

**Report on Facilities Renewal
in School District 68**

July 2007

**Special Board Meeting
July 11, 2007
School District 68 (Nanaimo-Ladysmith)**

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Executive Summary

School District No. 68 (Nanaimo Ladysmith) has been experiencing a declining enrolment trend for the last several years. The declining enrolment trend is projected to continue for the next six or seven years, with only modest recovery after that. This trend has created an over-capacity situation in the District at the elementary level and will soon have an impact on the secondary level. This overcapacity problem has placed increasing pressure on the District's operating budget and has resulted in capacity utilization percentages that are not in compliance with Ministry of Education thresholds for consideration of new space.

The District has had several facilities studies completed over the last five years. Many of the conclusions reached in these studies now need to be acted upon in order to address the over-capacity problem. This report provides a great deal of background information related to those studies and also discusses the changing political environment school districts in the Province are having to come to terms with when it comes to facilities issues. The base timeline for this study and the proposed Facilities Renewal Plan is the period from the current school year (2006-2007) until the 2020-2021 school year. The plan being proposed is intended primarily to address the immediate and medium term concerns raised by the declining enrolment trend. In doing so, it will also lay the foundation for more effective capital planning decision-making in the longer term.

The proposed plan discusses options for the removal of 700-800 spaces at the secondary level in the next two to three years. Depending on the option decided upon, there would be operational cost savings of between \$700,000 and \$1,000,000 due to the removal of this space. The plan also proposes the closure of four elementary schools in the next two years which would remove almost 1,000 spaces from the elementary system. In addition, the plan calls for the removal of another 186 spaces at elementary schools through the demolition or alternate use of space that will not be needed in the future. The anticipated annual operating cost savings from these closures and demolitions would be approximately \$1,000,000 to \$1,200,000. In order to accommodate the movement of students to other schools approximately 200 spaces would have to be added to three of the receiving schools.

The plan also contains an energy retrofitting component valued at approximately \$2,000,000 which would be financed by an energy management company. The estimated annual savings in utilities costs of \$200,000 to \$250,000 would be used to retire the debt over the next ten years, after which the savings would positively impact the District's operating budget.

The plan calls for the construction of a new District Administration Centre and a new school to house the District's Learning Alternatives programs and the Learn@Home 8-12 Program.

Introduction

Facilities renewal is a required strategy for School District No. 68 (Nanaimo-Ladysmith) if we are to continue to provide quality educational programming to our students and to improve on that programming. It is important to understand what exactly is meant by facilities renewal. Facilities renewal is the process by which the District creates and maintains a sustainable education program for its students by developing, implementing and maintaining an effective capital asset management plan. This plan will have the following components:

1. An overall objective of maximizing the educational opportunities for all students;
2. Ensuring the District becomes compliant with Ministry of Education capacity utilization guidelines and maintains that compliance;
3. A clear process for projecting student enrolments which will lead to the identification of new space requirements or surplus space requirements;
4. Ensuring the District's schools are seismically safe by developing appropriate business cases for the Ministry of Education's seismic upgrading program and by making efficient use of any non-structural seismic funding that might be received from the Ministry;
5. Developing and implementing an energy retrofitting program that will result in significant energy savings in the future as well as bring the District into compliance with the Provincial Government's energy efficiencies guidelines, required by 2012;
6. Maintenance of the capital asset base required to deliver the District's educational programming by making more efficient use of Annual Facilities Grant funding;
7. Consolidation of existing space to reduce surplus space and create associated operational savings.

Facilities renewal is not specifically about closing schools. Closing schools is one, and only one, of the ways in which facilities renewal is accomplished as a strategy.

School buildings have lengthy useful lives and many in our District are nearing the end of their useful lives. There is also an identified need for additional space in certain areas of the District. Given the length of time it takes to construct or replace space, facilities renewal has to be seen as a medium and long term process. The District's capital plan should have, as its primary objective, a focus on having seismically upgraded, energy efficient, safe and modern schools which will provide environments that are conducive to productive learning experiences for all students, not just in the present but also for the next couple of decades.

Facilities renewal is a complex strategy that has many inter-relationships and therefore requires extensive medium and long-term planning in order to bring about the desired results. It is not a process by which change is effected in the short term. However having said that the objectives of the process will be achieved in increasing incremental amounts as the plan unfolds. It is often difficult to comprehend the achieving of a long term plan in incremental steps, particularly in a political environment. It is this difficulty, to use the proverbial phrase "we can't see the forest for the trees", why the concept of facilities renewal is such a complex one to understand in our District.

In order to fully appreciate the complexities the topic of facilities renewal imposes on our school district, it is necessary to understand the different but inter-related contextual environments that influence the decisions which will guide the renewal. These contextual environments are:

1. The District's educational direction and delivery models;
2. The political and legislative environment;
3. The inter-relationship between the District's operating and capital budgets;
4. The condition of the District's building and facilities base.

Prior to discussion of these contextual environments, it is necessary to review the recent history of the facilities renewal discussion in our discussion. This review will indicate that many of the decisions that need to be made have already been identified and the conclusions supporting them made.

Recent History of Facilities Renewal Issue

Facilities renewal concerns have been at the forefront of the District's thinking for several years now. The most significant factor that has driven the facilities discussion was the Ministry of Education's 2002 shift in the capital funding process to a capacity utilization basis and the corresponding operating funding change from a space basis to a per pupil basis. Coupled with a trend of declining enrolment and other demographic changes, this policy shift by the Ministry has serious negative financial implications for the District in terms of operating funding and capital planning. It has become clear that the cost of operating schools is inherently linked to how efficiently the available space for students is being utilized.

