

## MINUTES OF THE FINANCE COMMITTEE

**Wednesday, June 15, 2016**

**Grimsby-Lincoln Meeting Room  
6:00 p.m.**

Present:

Trustee Committee Members: Kevin Maves, (Committee Chair), Lora Campbell, Diane Chase,  
Cheryl Keddy-Scott (for Jonathan Fast)

Trustees: Jennifer Ajandi, Linda Crouch, Dale Robinson (Board Chair)

Regrets: Jonathan Fast

Administration: Warren Hoshizaki, Director of Education  
Stacy Veld, Superintendent of Business Services  
Kelly Pisek, Superintendent of Education, Elementary  
John Dickson, Superintendent of School Support Services  
Paula MacKinnon, Superintendent of Education, Secondary  
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 6:00 p.m.

### **APPROVAL OF THE AGENDA**

The agenda was reviewed and it was,

Moved by: Lora Campbell  
Seconded by: Diane Chase

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

CARRIED UNANIMOUSLY

### **APPROVAL OF THE MINUTES OF THE MAY 18, 2016, MEETING**

The minutes of the May 18, 2016, Finance Committee were reviewed and it was,

Moved by: Cheryl Keddy-Scott  
Seconded by: Lora Campbell

**“That the minutes of the May 18, 2016, Finance Committee meeting be approved,  
as presented.”**

CARRIED UNANIMOUSLY

**AWARD OF CONTRACTS – MECHANICAL****Grapeview Public School – Heat Pump & Plant Upgrade**

Superintendent of Business Services Stacy Veld reported that the approved 2015-16 Multi-Year Capital Plan (MYCP) provides for mechanical upgrades at Grapeview Public School. The scope of work includes the replacement of the boilers, the cooling tower and twenty-nine (29) heat pumps. The equipment being replaced will be upgraded to operate more efficiently. A total of \$700,000 was allocated in the MYCP for this project.

The Request for Proposal (RFP) process for this project resulted in submissions from two (2) out of ten (10) pre-qualified Mechanical Contractors. The tenders, opened publically, ranged from a low bid of \$599,384 to a high bid of \$698,000 (excluding HST). Board staff, with the project engineer, reviewed the tenders and all were found to be complete with no errors or omissions. The low bid was submitted by Base Mechanical, a Niagara based mechanical contracting firm. With the low bid taken into consideration, it is expected that the project will be completed within budget.

Superintendent Veld noted that this company has previously worked on a number of DSBN projects including the replacement of the chiller and ventilation equipment at Sir Winston Churchill Secondary School and classroom ventilation replacement projects at Fitch Street and Plymouth public schools.

Work on the Grapeview School project would be scheduled to commence immediately, for completion by October 31, 2016. It was confirmed that there will be no disruption to school operations.

Moved by: Diane Chase  
Seconded by: Lora Campbell

**“That the low bid received from Base Mechanical, in the amount of \$599,384 (plus HST) be accepted and a contract awarded for the Grapeview Public School Heat Pump and Plant Upgrade Project.”**

CARRIED UNANIMOUSLY

**Governor Simcoe Secondary School - Rooftop Equipment Replacement & Upgrades**

Superintendent Stacy Veld reported that mechanical upgrades were also approved for Governor Simcoe Secondary School within the 2015-16 Multi-Year Capital Plan. The project provides for the replacement of three (3) rooftop heating, ventilation and air-conditioning units, as well as the installation of one unit ventilator in the library seminar room. The new equipment will be upgraded to operate more efficiently than the present units. A total of \$600,000 was allocated in the MYCP for this project.

A Request for Proposals was issued for this project. Tenders were received from three (3) out of ten (10) pre-qualified Mechanical Contractors. The tenders ranged from a low bid of \$565,000 to a high bid of \$647,000 (excluding HST). A review of the tenders by Board staff and the project Engineer found that all were complete with no errors or omissions. The low bid was submitted by Regional Mechanical, a Niagara based mechanical contracting firm. With the low bid taken into consideration, it is expected that the project will be completed within budget.

