



## **MINUTES OF THE FINANCE COMMITTEE**

**Tuesday, May 23, 2017**

**Grimsby-Lincoln Meeting Room  
4:45 p.m.**

Present:

Trustee Committee Members: Sue Barnett, Lora Campbell, Jonathan Fast,  
Kevin Maves (Chair)

Trustee Guests: Jennifer Ajandi, Helga Campbell, Diane Chase,  
Dale Robinson, Linda Crouch (5:40 p.m.)

Administration: Stacy Veld, Superintendent of Business Services  
Lora Courtois, Superintendent of Human Resources  
Robert Dunn, Manager of Projects & Maintenance  
Rick Werezak, Chief Financial Officer  
Nicky Westlake, Manager of Financial Services

Recording Secretary: Brenda Buckingham, Business Assistant

### **CALL TO ORDER**

Chair Kevin Maves called the meeting to order at 4:45 p.m.

### **APPROVAL OF THE AGENDA**

The agenda was reviewed and it was,

Moved by: Jonathan Fast  
Seconded by: Sue Barnett

**“That the agenda be approved as presented.”**

CARRIED UNANIMOUSLY

### **APPROVAL OF THE MINUTES OF THE APRIL 19, 2017, MEETING**

The minutes of the April 19, 2017, Finance Committee meeting were reviewed and it was then,

Moved by: Sue Barnett  
Seconded by: Jonathan Fast

**“That the minutes of the April 19, 2017, Finance Committee meeting  
be approved as presented.”**

CARRIED UNANIMOUSLY

**CHANGE OF AWARD OF CONTRACT – CLASSROOM TECHNOLOGY CHROMEBOOKS**

Superintendent of Business Services Stacy Veld explained that, in April of 2016, the Trustees approved the award of a 3-year contract to manufacturer Lenovo for the purchase of Chromebooks for the classroom. The units were to be provided by the reseller company Compugen. However, since January of this year, the original model was no longer available. This created a backlog in supply and school orders could not be filled in a timely manner. In addition, the price of the replacement unit was higher than the contracted price, and there were warranty return issues. Due to these issues, and as provided in the contract, the District School Board of Niagara (DSBN) reserves the right to terminate the contract on thirty (30) days written notice.

In researching alternative options, staff recommend that Chromebooks be secured through the Ontario Education Collaborative Marketplace (OECM) agreement, which was awarded in March 2017. The manufacturer of the Chromebooks is Acer, with the units procured through the reseller company Northern Micro. The cost of the Acer unit is \$263, which is less than the Lenovo model currently available.

The OECM contract terminates on October 1, 2019. At that time, the DSBN would have the option, at its discretion, to extend the contract term for up to two additional one-year terms ending September 30, 2021.

During discussion, it was confirmed that a termination clause is standard in DSBN contracts and therefore there would be no penalty assessed. The Committee supported the termination of the current contract with Lenovo and entering into a contract with Acer. It was then,

Moved by: Lora Campbell  
Seconded by: Sue Barnett

**“That staff be directed to terminate the contract with Lenovo and enter into a contract with Acer, with Northern Micro as the supplier, for the purchase of Chromebook classroom technology, with an expiry date of October 1, 2019, and the option, at the Board’s discretion, to extend the contract for two additional one-year periods.”**

CARRIED UNANIMOUSLY

**AWARD OF CONTRACTS**

Superintendent of Business Services Stacy Veld and Manager of Projects & Maintenance Robert Dunn presented five (5) projects under the award of contract reports for various accessibility improvements and building & mechanical upgrades to DSBN schools. All of the projects were approved in the 2016-17 Multi-Year Capital Plan. It was noted that the projects for Central Public School, Eden High School and Stamford Collegiate came in under the projected budget and that the surplus will be allocated to other renewal projects. The Dalewood and Glynn A. Green school projects have slightly exceeded the budgeted allocation. This shortfall will be accommodated by savings in the other renewal projects.

**Central Public School – Accessibility Improvements & Building Upgrades**

The accessibility improvements and building upgrades project at Central Public School will provide a new elevator, accessible washroom, new fire alarm panel, new high efficiency boiler, and the relocation of the school office. The Multi Year Capital Plan identified \$1,130,000 for this project.

The tender process resulted in a total of six (6) out of seventeen (17) pre-qualified general contractors submitting bids which ranged from a low of \$954,606 to a high of \$1,025,000 (excluding HST).