District Wide Facilities Plan

To address this new reality, the District commissioned a District-Wide Facilities Plan ("DWFP") in the fall of 2002. It is interesting to note that many of the conclusions reached in the DWFP remain valid today. When management presented its report on the plan to the Board in April 2003, the following probabilities were highlighted in the executive summary:

- *There will be a significant decline in overall District enrolment during the next five years from 2003 to 2008, with modest recovery from 2008 to 2020, but with enrolments not returning to current levels in the foreseeable future.*
- *This enrolment decline will create a significant amount of surplus space in many of our schools.*
- *As a result of Ministry funding being allocated to districts on a per pupil basis, surplus space in schools will create significant financial challenges for the District.*
- *The challenges created by overall enrolment decline will be exacerbated by a continuing shift of population to the north end of the District. This will severely impact the central and southern regions of the District. Schools will become increasingly overcrowded in the north, while enrolments will decline in the central and southern areas of the District.*
- *The Facility Planning Study cites a need for construction in the north to relieve overcrowding, and suggests a need for school closures in the central and southern zones in order to eliminate costly space surpluses.*
- *The age and condition of certain schools make them more logical considerations for closure than others.*

With the exception of the predicted growth in the north end of the city and the need to add space to relieve over-crowding there, all the other probabilities cited remain as valid today as they were five years ago. It is interesting that the predicted growth in the school-aged population seems to have shifted from the north end of the District to the south end, due primarily to lower birth rates and the significant increase in housing values in the north over the last few years that has caused families with school-aged children to seek more affordable housing elsewhere. The shifting of populations to the south end is evidenced by full schools in Ladysmith and the Cinnabar Valley area. It is important however to recognize the overall trend of declining enrolment in the District continues. The predicted levelling out and modest recovery predicted in the DWFP is still forecast to take place in the next five or six years.

The other prediction in the report that surplus space will result from the declining enrolment trend which will create financial pressures for the District and the need to close schools are still the realities we face today.

Management's report to the Board in April 2003 on the DWFP contained nine specific recommendations, which are listed in Appendix A. These recommendations have formed the basis for much of the facilities renewal work conducted by the District since then. Reference to individual recommendations will be made throughout this report to illustrate the point that many of the decisions the District has made and will continue to make stem from conclusions already reached.

New Secondary North Reconsideration

One of the conclusions reached in the DWFP, if the District was to maintain the current K-12 grade configuration, was the need to build a new secondary school in the north end of Nanaimo. This conclusion reinforced the District's previous capital plan request for a new 600-student secondary school in the north end to relieve the overcrowding situation at Dover Bay Secondary. That capital plan request had been approved by the Ministry in 1999 and a site was purchased in 2000 at Oliver Road for the proposed school. Construction of the school was to have been a joint venture with the City of Nanaimo to include a recreation centre but did not proceed due to a dispute between the City and the developer, leaving the District holding a piece of land on which it could not build a school.

The third recommendation in management's report to the Board in April 2003 on the DWFP confirmed the need to find a new site by suggesting management be asked to proceed "immediately with the purchase of a site and begin planning for the construction of a new secondary north school." An agreement was reached with the Ministry that it would fund the cost of the new site with the proviso the District would sell the land at Oliver Road and return the proceeds to the Ministry. Several potential sites were investigated.

As explained later in this report under the section on Enrolment Projections, the District uses a company by the name of Baragar Demographics to assist it in projecting student enrolments. Baragar's enrolment forecasts for the period commencing in any September, which the District uses as a base before applying local knowledge, are available annually in the spring of each year. In 2003 this information came after the time that management presented its report on the District Wide Facilities Plan to the Board). When management subsequently reviewed the Baragar projections it determined, while both Baragar and the DWFP were predicting a general decline in secondary student enrolment over the next 10 to 15 years, the population shift to the north predicted in the DWFP might not be as significant as first thought. Coupled with the changed funding formula where the District would receive the same amount of funding for the same number of students regardless of where they attended school, management began to reconsider the construction of the proposed new secondary school in the north end of the city. It perceived the additional operating costs of a new facility and the additional capacity it would add to the system would have negative impacts on both the operating budget and capital planning process.

In a report to the Business Committee of the Board in September 2003, management suggested it might be possible that construction of additions on existing schools could result in lower overall operating costs while accommodating the same number of students. It was also pointed out that fewer but larger secondary schools would generally be able to offer more

comprehensive course offerings. The report called for the prudent evaluation of alternatives before proceeding with the construction of a new school and requested the Board seek funding from the Ministry to conduct a feasibility study into possible alternatives. The request was approved and the study was commissioned.

Alternatives to a New North Secondary

This feasibility study entitled Alternatives to a New North Secondary was prepared by Matrix Planning Consultants and presented to the Board in June 2004. One of the overriding objectives in this study was to find ways to reduce the overcrowding at Dover Bay. The study considered many options other than building a new 600 student school in the north end of Nanaimo. These included:

- Consideration of a middle school grade configuration;
- An extended day approach at Dover Bay;
- An expansion of Dover Bay;
- Bussing of students to different schools;
- Catchment realignments.

The realignment of catchments to shift students from Dover Bay to Woodlands was the preferred recommendation in the report. The suggested way of accomplishing this was to shift Pleasant Valley students to Wellington from Dover Bay and Coal Tyee students to Woodlands from Wellington. The study also suggested that Woodlands be expanded by 200 spaces and renovated which is what management recommended to the Board when asked to bring back a report on the study. In light of the optimistic enrolment forecasts for the north end that were contained in the DWFP, particularly those for Dover Bay, and in light of the fact the original approval for the secondary school was for 600 spaces, management also recommended an expansion of Dover Bay to protect against the possibility that those enrolment forecast came to be. Eventually the proposed expansion of Dover Bay was set at 275 spaces. It is still the current plan of the District to proceed with the recommended catchment changes and complete the expansion projects at these two schools.

Previous School Closure Processes

The seventh recommendation in management's report to the Board on the District Wide Facilities Plan was "that School District 68 begins the consultation process for the closure of schools in the District by announcing that Harewood Elementary, Princess Anne Elementary, Princess Royal Elementary, South Wellington Elementary, and Waterloo Elementary, will close within the next four years." This motion was passed by the Board at the April 23, 2003 Regular Board meeting. A consultation process began immediately with respect to the proposed closure of Waterloo Elementary to be effective September 2003. At the June 25, 2003 Regular Board meeting a motion to close Waterloo was defeated in a 6-3 vote. At the same meeting the Board passed another motion that the future of small schools be addressed by the Board in the next year in the context of the Facilities Report and that a process and plan be developed by October 2003.