Superintendent Veld explained that this company has worked on a number of projects for the DSBN in the past which include boiler and ventilation replacement at the former Alexandra Public School, boiler replacement at Smith Public School and the heating pump replacement at Woodland Public School. In addition, they are currently working as the mechanical sub-trade at the new John Brant Public School.

It is expected to start work immediately on this project, for completion by October 31, 2016, with no disruption to school operations.

Moved by: Lora Campbell  
Seconded by: Cheryl Keddy-Scott

**“That the low bid received from Regional Mechanical, in the amount of \$565,000 (plus HST), be accepted and a contract awarded for the Rooftop Equipment Replacement Project at Governor Simcoe Secondary School.”**

CARRIED UNANIMOUSLY

### **AWARD OF CONTRACT – CUSTODIAL SUPPLIES**

Superintendent of Business Services Stacy Veld reported that the current contract with Swish Maintenance Limited, for the provision of cleaning supplies, chemicals and equipment used to clean DSBN schools and administrative buildings, expired on June 13, 2016. Swish Maintenance had been contracted through the Ontario Education Collaborative Marketplace or OECM.

With the expiry of the Swish contract, staff took this opportunity to review and compare custodial products and services provided by other OECM Vendor of Record companies, which included Bunzl Canada Inc., Flexo Products and Swish Maintenance Limited. The review was based on pre-selected criteria which included technology, environmental impact and cost. As a result of the review, Flexo Products Limited is being recommended for the supply of custodial products and services.

Superintendent Veld confirmed that, although all the OECM Vendors of Record offer environmentally acceptable cleaning products, Flexo is able to provide other value-added services in addition to projected savings on core items.

The annual budget for the supply and service of the custodial supplies contract is \$550,000. It would be planned to sign a one-year contract with Flexo, with the option to renew for an additional year at the discretion of the DSBN. Superintendent Veld confirmed that an extension to the contract would be approved by her, through consultation with Facilities management and input from caretaking staff.

Moved by: Diane Chase  
Seconded by: Lora Campbell

**“That staff be directed to enter into a one-year contract with Flexo Products Limited, for the provision of custodial supplies and services, effective to June 12, 2017, with the option to renew for an additional one-year period at the discretion of the DSBN.”**

CARRIED UNANIMOUSLY

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

Chief Financial Officer Rick Werezak reported that the DSBN has received funding approval from the Ministry of Education, under the 2015-16 School Consolidation Capital Program, for the \$2,517,020 addition and renovations required at E.W. Farr Public School, as a result of the Accommodation Review recommendation to consolidate the students of Pelham Centre and E.W. Farr into the newly renovated Wellington Heights Public School.

Since the MOE pays capital grants twice per year, based on actual spending, school boards must finance the project costs until the provincial grants are received. Rick Werezak explained that the MOE allows school boards to finance the cost of the capital projects using short-term borrowing, and will cover all related interest costs under 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 \$2,517,020. A draft of Borrowing Resolution 2016-01 was provided to the Committee. Rick Werezak confirmed that the resolution follows the format of the three previous borrowing resolutions approved for other MOE funded capital projects.

Moved by: Cheryl Keddy-Scott  
Seconded by: Lora Campbell

**“That Borrowing Resolution 2016-01, authorizing the Board to borrow up to \$2,517,020 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

### **DELEGATION OF AUTHORITY**

Superintendent of Business Services Stacy Veld explained that, under the Board's Purchasing Policy, all appointments of architects or engineers, and awards of construction and other contracts greater than \$500,000 in value, must be presented to the Finance Committee and approved by the Board of Trustees.

