - 10 classroom addition. SD43 staff have clearly articulated that this #1 priority addition will need to be 100% funded from the Ministry of Education. There is general acknowledgement from Ministry staff of this expectation.	\$ 10.0M
2021/22 – The capital account has funds recaptured from a variety of capital projects savings against budget (that are Ministry restricted) that can be allocated toward Burke Mountain. While there may be future savings opportunities from other capital projects, this is not currently known.	\$ 2.0M

2021-22 Amended Budget Transfers to Local Capital:

2021/22 - Pension Stabilization Account – The termination of the NTPP would release this amount from Accumulated Reserves. *	\$ 2.3M
2021/22 –NTPP wind up expenses that are likely not required and/or one- time NTPP solvency reserve funds that are released with Plan termination. *	\$ 1.0M
Total Pension/NTPP Savings Contributions	\$3.3M
2021/22 Stabilization Reserve for future initiatives, utilization of unexpected revenues that were not allocated, and reduced expenditures due to a variety of factors.	\$ 2.7M
Total Transfers from Amended Budget:	\$6.0M

For those items marked with a single *, We have included an interfund transfer in the 2021/22 Amended Budget for these four items totalling \$6M. This sends a strong signal that SD43 is committed to the project, and it also helps to ‘remove’ these funds as a source for future capital projects.

Four Year Period Savings Contribution (2022/26):

2022/26 – There is ongoing budgeted savings of \$1M annually that occurs as a result of avoiding future NTPP required contributions.	\$4.0M
2022/25 – Assuming these funds (from unexpected additional revenues coupled with surpluses coming from budgeted expenses not being fully spent due to a variety of factors) continue to be available and the sourcing for Burke Mtn does not impact education, there is three years of potential funds available at \$1M annually.	\$3.0M
Total Transfers from Amended Budget:	\$7.0M

Total Contributions for Burke Mountain: \$25.0M

Next Steps:

Facilities staff and Ministry of Education (MOE) staff will collaborate on the final PDR submission in preparation for MOE to draft their Treasury Board (TB) Submission. During this time, additional information can/will be requested. This process is expected to extend until end of February or into March.

As the timeline for submission of the PDR to MOE was scheduled for end of March, we are well ahead of the timeline that the MOE provided to the district.

Provincial Budget Approval: The Fiscal Year Budget establishes the Provincial Capital Priorities on a rolling 10-year basis and funding amounts available for TB to allocate towards capital projects, in this case for the 2022-2023 Fiscal Year. Following this TB makes decisions on capital projects and allocates funds based on the final business cases (PDR) that have been submitted. If the proposed Burke Mountain Middle/Secondary School project is approved, the anticipated completion date will be in the year 2026. Notification of project status will be in April/May 2022.

Communications

Regular communication will occur to help support advocacy for this project. Communication will include continued work with the Ministry of Education along with status updates as they become available with our local politicians, municipalities and the public.

- Feb 8, 2022 – Public Board Meeting – provide update to the community following meeting
- March 1, 2022 – Public Board Meeting – decision on district funding contribution