Following a review by the project Architect and Board staff, all bids were found to be complete with no errors or omissions. The low bid was received from T.A.T. Construction, a Niagara-based company. T.A.T. Construction has successfully completed a number of projects for the DSBN which include the accessibility project at Princess Margaret and the 2014 renovations at the DSBN Academy.

The project would be scheduled to commence in June and continue into the new school year. Manager Robert Dunn confirmed that there would be no disruption to school operations.

Moved by: Jonathan Fast  
Seconded by: Sue Barnett

**“That the low bid received from T.A.T. Construction, in the amount of \$954,606 (plus HST), be accepted and a contract awarded for accessibility improvements and building upgrades at Central Public School.”**

CARRIED UNANIMOUSLY

#### **Dalewood Public School - Accessibility Improvements & Building Upgrades**

The accessibility improvements and building upgrades approved at Dalewood Public School will provide new windows throughout the building, a new elevator, new stage lift and a barrier-free washroom retrofit. The mechanical work includes a new fire alarm panel, intrusion system upgrades, lights and ceilings, and a new electrical service complete with wiring. The Multi-Year Capital Plan identified an allocation of \$2,400,000 for this extensive project.

Seven (7) out of seventeen (17) pre-qualified contractors submitted bids for this project which ranged from a low of \$2,148,000 to a high of \$2,544,627 (excluding HST). Following a review by the project Architect and Board staff, all bids were found to be complete with no errors or omissions. The low bid was received from STF Construction, a Hamilton-based company. STF Construction has successfully completed a number of projects for the DSBN including the construction of the greenhouse at Westlane Secondary School and science lab upgrades at Thorold Secondary School.

This project will be scheduled to commence in June and be complete in January 2018. The work will be scheduled so that there will be no disruption to school operations during this period of time.

Moved by: Sue Barnett  
Seconded by: Jonathan Fast

**“That the low bid received from STF Construction, in the amount of \$2,148,000 (plus HST) be accepted and a contract awarded for accessibility improvements and building upgrades at Dalewood Public School.”**

CARRIED UNANIMOUSLY

#### **Glynn A. Green Public School - Accessibility Improvements**

The Glynn A. Green Public School accessibility improvement project includes the installation of a new elevator, a new lift to accommodate the basement and stage, and an accessible washroom. The Plan includes an allocation of \$800,000 for the completion of this project.

Six (6) out of seventeen (17) pre-qualified contractors submitted bids which ranged from a low of \$829,766 to a high of \$963,000 (excluding HST). Following a review by the project Architect and Board staff, all bids were found to be complete with no errors or omissions. The low bid was received from King Contractors, a Niagara-based company. King Contractors has successfully completed a number of projects for the DSBN including the library upgrade and front entrance at A.N. Myer Secondary School and the FDK renovation at Prince Philip Public School in St. Catharines.

This project will be scheduled to commence in June and be complete in January 2018. There will be no disruption to school operations during this period of time.

Moved by: Lora Campbell

Seconded by: Sue Barnett

**“That the low bid received from King Contractors, in the amount of \$963,000 (plus HST) be accepted and a contract awarded for accessibility improvements at Glynn A. Green Public School.”**

CARRIED UNANIMOUSLY

### **Eden High School - Mechanical Upgrades**

The major mechanical upgrades project at Eden High School include the replacement of the boiler plant, all heating piping throughout the entire building, new ventilation equipment in all classrooms and gyms, new shop dust collectors and upgraded controls to a digital building automation system. Also, portions of the school will be re-roofed. The Multi-Year Capital Plans for 2016-17 and 2017-18 provide a total allocation of \$6,500,000 for this project.

In response to this project tender, bids were received from two (2) out of the seventeen (17) pre-qualified general contractors. The bids were \$5,810,000 and \$6,219,000 (excluding HST). Board staff and the project engineer reviewed the tenders and both were found to be complete with no errors or omissions. The low bid was submitted by Serianni Construction, a Niagara-based contractor. Serianni Construction has successfully completed a number of projects for the DSBN which include the Governor Simcoe front entrance and parking lot project, and the DSBN Academy's interior renovations and science lab upgrades.

This project would be scheduled to commence immediately and be complete within eighteen months, with no disruption to school operations.