As neither the Board, Finance Committee or Properties Disposal Committee sits during the summer months, and in order to move forward with the business of the Board, it has been recommended each year since 2012 that authority be delegated jointly to the Director of Education and the Superintendent of Business Services to enable them to award such contracts, as well as approve any potential offers to purchase Board sites at 80% of the fair market value, during the months of July and August. Any such approvals will then be reported to the appropriate Board Committee in September and subsequently received by the full Board of Trustees.

It was confirmed that staff will only exercise this authority for projects or contracts that must be approved during the summer in order to remain on schedule for the intended work or are otherwise time sensitive.

Moved by: Lora Campbell  
Seconded by: Diane Chase

**“That authority be delegated to the Director of Education and the Superintendent of Business Services jointly to approve the award of contracts and property matters in July and August that would otherwise require Finance Committee, Property Disposal Committee and Board approval, and report such approvals at the September 2016 Finance Committee and Property Disposal Committee meetings.”**

CARRIED UNANIMOUSLY

**2015-16 INTERIM FINANCIAL REPORT**

Stacy Veld, Superintendent of Business Services, and Rick Werezak, Chief Financial Officer, presented the third 2015-16 Interim Financial Report. The report provides a comparison of the year-to-date actual revenue and expenditures with the 2015-16 budget, key variances from budget, and a projection of the Board's year-end surplus or deficit position. Rick Werezak noted that this is the most comprehensive analysis of the three interim reports presented as it takes into account the actual October 31, 2015 and preliminary March 31, 2016 enrolment, as well as revenues and expenditures up to April 30<sup>th</sup>. He then reviewed the financial summary and supporting schedules, highlighting the significant changes within the staffing component, enrolment, revenue and expenditures, and special initiative Provincial grants.

The significant changes reflected in the report are attributable to total enrolment which is above projections by 121 full-time equivalent (FTE) or .03%, representing an elementary increase of 143 FTE, primarily in Grades 4-8, and a decrease of 22 FTE in the secondary panel. The other contributing factor is additional special initiative grants totaling \$1,452,000 which were received following the approval of the original 2015-16 budget. Expenditures have been increased to reflect the increased provincial grants.

Supply teacher expenditures, related to illness and other approved absences, continue to be a cost pressure at \$1.4 million over budget. Savings in several classroom and board administration salary categories helped to mitigate this expense. Transportation savings of \$878,000 have resulted due primarily to savings and efficiencies greater than originally budgeted.

At this time, the revised estimates indicate a projected general operating surplus or variance from budget of \$2,376,000 for the 2015-16 fiscal year. The surplus is attributed to the increase in enrolment and the effective management of department budgets. It was noted that this variance is not an actual surplus but reflects a projected reduction to the \$3,688,000 transfer of general operating surplus required to balance the 2015-16 budget.

Moved by: Diane Chase  
Seconded by: Lora Campbell

**“That the Interim Financial Report for the period ending April 30, 2016, be received.”**

CARRIED UNANIMOUSLY

**PRELIMINARY 2016-17 BUDGET**

Superintendent of Business Services Stacy Veld, with Chief Financial Officer Rick Werezak and Manager of Financial Services Nicky Westlake, presented the preliminary 2016-17 Budget report with related schedules. Superintendent Veld introduced the preliminary Budget, provided background and highlighted various areas of the revenue and proposed expenditures. Rick Werezak and Nicky Westlake reviewed and highlighted variations from the 2015-16 budget in the grants for student needs and revenue schedules, the expenditure budget, special education budget, community education budget, the schedule of accumulated surplus and the permanent staffing comparison schedule, and responded to questions from the Committee.

**Proposed Budget**

At the May 18, 2016, Finance Committee meeting, a preliminary 2016-17 revenue schedule was presented. Since that time, projected revenues have been finalized and Senior Administration and Finance staff have developed a preliminary expenditure budget. Superintendent Veld noted that the

budget reflects the 2015-2020 Strategic Plan's focus on providing the system with the resources and provisions necessary to support its priorities of student growth, staff growth and system growth. The budget reflects the continuation of programs and services currently offered to DSBN students.