That Board motion led to another public consultation process in the fall of 2003 that focused on the proposed closure of Waterloo Elementary, Harewood Elementary, Princess Anne Elementary, Princess Royal Elementary and South Wellington Elementary. The culmination of this public consultation process came at the Regular Board meeting held on January 28,

2004 when four of these schools were approved for closure at the end of the 2003-2004 school year. The only one that was not approved for closure at that time was South Wellington Elementary.

South Wellington Elementary

At the November 24, 2004 Regular Board meeting the Board considered another recommendation from management that called for the Board to direct management to initiate a public consultation process for the closure of South Wellington Elementary by announcing that the school will be considered for closure at the end of the 2004-2005 school year. As a result of the discussion at that meeting the Board decided that the issue of South Wellington Elementary would be referred to the Facilities Planning Committee to develop a recommendation to be brought back to a Special Business Committee meeting on December 8, 2004.

The report presented to the Special Business Committee by the Facilities Planning Committee focused on the safety concerns and educational aspects of continuing to operate the school as well as the potential for approved seismic upgrading funding from the Ministry. It also considered how catchment areas in the south end of the District could be realigned to provide a more effective and efficient configuration of schools. As a result of this report the Special Business Committee recommended to the Board that the public consultation process with respect to the potential closure of South Wellington Elementary be deferred at that point, pending completion of a South-End Facilities Study and a subsequent report from management with recommendations relative to that Study. It was thought at the time that the South End Study would be completed by the end of June 2005 and the management report brought to the Board by the end of 2005.

South End Study

The South End Study was not presented to the Board until January 2006. The study concluded that many of the schools in the south end of the District had an overall capacity utilization that was and would continue to be above 100%. It focused on three planning horizons – 2009, 2014 and 2019. With respect to the 2009 planning horizon the report recommended the following actions:

- Plan for the expansion of Ladysmith Intermediate with a new K-7 school on a new site;
- Plan for the expansion of Ladysmith Primary and its conversion to a K-7 school;
- Plan for the expansion of Cinnabar Valley Elementary by at least 4 classrooms (116 spaces);
- Demolish a portion of North Oyster Elementary as part of an upgrading and renovation project;
- Close South Wellington Elementary and send the students to Woodbank and North Cedar Intermediate;
- Plan for the closure of one of the elementary schools in the John Barsby group of schools.

For the 2014 horizon the report recommended the following key planning events:

- Chase River is expanded by 116 spaces and the boundary with Cinnabar Valley is adjusted to balance enrolment between the two schools;
- Davis Road is expanded by 140 spaces and the boundary with the two Ladysmith schools is adjusted to balance enrolment among the three schools.

The report also noted the following additional actions that might be considered between 2014 and 2019:

- Possible expansion of Cedar Secondary;
- Possible expansion of Ladysmith Secondary;
- Possible replacement of Woodbank and conversion of the new replacement school as well as North Cedar to K-7 schools;
- Possible expansion of the new Ladysmith Elementary or adjustment of boundaries and further expansion of Davis Road;
- Possible consideration of a new school in the Cinnabar Valley area.

Ministry Approved Seismic Projects

In 2004, the Ministry funded structural seismic assessments of schools located in 37 school districts that were determined to be vulnerable to significant earthquake activity. The survey included all schools and additions designed prior to implementation of the 1992 B.C. Building Code. The assessments identified the relative vulnerability of school components or blocks to seismic activity and assigned a relative level of risk based on a five-point scale. The Ministry considers all blocks rated as high, moderate/high or moderate risk as a high priority for seismic mitigation. The Ministry announced a \$1.5 billion 15-year Seismic Mitigation Program, beginning in 2005, to address all high priority seismic mitigation needs. The first three years of remediation projects, which commenced in 2005-2006, were approved by the Ministry based on the highest priority needs as identified by the assessments and in school district capital plan submissions. The mitigation work includes structural upgrading projects that make existing schools more resistant to earthquakes, and non-structural seismic upgrading of operational and functional components that reduces life safety hazards within schools.

Our District received two approvals in this first phase of remediation projects. It should be noted the estimated costs of these two projects are the costs determined by the Ministry's assessment consultants in August 2004. The two projects are:

- Dufferin Crescent Elementary - Classroom Block and Gymnasium with an estimated cost of \$1.7 million;
- Wellington Secondary – Classroom Blocks A, B, E and F with an estimated cost of \$6.4 million.

One of the requirements of the seismic mitigation program was that before any work could commence there should be a determination of whether the facilities would be required for educational purposes in the future. With respect to Wellington it was quickly determined the school would continue to be required.

Dufferin Crescent Elementary

The declining enrolment experienced at Dufferin Crescent, which was projected to continue, raised the question as to whether the school would be needed in the future especially since the enrolment projections at the time were indicating surrounding schools were expected to have excess space. This fact confirmed one of the conclusions made in the DWFS in 2002. That report suggested that two elementary schools in the Woodlands Secondary feeder system (Breachin, Cilaire, Dufferin Crescent, Forest Park and Princess Anne) should be closed between 2003 and 2008. The District closed Princess Anne in 2004.

A study was commissioned to determine the feasibility of proceeding with the seismic upgrading and whether the school would be needed in the future and if not, whether it could be closed and the students accommodated at surrounding schools. The Dufferin Elementary Planning Study was completed and presented to the Board in April 2006. The study looked at various options for the relocation of the students in concluding that the seismic upgrading was not feasible because there was adequate space at surrounding schools to accommodate the students in the school.

The Dufferin Elementary Planning Study was also submitted to the Ministry of Education as required under the feasibility study phase of the proposed project. As a result of the conclusions reached in the study the Ministry's position with respect to the seismic upgrading of the school would be not to approve funding for the upgrade. This places the district in the position of having to find the money to seismically upgrade the school from local capital sources if the school remains open.