Moved by: Jonathan Fast

Seconded by: Sue Barnett

**“That the low bid received from Serianni Construction, in the amount of \$5,810,000 (plus HST), be accepted and a contract awarded for the mechanical upgrades at Eden High School.”**

CARRIED UNANIMOUSLY

### **Stamford Collegiate - Mechanical and Electrical Upgrades**

Major mechanical and electrical upgrades planned for Stamford Collegiate include a new boiler plant and piping throughout the entire facility, new ventilation systems, building automation system, washroom and change room upgrades, life safety systems including fire stand pipe upgrades, new fire alarm, emergency back-up generator, intrusion alarm, electrical distribution, and public address system and clock system throughout the school. A total budget of \$7,200,000 was allocated in the 2016-17 and the 2017-18 Multi-Year Capital Plans.

Bids were received from three (3) out of seventeen (17) pre-qualified general contractors for this project, and ranged from a low bid of \$6,407,000 to a high bid of \$7,050,000. The tenders, reviewed by the project Engineer and Board staff, were found to complete with no errors or omissions. The low bid was submitted by Bromac Construction, a Niagara-based contractor who has successfully completed a number of other projects for the DSBN including the construction of both John Brant and Twenty Valley public schools.

Moved by: Lora Campbell

Seconded by: Sue Barnett

**“That the low bid received from Bromac Construction, in the amount of \$6,407,000 (plus HST), be accepted and a contract awarded for the mechanical and electrical upgrades at Stamford Collegiate.”**

CARRIED UNANIMOUSLY

Trustee Linda Crouch joined the meeting at 5:40 p.m.

### **MULTI-YEAR CAPITAL PLAN**

Superintendent of Business Services Stacy Veld explained that, each year, a Multi-Year Capital Plan, covering a period of five years, is prepared by staff to address various capital needs within the DSBN related to school renewal (including program needs), accessibility improvements, major capital construction and administrative capital projects. The Board of Trustees receive the report and are asked to approve the projects set out for the subsequent school year.

The Plan is developed through identified needs and prioritized from previous school condition surveys, facility renewal requests from schools, instructional space requirements, education program needs and accessibility improvement requirements. All proposed projects have been reviewed in detail by Senior Administration and reflect program needs and priorities.

Manager of Maintenance and Projects Robert Dunn reviewed the Multi-Year Capital Plan report and highlighted various projects planned. Approximately \$20.7 million in funding and related expenditures have been identified for the 2017-18 year. The funding allocated for capital projects over the next five years totals approximately \$129 million.

As previously reported to the Committee, the DSBN received additional funding in 2016-17 for school renewal, school condition improvements, community hubs and greenhouse gas reduction projects. Superintendent Veld acknowledged that DSBN staff have been working very hard to identify, engineer and tender projects related to this funding. As these projects are significant in both time and money, they have extended into the 2017-18 school year. In addition, the DSBN has prepared a plan that continues to include IT infrastructure improvements, security system upgrades, and science lab upgrades.

Superintendent Veld and Robert Dunn responded to questions of the Committee and provided additional background on various projects.

Trustees are asked to contact the Area Superintendent if requesting specific information on projects scheduled for their school community. It was then,

Moved by: Jonathan Fast  
Seconded by: Sue Barnett

**“That the Multi-Year Capital Plan be received and that staff be authorized to proceed with all identified projects up to and including the 2017-18 year, subject to confirmation of necessary Ministry of Education capital funding approvals.”**

CARRIED UNANIMOUSLY

Superintendent Veld and the Finance Committee extended their appreciation to Robert Dunn and his team for their hard work on this plan and the many capital projects undertaken.

### **2017-18 REVENUE BUDGET**

Superintendent of Business Services Stacy Veld, with Chief Financial Officer Rick Werezak and Manager of Financial Services Nicky Westlake, presented the 2017-18 preliminary revenue budget report to the Committee. The report included day school enrolment projections, a summary of grants, a revenue summary and a schedule of accumulated surplus funds. Superintendent Veld commended Rick Werezak and Nicky Westlake for their work in preparing the preliminary revenue budget.

Superintendent Veld explained that the Board's projections of student enrolment have the largest impact on the revenue received from the Province. The projected 2017-18 average daily enrolment or ADE is an overall decrease of 100 or 0.27% from the 2016-17 actual enrolment, representing a decrease in the elementary panel of 95 and 5 in the secondary panel.

Chief Financial Officer Rick Werezak reviewed the enrolment, revenue and accumulated surplus schedules and provided additional details with respect to changes in the 2017-18 grant revenue and funding models contained in the report. Superintendent Veld and CFO Werezak responded to questions from the Committee.