The Ministry of Education has been phasing-in changes to the GSN funding model. Those resulting in grant increases for the DSBN are the phase-in of the Special Education grant funding for High-Needs Amount and the Board Administration funding model. However, the School Operations and School Renewal Top-Up funding models, and the change to the Declining Enrolment grant, have resulted in grant decreases. The impact on grant funding is an overall decrease of approximately \$500,000 in the 2016-17 projections. The large loss of Top-Up funding has been mitigated by DSBN as a result of closing underutilized schools.

The 2016-17 Budget indicates that the GSN grant revenues have increased by \$8.9 million in total, but this is due primarily to the central labour agreements funding for grid movement and salary increases of 1.25%; support for the implementation of the Ontario First Nation, Metis and Inuit Education Policy Framework; and additional funding in the School Operations Allocation to manage commodity price increases for gas and electricity. Superintendent Veld noted that there are offsetting expenditure increases applicable to most of these grant increases.

In order to bring expenditures in line with revenue, areas for reduction were identified without directly impacting students. Secondary teaching staff and school secretaries received layoff notices; however the majority of teaching staff have been recalled due to retirements. A reduction in other staff has been managed through attrition, with no layoffs required. In addition, elementary and secondary release time and funding to support other expenses, such as the Business Education Council, were reduced to offset the loss of grants.

### Wireless System

The strategic priority of System Growth identifies the expansion and implementation of modern teaching and learning. To meet the needs of this direction, a capable wireless system is required. The current system was installed in 2009. The Board has experienced a dramatic increase in the use of mobile devices year-over-year. The Board-approved Multi-Year Capital Plan includes funding to support the capital portion of upgrades to the DSBN network infrastructure. During the 2016-17 budget discussions, it was also recommended that the Wi-Fi infrastructure be modernized, with an expected lifecycle of 5 years. The budget for this would be \$1,125,000 each year for the next two years.

In order to support the improvement to the network infrastructure, funds used to purchase technology would be directed to this initiative for the 2016-17 school year. Schools have received annual technology fund allocations beyond their school budgets, since 1994. Currently, schools are well resourced with technology and would not be adversely affected by a pause in the technology allocation process. Superintendent Veld advised that schools will still receive technological support, as necessary.

### Special Education

The DSBN will be in its third year of the four year phase-in of the new Special Education funding model. The Special Education budget reflects a continuation of all associated programming and supports for students, and provides for an increase in the number of school based and central educational assistants, as well as an interpreter. This directly aligns with the Board's strategic priority of enhancing and supporting innovative programs, initiatives and strategies that are relevant and responsive to diverse student learning needs.

### Use of Accumulated Surplus

Superintendent Veld reported that the 2016-17 budget includes the use of \$1,169,000 from the General Operating Accumulated Surplus which is an annual budget amount brought into Revenue based on the motion passed by the Finance Committee on January 11, 2005. Based on the staffing plan and expense projections, the Board requires an additional \$1,046,117 from General Operating Accumulated Surplus in order to balance the Board's budget.

The preliminary budget includes a net use of the Board's Total Accumulated Surplus of \$2,843,117 comprised of the use of General Operating Accumulated Surplus of \$2,215,117 and \$628,000 in the net use of internally appropriated accumulated surplus, primarily to cover depreciation expense and the phase-in of retirement gratuity benefits.

During the budget process, Senior Administration identified additional expenditure increases totaling \$1,009,000 for consideration by Trustees (as reported below). These expenditures have not been included in the preliminary budget numbers presented. If the potential increases are approved by the Board, an additional \$1,009,000 of the General Operating Accumulated Surplus would need to be used, or additional expenditure reductions required. Including the policy amount, the total use of General Operating Accumulated Surplus would then be \$3,224,117, being a reduction from the prior year's use of General Operating Accumulated Surplus of \$464,000 or 14%. This will leave a balance in the General Operating Accumulated Surplus of \$6,997,391. This decision to reduce the use of the General Operating Accumulated Surplus was made as a direct result of the Board's declining balance in this account. The practice of decreasing the use of accumulated balance will allow the Board to gradually manage the available funds remaining.