Wellington Secondary

With respect to Wellington the Ministry recently arranged a consultant to complete a due diligence review. In the initial meeting with the consultant there was significant discussion about how to accommodate students in the school while seismic upgrading was being completed. Normally this is accomplished by the use of portables. The cost of portables has risen substantially in the last year as the larger manufacturers are going flat out providing portable buildings to the oil fields in Alberta and the mining/forestry camps both in B.C. and in Alberta. In the Lower Mainland, standard portable classrooms are now costing between \$90,000 and \$100,000 (up to \$120,000 including installation).

The consultant has asked staff to evaluate the following alternatives to portable swing space to deal with construction logistics:

- Reduce the number of portables required by providing stripped down/smaller specialty spaces: 1-1/2 standard portables for each science lab & home economics lab, 1 standard portable per computer classroom. This would equate to 16 standard portables for teaching spaces and one each for washroom facilities and lockers. This total of 18 standard portables for Phase 1 of the project would be a 20% reduction from the 23 originally planned for. These portables could have a potential cost of \$2.2 million;
- Construct an addition onto C-Block as a first phase to use as swing space, and either demolish the surplus space after seismic upgrading is complete or retain it to increase school capacity due to school closure elsewhere;

- Relocate students to a closed secondary school if that could happen prior to the seismic upgrading of Wellington commencing;
- Divert or relocate students to other secondary schools during construction;
- Temporarily relocate students to a nearby facility - e.g. grade 8 students at a nearby elementary school for a year.

Staff has not responded yet to this request from the consultant but the only one that would see the project moving ahead in a timely manner would be to add space to the school and relocate the students there while the upgrading is being completed. The availability of portables is questionable and might impose difficult timelines on the project. The last three options are not practical. Staff has discussed the possibility of going with the option of adding space and not removing it at the end of the upgrade with Ministry officials. There was an indication this could be possible and that the capacity of the school could be increased.

The implication of additional seats being added to Wellington Secondary as part of the seismic upgrading of that school adds an interesting complexity to the issue of having too much capacity at the secondary level. The possibility the District could have 200-300 additional spaces added to Wellington which could be maintained after the seismic work is complete provides an opportunity for the District to adopt a strategy of replacing old space with new space as it implements a strategy of space reduction at the secondary level.

Recent Staff Reports on Facilities Renewal

In addition to the requirement to bring back a management report to the Board on the South End Study, staff was also asked to report back on the Dufferin Crescent Planning Study that was presented in April 2006. Staff felt that rather than provide two reports to the Board on these studies it was time to consider the impact of previous facilities studies and an overall District report should be prepared. The Board agreed with this approach and directed staff to bring forward a plan for addressing the District's facilities needs with a long-term perspective.

On December 6, 2006 staff brought forward an initial report that outlined the capacity utilization problems facing the District and the impact that continued enrolment declines would have on our ability to maintain current educational programming. The report indicated that staff would be bringing forward recommendations to the December 20, 2006 Regular Board Meeting on the possible closure of South Wellington and Dufferin Crescent. The report also said that in January 2007 a recommendation would come forward for a "community conversation process" to take place in the spring of 2007 to provide opportunities for community input into a long-term strategy for managing our school facilities.

In early January, District staff met with Ministry staff in Victoria concerning the funding that had been allocated to the Dover Bay and Woodlands projects. At that meeting it was made clear to staff that the Ministry was interested in seeing a long-term facilities plan for the District prior to September 2007 and that no decision would be made on the allocation of the funding for these two projects until then. This position was confirmed by the Minister of Education in February when she met with the Board in Nanaimo.

At the January 24, 2007 Regular Board meeting the Board passed a motion requesting the Superintendent bring back to the Board as soon as possible recommendations based on the

facilities renewal plan to begin a new phase of community consultations on specific sites to be considered to be closed or modified.

The Superintendent presented his report to the Board on March 28, 2007. That report is included as Appendix B of this report. The Board has since considered the report and directed staff to pursue certain identified models for further consideration.

Contextual Environments

As can be seen from the previous discussion, much of the general direction the facilities renewal process will take has already been identified. Much of the information required to make the required decisions already exists in several forms. The decision-making process involves many inter-relationships and to fully understand the complexities involved in making those decisions it is necessary to discuss the contextual environments in which they will be made. As mentioned previously these are:

1. The District's educational direction and delivery models;
2. The political and legislative environment;
3. The inter-relationship between the District's operating and capital budgets;
4. The condition of the District's building and facilities base.

Educational Direction and Delivery Models

The District's educational direction is defined, to a large extent, by the delivery models it has chosen to provide educational programming throughout the system. The way in which education is delivered in a district has significant capital planning implications. The K-7 and 8-12 model has different capital and operational requirements than elementary-middle school-high school model. The grade configuration of a school will impact capital planning decisions in that the higher the grade configuration, the larger the building and the more costly it is to provide upgrading, renovation and expansion funding.

K-7 and 8-12 Grade Configurations

The District has adopted a K-7 and 8-12 delivery model for its "bricks and mortar" schools and has therefore rejected a middle school model. This approach was determined at the end of the District Wide Facilities Plan conducted in 2002-2003 when the Board approved the second recommendation in management's report on the DWFP "That School District 68 proceeds with facility decisions based on the continuation of the existing K-7 elementary and 8-12 secondary grade configuration". The rejection of a middle school model also came from the same management report in April 2003 in the form of the first recommendation in the report "That consideration of a process to determine the relative educational merits of middle school grade configuration for School District 68 be deferred to 2003-04 for further discussion". Further confirmation of the rejection of the middle school model was included in the conclusions reached in the Alternatives to a New North Secondary Study in 2004.

