

DATE: February 16, 2016

TO: Board of Trustees

FROM: Darrel Robertson, Superintendent of Schools

SUBJECT: Infrastructure Maintenance and Renewal Update

ORIGINATOR: Dr. Lorne Parker, Executive Director, Infrastructure

RESOURCE STAFF: Ken Erickson, Terri Gosine, Chris Wright

REFERENCE: N/A

ISSUE

Provide an update on the Infrastructure Maintenance and Renewal fund.

BACKGROUND

The Major Maintenance Plan (MMP) is supported by the provincial Infrastructure Maintenance and Renewal (IMR) fund. A portion of IMR funds may be carried forward to the following budget year, as it may not be possible for all projects to be completed by August 31 of the specified year. Capital maintenance, life cycle replacement and minor retrofits to district facilities are within the scope of the MMP. Major capital projects are funded through the provincial capital funding process.

The 2014-2015 IMR block fund allocation has historically been set at \$14.6 million. However, a mid-year adjustment brought the total 2014-2015 allocation to \$29.3 million; approximately double the typical annual lump sum. While total expenditures are still being finalized, an estimated \$25-\$27 million in project costs will be recorded with Alberta Education for 2014-2015. A total of approximately \$6-\$8 million will be carried forward to the 2015-2016 school year. As a result, administration anticipates the total IMR funds available for 2015-2016 to be approximately \$21-\$23 million.

CURRENT SITUATION

Projects that fall within the Alberta Infrastructure guidelines and are to be included in the MMP are identified for consideration by Facilities Services with input from schools, maintenance staff, facility inspections and regulatory agencies. The need and requests for school improvement projects continue to exceed available IMR funding. Considering that the District's total deferred maintenance is estimated to exceed \$600 million by Alberta Education, annual IMR funding of approximately \$15 million represents only 2.5 per cent of the resources needed to address potential component failure and building condition. Deferred maintenance is estimated to approach \$1 billion by 2020.

Within the scope of the District's Infrastructure Plan, the MMP will complement the District's Three-Year Capital Plan in an effort to provide all students with high quality learning environments.

In that regard, the MMP addresses the following project categories:

- health, safety, and barrier-free access
- building envelope
- mechanical and electrical systems
- educational program supports
- general building upgrades and site improvements

Emergent projects, such as major component failure, are addressed as required. Where possible, the renewal of major building components is based on a condition assessment and consideration of the anticipated life-cycle. As such, significant financial obligations can be distributed over a number of years.

An additional lens applied to projects undertaken is the potential to reduce utility expenses. Where possible, project types noted will incorporate systems and components that increase overall energy efficiency. Through the District's EnviroMatters office, these efficiencies are tracked.

KEY POINTS

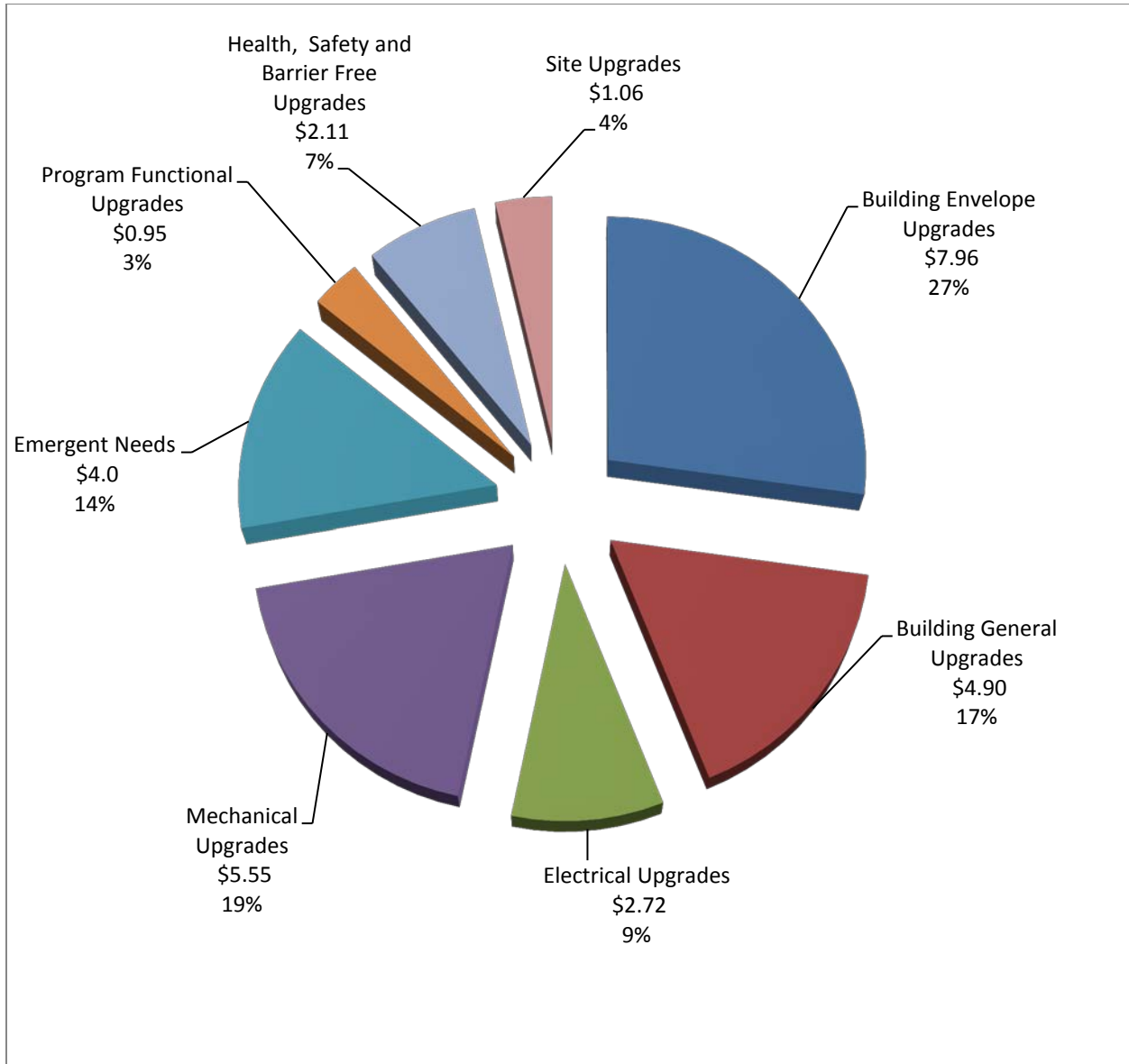
- Major Maintenance Plan projects support learning environments for district students.
- Annual IMR funding represents a small percentage of the District's total deferred maintenance. Despite a one-time increase in funding for the 2014-2015 school year, the overall gap between IMR funding and the District's deferred maintenance will increase due to the large inventory of aging infrastructure.
- If all projects are not completed within a single year, funds are carried forward to allow for the completion of work in a subsequent year.
- Under the Infrastructure Plan, the MMP will compliment the Three-Year Capital Plan and other initiatives to provide for high quality learning environments across the District.

ATTACHMENTS & APPENDICES

APPENDIX I Initial 2014-2015 Major Maintenance Plan Expenditures

CW:kk

Overview of the 2014-2015 Major Maintenance Plan Total Funding
(in Million \$)



Total Budget = \$29.25 million