Rick Werezak explained that the use of Accumulated Surplus to fund an in-year deficit that exceeds the prescribed Ministry of Education threshold, being 1% of the 2016-17 GSN operating revenue or \$3,882,259, requires the approval of the Ministry. However, even if the potential increases are approved, the use of accumulated surplus needed to balance the 2016-17 budget remains below the MOE threshold. Therefore, Ministry approval is not required and the DSBN will have been deemed to have presented a balanced budget.

### Potential Budget Increases

The Senior Administrative Team identified several potential expenditure increases for consideration by the Trustees. These were not included in the preliminary budget but have been identified as opportunities to provide worthwhile programs and supports for students. Each request reflects a relationship to the DSBN's Strategic Plan, Priorities and Goals. Director of Education Warren Hoshizaki, with Superintendents John Dickson, Paula MacKinnon and Stacy Veld, provided background on these proposed items and responded to questions from the Committee.

The Committee received and discussed each program request, and then entertained motions for inclusion in the 2016-17 budget.

School-based Mental Health Liaison Teacher Initiative \$50,000  
Superintendent of School Support Services John Dickson explained that the School-based Mental Health Liaison Teacher Initiative (SBMHLT) was implemented this year as part of the DSBN Mental Health Strategy. The initiative builds capacity for these identified teachers in every school to support the development and implementation of individualized school mental health plans. The additional funding

would be added onto the annual budget and used to facilitate four capacity building sessions, provide resources for schools and professional development opportunities for administrators.

Primary/Junior/Intermediate Math Additional Qualifications Courses \$50,000

Superintendent Dickson reported that the DSBN has been paying the tuition fee for teachers to participate in the Math AQ courses since 2013-14. The courses run through the school year and the feedback has been consistently positive. All instructional coaches have taken Part 1 of the course and some are now moving on to Part 2. It is planned to offer Primary/Junior Mathematics Parts 1, 2, 3 and Intermediate in the fall.

Dreambox – Interactive Math Computer Program \$100,000

Superintendent John Dickson explained that Dreambox is an interactive, adaptive computer program that focuses on developing conceptual understanding of mathematics in elementary school students. It also allows teachers to track student progress over time and identifies students who are struggling, allowing teachers to work one-on-one with those students. Parents appreciate the home-school learning connection. For 2016-17, it is hoped that this program can continue to be subsidized for all JK to Grade 4 students.

Curb Appeal Initiative \$50,000

Superintendent of Business Services Stacy Veld explained that schools are community hubs that are used year-round. In the past, these funds have supported the beautification of DSBN schools and bring pride to staff and students. The revitalized gardens and landscaping projects, undertaken by the DSBN Property Department, are appreciated by the school community and have been well received by all. It was also noted that the Property Department provides employment during the summer to DSBN students and former students. Funding requested for 2016-17 would continue to sustain the efforts already in place.

St. John's Field Technician – 1.0 FTE \$43,000

Paula MacKinnon, Superintendent of Education – Secondary reported that the renovations at the St. John's Outdoor Centre will be complete in the late fall. The programs offered at St. John's will be similar to those at the Walker Living Campus at Woodend, but adapted for this site and its access to the Shorthills Provincial Park. To provide adequate program staff, it is proposed to add one field technician to the DSBN's current outdoor education program team. This will allow two team members (adventure guides) to support programs at the St. John's Outdoor Centre and three team members to remain at the Walker Living Campus.