Learning Alternatives

The District's current direction in providing learning alternatives so that as many students as possible in the District are given the opportunity for an education also saw its beginnings in management's report to the Board on the DWFP in April 2003. The sixth recommendation in that report is as follows:

That an ad hoc committee be requested to bring to the Business Committee by June 2003 recommendations regarding:

- *the educational and financial feasibility of relocating the VAST program to John Barsby Community School and the Northbrook Learning Centre program to Wellington or Woodlands Secondary Schools, effective September 2004, or sooner if possible.*
- *a process whereby the existing programs at Five Acres and Northfield would be reviewed during the 2003-2004 school year, with the view toward creating a renewed District off-site alternate program(s), effective September 2004 and having the following characteristics:*
 - *the ability to meet the changing educational needs of students and of the District in the most cost-efficient manner, and*
 - *the use of surplus school facilities space, if possible, at sites other than the current Northfield and Five Acres facilities.*

The reorganization of the District's Learning Alternative Programs in the last two years came as a result of the work generated by this recommendation. The recent decision by the Board to amalgamate the Northfield and Five Acres program at the Five Acres site is the first step in accomplishing the last part of the recommendation.

Distributed Learning

The District started a K-7 Learn @ Home program in 2004 as an alternative to the traditional methods of curriculum delivery. More recently a Grade 8-12 distance learning program has been initiated in the District. While both programs are described by the Ministry as Distributed Learning programs, our programs differ from those offered in other districts. Our programs are hybrid programs where the students are required to have face-to-face contact time with teachers in the classroom as part of their learning experience. Currently the K-7 program is housed at Forest Park Elementary for this purpose while the 8-12 program is housed in the Career Technical Centre of NDSS. The Ministry does not recognize that these programs utilize space in schools when it calculates its capacity utilization statistics.

Political and Legislative Environment

Much of the material in this section is taken directly from Ministry of Education documents because it is only within the context of the rationale for the political guidelines that this particular "environment" can be understood. In addition to the formal direction provided by the policy statements and operating guidelines there is the current informal unannounced direction the Ministry has taken. There is a tremendous emphasis in government at present to control capital spending in the face of escalating construction costs and achieving the most politically beneficial objectives. The largest capital financial commitment the government has made is the Seismic Mitigation Program and much of available capital funding in the next few years will be directed to that program. Having announced the program as a matter of public policy, the government has a legal and moral responsibility to see it through. This is not to say that school constructions, expansions and renovations will not take place. They will be limited in the short term and approvals will be given with a best business case emphasis and a district's ability to bring "significant" financial resources to the table. "Significant" is not defined but is thought to range anywhere from 50% of the cost of a project to 100%.

Provincial Public Policy – Capital Funding

The British Columbia K-12 public education system is jointly managed by the provincial government and the 60 school boards in the province. As a matter of public policy and in terms of funding school building and improvements, Government and school boards share responsibility for ensuring that public schools provide the best possible learning environment for students. At the same time, the public education system is legally required to provide a complete and accurate accounting of its use of public funds. Consequently, there is a shared accountability objective to allocate resources in a cost-effective manner.

In addition, an equity objective seeks to have resources allocated fairly. The Ministry has established an annual three year capital planning horizon for its own cashflow forecasting purposes. Each year school boards submit five-year capital plans which include details on school building projects they wish to undertake. Once the five-year capital plans have been submitted each capital request is analyzed by the Ministry and assigned a priority ranking. The criteria used to determine priority are applied consistently, thereby ensuring that proposed capital projects are ranked fairly. Based on detailed analysis of district submissions, government establishes an overall capital budget for schools. Resources are allocated to the highest-priority projects, and school boards are advised which projects may proceed.

Capital project requests will be considered by the Ministry on an annual basis only for support in the third year of the Ministry's current three year plan. Only capital requests for new buses and bus replacements will be considered for support in the first year of the 2007-08 Capital Plan. The District's currently submitted Five-Year Capital Plan is for the Ministry's 2007-08 to 2009-10 three-year plan. Because we did not have any approved projects previously supported in the second and third years of the Ministry's 2006-07 to 2008-09 which comprise the first and second years, respectively, of the 2007-08 to 2009-10 Ministry Capital Plan, we will not have any of our requests considered in 2007-08 and 2008-09. The earliest we can expect to receive approval for a capital project is in the 2009-10 school year.

Roles and Responsibilities

One of the core functions of the Ministry of Education is to allocate funds for the K-12 public education system. These funds include capital funding for school construction and operating funding for ongoing renovations and upgrading required in maintaining the condition of existing capital assets. The Ministry is fiscally responsible for all aspects of the management of the capital procurement process.

To better execute its responsibilities, the Ministry undertook a number of changes in the capital planning process. In 2003-04, the Ministry implemented its first three-year capital plan. By providing school boards with a multi-year funding commitment, they are enabled to undertake better long-term planning for school districts and provide better coordination of maintenance expenditures with known replacement and rehabilitation plans.

The Ministry has implemented a Capital Asset Management Framework (CAMF), in accordance with Treasury Board direction. This framework transfers the accountability and responsibility for capital expenditures to school boards while retaining the Ministry's broader accountability for ensuring that public schools are built and maintained in a cost-effective manner. In addition to the implementation of a multi-year capital funding system, other key objectives incorporated into the Ministry's new CAMF include:

- Allowing school boards to be more responsive to the needs of their communities and to be more creative in seeking solutions;
- Establishing adequate accountability measures to ensure allocated resources have been utilized in a cost-effective manner;
- Eliminating unnecessary regulation.

Under the Ministry's CAMF, school districts are still expected to develop long-term capital plans to determine their existing and future needs for capital and operating purposes. The Ministry's role will continue to be assisting school boards in the capital planning process. Its responsibilities include:

- Creating the legislative framework, establishing policy, and providing advice regarding the planning and maintenance of capital assets;
- Establishing criteria for evaluating capital project requests from school boards;
- Securing capital funds or other means of capital procurement;
- Allocating available resources for capital projects fairly, based on school district needs and Government objectives.

As mentioned, school boards are required annually to submit a five-year capital plan providing details on high priority capital projects required within the three-year timeframe of the Ministry's plan. Eligible capital projects include the provision of new educational space required for enrolment growth, and the replacement or rehabilitation of existing school facilities that have reached the end of their economic and functional life.