During review of the schedule of accumulated surplus, it was noted that the preliminary revenue summary includes the use of \$1,319,490 of general operating accumulated surplus as per the 2005 Board motion.

Committee members were reminded that a long term investment plan was introduced last year whereby funds are securely invested across the five Canadian chartered banks. Trustees were presented with an investment report in the fall as part of the year-end process. The plan has resulted in increased interest income as noted on the Revenue Summary (Schedule 3). In order to maintain a strong revenue return on these investments, staff recommends that the current retained principal of \$2 million held in the general operating accumulated surplus, as identified in the 2005 Board motion, be increased to a \$4 million retained balance. The Committee discussed the benefits of this direction, and supported amending the 2005 motion to increase the retained balance.

An expenditure budget, including potential increases and decreases, will be presented at the June 14<sup>th</sup> Finance Committee meeting for consideration. At that time, potential changes in the Accumulated Surplus required to balance the budget will be provided.

Moved by: Lora Campbell  
Seconded by: Sue Barnett

**“That the 2017-18 Preliminary Revenue Budget be received.”**

**“That, on an annual basis, approximately \$4,000,000 of the General Operating Accumulated Surplus continue to be set aside to cover unexpected or unbudgeted expenditures which may arise during a particular year or to provide limited funding for other approved one-time expenditures and that 20% of the remaining balance in the General Operating Accumulated Surplus, as reflected in the annual financial statements, be transferred to revenue in the budget for the year following the year in which the financial statements have been completed.”**

CARRIED UNANIMOUSLY

### **SHORT-TERM FINANCING OF MINISTRY FUNDED CAPITAL PROJECTS**

Chief Financial Officer Rick Werezak reported that, since the last borrowing resolution 2017-01 was passed in January of 2017, the DSBN has received additional capital funding approval from the Ministry of Education totaling \$14,803,130. This amount represents additional School Condition Improvement funding of \$11,842,500 and \$2,960,630 for eligible expenditures incurred between April 12, 2017, and March 31, 2018, that will reduce Greenhouse Gas emissions from DSBN facilities.

Since the Ministry of Education (MOE) pays capital grants twice per year, based on actual spending, school boards must finance the project costs until the provincial grants are received. In order to mitigate the financial impact on school boards, the MOE allows the use of short-term borrowing to interim finance the capital projects and covers all related interest costs through the Allocation for Short-Term Interest Grant. As the DSBN receives a higher rate of interest for its cash balances, it is financially advantageous for the Board to externally borrow the funds from the bank and then be reimbursed by the MOE for the interest expense.

In order to commence capital borrowing under this program, approval of a borrowing resolution by the Board of Trustees is required. The resolution will authorize the DSBN to borrow an amount up to the Ministry-approved capital grant allocation of \$14,803,130. A draft of Borrowing Resolution 2017-02 was provided to the Committee.

Moved by: Sue Barnett  
Seconded by: Jonathan Fast

**“That Borrowing Resolution 2017-02, authorizing the Board to borrow up to \$14,803,130 for the short-term financing of Ministry funded capital projects, pursuant to the provisions of section 243(1) of the Education Act, be approved.”**

CARRIED UNANIMOUSLY

### **REVISIONS TO BOARD POLICY B-02 *Mileage Reimbursement Rate***

Revisions to Board Policy B-02 *Mileage Reimbursement Rate* were presented to the Committee by Superintendent Stacy Veld and Manager of Financial Services Rick Werezak. Revisions have been made to match the DSBN mileage rate in accordance with the Canada Revenue Agency (CRA).

It was noted that, recently, several school boards in the province were audited by the CRA and, where their limit of mileage reimbursement was less than that in place by CRA, were required to change the employee reimbursement rates. This has been discussed with the Ministry and, although the Ministry has committed to review the rates, most school boards across the province are changing their policy to match this published rate. The current published CRA rate is 54 cents for the first 5,000 km travelled and 48 cents thereafter.

The revisions presented were reviewed and supported by the Committee. It was then,

Moved by: Lora Campbell

Seconded by: Sue Barnett

**“That Board Policy B-02 *Mileage Reimbursement Rate* be approved as amended and adopted.”**

CARRIED UNANIMOUSLY

#### **NEXT MEETING**

The next meeting of the Finance Committee will be June 14, 2017 at 6:00 p.m.

#### **ADJOURNMENT**

**The meeting adjourned at 6:05 p.m.**

**Kevin Maves  
Chair**