RISE Educational Assistants – 2.0 FTE \$86,000

Superintendent of Education Paula MacKinnon explained that, over the past two years, there has been an increase of students, who have been expelled or are on long-term suspensions, accessing the DSBN's Reducing Incidents of Suspension and Expulsion (RISE) programs, resulting in the need to increase RISE classrooms from one to three. Since February, the use of educational assistants (EAs) in these classrooms has been piloted. The EAs support students, many with complex needs, with the use of assistive technology, individualized schedules and one-on-one assistance with their academic program. This has allowed RISE students to be successful in the classroom, has improved attendance and the amount of time they are able to be in school. It is therefore proposed to add two full-time equivalent (FTE) EAs to the RISE program.

Educational Assistants – 10.0 FTE \$430,000

Superintendent of School Support Services John Dickson requested an increase of 10.0 full-time equivalent (FTE) Educational Assistants (EAs). He explained that 5.0 FTE of the EAs would support the transition of approximately 160 pre-school children, who require a greater level of support and significant personal care, into the kindergarten program. In addition, due to recent changes to the Intensive Behavioural Intervention or IBI therapies, there will be students returning from a modified school schedule to full-time attendance, requiring intensive support throughout the day so that they can attend school and/or access the curriculum. The other 5.0 FTE of the EAs would support new students with complex needs coming into the DSBN during the next school year. Having these EAs in place will provide the additional support required to respond to unanticipated needs in a timely manner without impacting the support level of other students.



Social Workers – 2.0 FTE \$200,000

Superintendent of School Support Services John Dickson explained that, over the past few years, there has been an increase in the number of elementary-aged students with significant mental health concerns, including crises requiring hospitalization. These cases require the Social Worker's clinical expertise in crises and risk management, more comprehensive intervention and planning, which typically involves not only the family and school, but also community agencies. The current complement of Social Workers is 6.0 FTE or 1.5 FTE per area, with approximately 20 elementary schools per area. Research indicates that early intervention has the most benefit for positive mental health long term outcomes. The addition of 2.0 FTE Social Workers will provide 2.0 FTE Social Workers per area allowing a proactive approach in early intervention to meet the needs of DSBN students

During discussion of the potential increases presented, Superintendent Veld confirmed that the staffing increases proposed, if approved, would be imbedded in the budget and become permanent staffing additions.

The Committee were supportive of the potential increases and put forward the following motions with respect to the 2016-17 Budget.

Moved by: Diane Chase  
Seconded by: Lora Campbell

**“That the 2016-17 Budget include**

**\$50,000 to support the School-Based Mental Health Liaison Teacher Initiative**

**\$50,000 for Primary/Junior/Intermediate Math Additional Qualification Courses**

**\$100,000 to support the DreamBox Interactive Math Computer Program**

**\$50,000 to support the Curb Appeal Initiative**

**\$43,000 for 1.0 FTE Field Technician to support St. John's Outdoor Studies Centre**

**\$86,000 for 2.0 FTE Educational Assistants to support the RISE programs**

**\$430,000 for 10.0 FTE Educational Assistants to support students in need**

**\$200,000 for 2.0 FTE Social Workers to support elementary mental health needs.”**

CARRIED UNANIMOUSLY

Moved by: Lora Campbell  
Seconded by: Diane Chase

**“That the 2016-17 Revenue and Expenditure Budget in the amount of \$439,161,861 be approved and the estimate forms be submitted to the Ministry of Education.”**

CARRIED UNANIMOUSLY

The Finance Committee Chair and members thanked Stacy Veld, Rick Werezak, Nicky Westlake and Senior Administration for the comprehensive budget presented and acknowledged the amount of work involved. They were appreciative also of staff's preparedness to respond to questions and provide additional information to the Committee. Director Hoshizaki noted that staff have devoted much time over the last three to four months on the development of the budget and that all questions put forth are appreciated.

## **ADJOURNMENT**

**The meeting adjourned at 8:25 p.m.**

**Kevin Maves  
Chair**