

EDMONTON PUBLIC SCHOOLS

December 14, 2004

TO: Board of Trustees

FROM: A. McBeath, Superintendent of Schools

SUBJECT: Plant Operations and Maintenance Funding

ORIGINATOR: R. MacNeil, Assistant to the Superintendent

RESOURCE

STAFF: Lisa Austin, Brian Fedor, Dean Power, Larry Schwenneker, Anne Sherwood

INFORMATION

The issue of funding of public education continues to be an area of concern for Alberta's school boards, their constituents and the public at large. Since the provincial government assumed full responsibility for the funding of school boards in 1995, school boards in Alberta have been subject to the budgeting priorities of government. This has had the effect of providing school boards with little real opportunity to access funding levels that would align with and support their responsibilities and mandate.

Compounding the challenges of managing allocated funding has been the move that separated instructional dollars from infrastructure dollars. Prior to April 1, 2002, districts were allowed to move up to two percent of the instruction block funding to fund plant operations and maintenance expenditures. This allowed school districts to accommodate fluctuations in need and to absorb unforeseen costs to some degree. This flexibility has been lost and the challenge of managing costs is becoming exceedingly difficult when increasing and fluctuating costs such as utilities are considered.

Under the current system, Plant Operations and Maintenance (PO&M) funding must be used to support costs associated with:

- energy costs
- custodial supplies and services
- maintenance services

Usually the funding for PO&M in a given year is identified by Alberta Infrastructure in early summer and is a fixed amount based on a formula. The funding announcement is received after the district has set its budgets.

In recent years the government has partially addressed the increasing concern with PO&M by providing one-time funding of \$30 million across the province and by providing an inflationary increase of three per cent for one year. This has helped to some extent, but does not address the real issue of inadequate and unpredictable funding. Information gathered through government sponsored stakeholder committees continues to suggest that PO&M is under-funded and recommendations for sustained increases have

not been addressed. Industry uses a rule-of-thumb that suggests that between 1.5 and 2 per cent of the replacement value of the facilities should be invested in maintenance and renovation annually. For Edmonton Public Schools, this would amount to approximately \$30 million annually compared to the approximately \$16 million currently designated for this purpose.

Increasingly, Alberta's school boards are advocating for resolution to the province's infrastructure needs and the need for a sustainable, long term strategy for infrastructure is growing urgent. Numerous initiatives and advocacy efforts have been launched either individually or through organizations such as the Alberta School Boards Association. Edmonton Public Schools continues to maintain a high profile and a strong voice with respect to its advocacy efforts with Alberta Infrastructure.

The district has been invited to participate in a number of surveys designed to identify the concerns and challenges associated with under-funding in general, and more recently, focused on PO&M. Attached is a survey currently being circulated by the ASBA Zone 23 Advocacy Committee with a summary of the district's responses. The district's representative on the committee is Trustee Don Fleming.

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Appendix I: ASBA Zone 23 Advocacy Committee Survey

ASBA ZONE 23 ADVOCACY COMMITTEE SURVEY

PO&M Survey and Responses of Zone 23

This survey is being circulated by the ASBA Zone 23 Advocacy Committee. Zone 23 (an amalgamation of the previous zones 2 and 3) is the largest zone and represents 29 Public and Catholic Boards in Alberta, including two in the Northwest Territories and two partially in Saskatchewan.

1. Has your jurisdiction done energy retrofit?

Yes, our district has been very proactive with energy retrofits and has carried out numerous retrofit projects. Retrofit projects are funded from allocated funding (Infrastructure Maintenance Program and operational) to the extent possible and energy efficiency/conservation requirements are included in the specifications for upgrade and renovation projects. A number of initiatives have also been carried out with major retrofits that are funded through debenture borrowing based on specified paybacks. Retrofit have been carried out with respect to a number of areas, for example, lighting systems, environmental control systems, boilers, insulation, and windows. Much remains that could be done.

2. What percentage, of your total PO&M budget, is spent on caretaking and maintenance salaries?

Approximately 55% of the total is spent on salaries.

3. What % is spent on utilities? How has this changed over the past 5 years? (Please provide 5-year data)

Approximately 33% is spent on utilities.

The five year data requested in the survey could not be provided within timelines. This data could be compiled and provided at a later date.

4. Has your jurisdiction's consumption of gas changed over the past 5 years? Please indicate the % increase/decrease for each year. Also the reason(s) for the consumption change.

The consumption of natural gas varies from year to year based on weather patterns and changes in area. The changes in consumption coupled with escalating unit costs for natural gas result in a variable percentage having to be committed from the fixed PO&M allocation. Variances can range from two to ten percent.

5. Has your jurisdiction's consumption of electricity changed over the past 5 years? Please indicate the % increase/decrease for each year. Also the reason(s) for the consumption change.

Electrical consumption also varies based on weather patterns and area, although to a lesser degree. Variances of one to two percent are not unusual. The impact of the proliferation of computer technology has increased consumption over the last decade.

Ironically, some retrofit projects can increase consumption, for example when lighting systems require that lighting levels be increased.

6. Did your jurisdiction lock in a price for gas? Electricity? If so how much and for how long?

Our natural gas contract expired in August of 2004 and we are currently “floating” the market. We have an electrical contract in place until 2008 with a confidential rate. Edmonton Public Schools participated in the original PPA process that resulted from deregulation and as a result has been able to access favourable rates.

7. What other things has your jurisdiction done to manage the rising costs? For example:

- ✓ Laid off staff –(give percentage of staff as well as raw numbers)
- ✓ Put a freeze on maintenance spending (fix rather than replace)
- ✓ Turning off lights
- ✓ Turning A/C off
- ✓ Other

A combination of efforts are being made to manage costs. Maintenance efforts tend to focus on break down maintenance rather than a proactive approach. Replacement and repair cycles are being extended and lower priority items are being “bumped”. An energy committee of district stakeholders has been put in place to address life-style and training aspects of energy consumption as well as to attract worthwhile retrofit projects. An effort is being made to incorporate new or improved technological solutions where practicable as it relates to building systems.

8. What has the impact of wiring for SuperNet and/or technology been?

The impact has been negligible with the exception of some of the administrative and management needs.

9. After salaries and utilities, what % is left to operate the maintenance dept. (both preventative and day to day)?

The maintenance department operates on a cost-recovery basis and residual dollars after utilities and salaries are with the schools and business units. Operation of the unit is incorporated into the rates charged out. This has a variable effect on the operation.

10. Are your schools involved with conservation programs (i.e. recycling, composting, etc.)? If so, what would they be?

Yes, there are numerous programs in place and a number of our district schools have received awards related to the programs. Programs range from recycling, energy awareness, water conservation, and lifestyle.

December 8, 2004