Beginning with the 2006-07 Capital Plan, school districts located in high risk seismic zones were directed to also submit a separate seismic mitigation capital plan, which would include requests for funding under the Ministry's Seismic Mitigation Program. This direction was later amended and these seismic requests were included in the district's overall Five-Year Capital Plan. Upon receipt of all school boards' capital plan submissions, the Ministry analyzes individual capital project requests using published technical criteria. Each request is then assigned a priority ranking on a provincial basis. Based on further detailed analysis of the highest priority requests, the Ministry establishes a long-term capital plan that will inform the approval decisions of the Minister.

The Ministry's Capital Planning Framework

The following guidelines form the major components of the Ministry's capital planning framework. Simply stated, they are the "rules of the game" and they describe quite well the factors the Ministry uses in making capital funding decisions related to District requests.

Feasibility studies are required for all supported projects. The feasibility study is intended to do the following:

- Confirm the project rationale;
- Define the appropriate project scope;

- Determine firm project costs;
- Explore P-3 opportunities;
- Set out project scheduling;
- Assess the school district’s project management expertise;
- Identify areas of risk.

New Space Requests

- Minimum capacity utilization thresholds have been established by the Ministry for capacity utilization at the school district level, which must be met before a school district is eligible for new school space. These minimum thresholds are provided in the following table:

**Ministry of Education
Minimum Percentage Utilization Requirements
(based on Operating Capacity)**

FTE Enrolment	Elementary (Gr. 1-7)	Secondary (Gr. 8-12)	District Average
>7,500 (and all urban districts)	100%	110%	95%
5,000 to 7,499	95%	105%	90%
1,500 to 4,999	90%	100%	85%
<1,500	80%	90%	75%

- The capacity utilization analysis is based on the existing inventory of schools - including new schools and additions approved in previous capital plans, taking into account closed schools and school district enrolment projections.
- For a new space request to be considered for funding support, projected enrolment must be increasing over a five to ten year horizon.
- While capacity utilization thresholds are intended to be applied at the district level, in situations where travel distances are significant or local needs warrant additional space, consideration may be given to alternative scenarios proposed by districts.
- School districts must be able to demonstrate that they are using their existing school facilities efficiently before ministerial support may be given to increase school space. Previously, Ministry priorities for new space requests were based on a capacity and enrolment analysis of surrounding schools, with less consideration given to the broader context of capacity utilization at the district level.

Replacement and Rejuvenation Requests

- Capital plan requests for replacement or rejuvenation of an existing school will be evaluated by the Ministry based on two criteria:
 - Facility audit score

- Capacity utilization analysis
- The initial priority for replacement or rejuvenation of a school will continue to be determined by facility audit data. Even when the Ministry ranks a school as a high priority for replacement, support will be contingent upon a capacity utilization analysis of surrounding schools.
- Replacement or rejuvenation of a school will not be supported if adequate space is available at nearby schools to accommodate its current student enrolment and it will not be required for future enrolment growth.
- A reduction in existing capacity (i.e., a smaller replacement or inventory reductions) may be required as a condition of support for a requested replacement or rejuvenation.
- Any requested increase in capacity for a replacement school must be supported by the capacity utilization analysis.

School Consolidations

- Schools districts experiencing continued declining or shifting enrolments may wish to reduce the inefficient use of school facilities through consolidation to fewer locations.
- The Ministry will consider renovation or, in special circumstances, addition requests that are supported by a comprehensive business case evaluation that confirms the optimal utilization of schools in consideration of their age, building condition, capacity, and location.
- School districts will be required to demonstrate potential savings in operating costs and provide support for the requested capital project through the sale of surplus assets, where applicable.

Recent Ministry Developments

In early May the Ministry informed school districts that they had engaged the services of the Ministry of Labour and Citizens' Services ("MLCS") to support the Ministry and school districts in managing capital and seismic projects in a timely and cost-efficient manner. The MLCS will provide this service through their Accommodation Real Estate Services ("ARES") branch. Many of the personnel in this Branch came from the former crown corporation, BCBC. This agreement between the two Ministries, which was brought into existence through a Memorandum of Agreement, will bring about some significant changes in the capital and seismic approval process. The Ministry of Education had determined that significant progress on its 15-year seismic mitigation plan announced in 2004 had not been made because the necessary expertise to manage these projects did not exist in the department. In addition to their internal expertise the ARES has the ability to engage the services of a wide range of consultants.

Under this new arrangement the Ministry will continue to retain overall accountability for the successful delivery of the capital/seismic program. School districts will continue to work with Ministry planning officers in the development of long range facilities plans and will continue to submit those plans to the Ministry annually the rolling three-year component of the five-year capital plan process. The most significant change in the process is the requirement by the

Ministry that districts submit a Phase 1 Feasibility Study for its highest priority projects when it submits its five-year capital plan every fall. This Phase 1 Feasibility Study is expected to contain an appropriate business case for the requested project as well as a preliminary costing and project scope. The exact guidelines for a Phase 1 Feasibility Study are presently being developed by the Ministry and MLCS/ARES and will be contained in the 2008-2009 Capital Plan Instructions which will be issued by the Ministry around the end of June 2007.

It is only after capital or seismic projects have been supported in the capital plan process by the Ministry of Education and announced that MLCS/ARES becomes involved. They will assist school districts through the Phase 2 Feasibility Study process which will ultimately lead to a project agreement. Once a project agreement has been signed they will work with district personnel and provide oversight on the project and will report on the status and cash flow to the Ministry. Once the project is complete, they will provide a post implementation review function. The chart in Appendix C illustrates the respect roles of the Ministry of Education and the MLCS/ARES.

While the expertise MLCS/ARES will bring to a project will quite likely allow the project to proceed to completion in a more timely and cost-efficient manner, the cost for their services and the responsibility for cost overruns will remain with the school district. With respect to managing a Ministry-approved project the cost of their services will be part of the capital funding associated with the project. Where district expertise is not available or where a district requests project management services, the district will be responsible for paying for the project management services.

The other change resulting from the agreement between the Ministries is the development of project agreements that are specific to the type of project. A project agreement for a seismic project will be different from a project agreement for an expansion or a replacement. These new projects agreements are being developed and will be available in the fall of 2007. The Ministry of Education has indicated the one for seismic projects is critical to their plans at this time. They have adopted a strategy of commencing 80 identified seismic projects prior to the spring of 2009. One of the implications of this strategy within the context of escalating construction costs is there will be little capital money available in the next two years to undertake non-seismic projects.

Meetings with Ministry and MLCS/ARES

One of the main interests of the MLCS/ARES team as they undertake their new responsibilities is to meet with school districts to become familiar with each district and its approved capital and seismic projects to determine the role the team might play in bringing these projects to completion. The Ministry of Education has set up a series of meetings throughout the Province to accomplish this. Our District is in the first group of six districts that will meet with the MLCS/ARES in June and July. Appendix D is the correspondence from the Ministry explaining this process. As can be seen the specific projects on the agenda for our District are:

- Woodlands Secondary;
- Dover Bay Secondary;
- Wellington Secondary Classroom Block Seismic Upgrading;
- Dufferin Crescent Elementary Classroom Block Seismic Upgrading;

- Dufferin Crescent Elementary Gymnasium Seismic Upgrading.

It is clear from this list and the fact we are in the first group to meet that the Ministry wishes to determine a direction on these projects. The Ministry has made funding commitments of over \$32 million to these projects and that amount is based on 2004 and 2006 dollars. The funding required today would be significantly higher given the escalation in construction costs that has been experienced in the last two to three years. Our District's meeting was arranged for July 9, 2007 in Victoria. The meeting went well. There was an open discussion of the status of the projects listed in the letter. It became clear the Ministry has taken a position of completing as many seismic projects as possible over the next couple of years and there will be limited approvals for non-seismic capital funding within that timeframe. There was confirmation that non-seismic capital projects would receive more support if districts were able to make significant financial contributions to the project. The grandfathering of the Dover Bay and Woodlands projects was confirmed and it was noted that the Ministry's financial contribution would not exceed the amounts determined in August 2006 (presented later in this report). Moving ahead on these projects is dependent on the Board's submission of its Facilities Renewal Plan to the Ministry, requested by September. The implication that decisions have to be made with respect to the Ministry's commitments to these projects is apparent.

There was discussion of moving ahead on the Wellington Secondary seismic upgrading with the possibility of adding space to the building to serve as swing space. The MLCS/ARES staff will work with the due diligence consultant to determine the most appropriate way to proceed.

As mentioned earlier, it was confirmed that if the district wanted to keep Dufferin Crescent open it would have to be responsible for the seismic upgrading of the school as the Ministry no longer has a responsibility to upgrade it based on the conclusions reached in the Dufferin Crescent Planning Study. There was discussion that the funding previously approved for Dufferin might be available to the district to direct to its next highest priority seismic project, but that would be dependent on completion of another feasibility study.

Inter-relationship between the Operating and Capital Budgets

As stated in the introduction, the overall quality of educational programs and services provided to the students of School District No. 68 (Nanaimo-Ladysmith) is dependent on several factors, not the least of which is the level of financial resources available. The District's ability to undertake the strategies that research has shown are instrumental in improving learning conditions for students such as manageable class sizes, increased program choices, early years education, adequate supports for special needs students and initiatives to tackle poverty is limited by the amount of funding it receives from the Ministry and what it can generate itself. Maximizing the usage of these limited resources is therefore a requirement if the District wishes to maintain and improve on the educational programming it currently provides.

In attempting to meet this requirement the school community of School District No. 68 must understand two significant realities:

1. The District has a structural deficit in its operating budget. The sustainability equation is out of balance. The educational programming the District is currently offering cannot be supported with the funding available and the infrastructure

required to deliver the programming is inadequate. This is due to a combination of the continuing trend of declining enrolment and the inefficiencies experienced in operating aging facilities and equipment. It is currently anticipated that status quo budgets for the 2008-2009 and 2009-2010 will see deficits of \$1.2 and \$1.5 million respectively.

2. The District is not in compliance with the Ministry's capacity utilization guidelines and is therefore not eligible for the capital funding required to make efficiency improvements in the form of renovated, expanded and replaced infrastructure that will serve to alleviate the impact of the operating budget structural deficit.

While these realities both have obvious financial implications they also have one other thing in common – **they will both continue unless addressed**. Even when the declining enrolment trend reverses in six or seven years the infrastructure inefficiencies will remain and will, in fact, be worse because the asset base will be older. The District must not be lulled into a false sense of security because enrolments are projected to begin increasing in the medium-term. An increase in the funded student population will not only provide additional funding but also bring with it additional staffing and supplies costs. Any residual funding will be largely eroded by the infrastructure inefficiencies. The District must therefore minimize or eliminate, to the extent possible, the impact that infrastructure needs have on the structural deficit.

The most significant component of the District's infrastructure is its facilities. Buildings become more costly to operate as they age. While this is also true of vehicles and technology, the replacement cycle for these assets is shorter than it is for buildings. Addressing the district's infrastructure needs in the form of a facilities renewal plan is paramount to implementing a strategy to reduce or eliminate the District's structural deficit and create a sustainable operating budget. Facilities renewal will address both of the economic realities referred to above. A clear and defined facilities renewal plan will free up much needed operating funding as well as enabling the District to come into compliance with the Ministry's capacity utilization guidelines. Facilities renewal is inherently a longer term process than balancing the District's operating budget. The facilities renewal plan however must be linked to the operating budget by identifying the timelines that will allow the District to financially survive the operating budget challenges it will face in the next two to three years and at the same time lay the foundation for future building renovation, retrofitting, expansion and replacement projects.

Condition of the District's Building and Facilities Base

Facility Audit Scores

The standard by which school district facilities are evaluated by the Ministry when it comes to making decisions on replacement or rejuvenation as part of the capital funding approval process is the building's facility audit score. These scores are intended to provide a way to compare the condition of buildings using the same criteria. They are based on the condition of each building system, including structural, architectural, mechanical, electrical, life safety and accessibility. The criteria are set by the Ministry, and districts are directed to assess their facilities based on a limited review rather than a detailed analysis. These types of audit scores are termed Level 1 Audit Reports. Each building is assigned a single summary score based on a 100-point scale. The following chart illustrates the current and previous Level 1 Audit Scores of the District's schools. It should be noted that some of the assessments were conducted by parties other than District staff.

School District No. 68 (Nanaimo-Ladysmith)
REVISED FACILITY AUDITS SUMMARY - Sorted by Score

SCHOOL	Current Audit			Previous Audit		
	%	Date of Audit	Done By	%	Date of Audit	Done By
Secondary						
Northfield	33%	May-05	SD68	35%	May-01	SD68
Five Acres	36%	Jun-05	SD68	36%	May-01	SD68
VAST	41%	Jun-05	SD68	44%	May-01	SD68
Woodlands	53%	Mar-03	KMBR (MOE)	53%	Mar-03	KMBR(MOE)
NDSS	62%	Apr-00	Herold Eng	62%	Apr-00	Herold Eng
Ladysmith	62%	Apr-05	Matrix	60%	May-01	SD68
John Barsby	65%	Apr-05	Matrix	68%	May-01	SD68
Wellington	69%	May-05	SD68	69%	May-01	SD68
Dover Bay	75%	Aug-05	SD68	77%	May-01	SD68
Cedar	95%	Apr-05	Matrix	83%	May-01	SD68
Elementary						
Cilaire	40%	Mar-03	KMBR(MOE)	40%	Mar-03	KMBR(MOE)
South Wellington	48%	May-05	Matrix	49%	Mar-01	SD68
Mount Benson	50%	Jun-05	SD68	48%	Mar-01	SD68
Gabriola	50%	May-05	SD68	50%	Mar-01	SD68
Dufferin Crescent	50%	Aug-05	SD68	57%	Mar-01	SD68
Seaview	51%	May-05	SD68	54%	Mar-01	SD68
Ladysmith Int.	52%	Apr-05	Matrix	52%	Mar-01	SD68
Departure Bay	53%	Jun-05	SD68	52%	Mar-01	SD68
Chase River	54%	Apr-05	Matrix	54%	Mar-01	SD68
Pauline Haarer	54%	Aug-05	SD68	56%	Mar-01	SD68
Fairview (old block)	55%	Aug-05	SD68	59%	Mar-01	SD68
Rock City	57%	Aug-05	SD68	57%	Mar-01	SD68
Mountain View	57%	Aug-05	SD68	57%	Mar-01	SD68
Rutherford	58%	Aug-05	SD68	58%	Mar-01	SD68
Woodbank	58%	Apr-05	Matrix	60%	Mar-01	SD68
Georgia Avenue	59%	May-05	Matrix	59%	Mar-01	SD68
North Oyster	59%	Apr-05	Matrix	59%	Mar-01	SD68
Pleasant Valley	59%	Aug-05	SD68	62%	Mar-01	SD68
Davis Road	60%	Apr-05	Matrix	62%	Mar-01	SD68
Bayview	60%	May-05	Matrix	62%	Mar-01	SD68
Quarterway	63%	Aug-05	SD68	59%	Mar-01	SD68
Uplands Park	63%	Aug-05	SD68	64%	Mar-01	SD68
Park Avenue	63%	May-05	Matrix	64%	Mar-01	SD68
Forest Park	64%	Aug-05	SD68	64%	Mar-01	SD68
Brechin	65%	Aug-05	SD68	70%	Mar-01	SD68
Ladysmith Primary	68%	Apr-05	Matrix	71%	Mar-01	SD68
Hammond Bay	69%	Sep-06	SD68	72%	Mar-01	SD68
Frank J Ney	69%	Sep-06	SD68	75%	Mar-01	SD68
Randerson Ridge	70%	Sep-06	SD68	69%	Mar-01	SD68
McGirr	71%	Aug-05	SD68	76%	Mar-01	SD68
Coal Tyee	76%	Aug-05	SD68	74%	Mar-01	SD68
North Cedar Int.	82%	Apr-05	Matrix	45%	Mar-01	SD68
Cinnabar Valley	96%	May-05	Matrix	N/A	Mar-01	SD68

Seismic Upgrading

When the Ministry announced its seismic mitigation program in 2004 it engaged consultants to do what was called “Rapid Seismic Assessments” on all the school in the District. These assessments rank the sections of our schools by order of their seismic upgrading need and provide an estimated cost of mitigation. The summary sheet from the Ministry is attached to this report as Appendix E. The financial summary of this report is summarized on the following pages. As can be seen, significant funding will be required to complete the seismic upgrading of our schools. The amount shown is based on 2004 dollars and will be considerably higher today.

School District No. 68 (Nanaimo-Ladysmith)
Estimated cost of Seismic Upgrades
(In 2004 \$)

Elementary Schools	TOTAL COST
Bayview	1,162,652
Brechin	1,339,390
Chase River	1,169,650
Cilaire	1,373,396
Davis Road	755,810
Departure Bay	1,445,550
Dufferin Crescent	1,736,650
Fairview	1,981,360
Forest Park	2,101,730
Gabriola	977,530
Georgia Avenue	1,449,200
Hammond Bay	120,020
Ladysmith Intermediate	813,360
Ladysmith Primary	867,280
McGirr	-
Mountain View	1,398,740
Mount Benson	1,273,550
North Cedar Intermediate	1,328,065
North Oyster	1,492,500
Park Ave	1,005,840
Pauline Haarer	658,560
Pleasant Valley	931,380
Quarterway	1,858,750
Rock City	1,375,810
Rutherford	1,164,910
Seaview	1,392,450
South Wellington	518,100
Uplands Park	1,958,590
Woodbank Primary	834,720
Total Elementary	37,170,593
Secondary Schools	
John Barsby	3,228,965
Ladysmith Secondary	2,326,515
Nanaimo District Secondary	6,316,880
Wellington	6,402,240
Woodlands	3,398,040
Five Acres	289,680
Northfield	258,930
Vast Centre	573,850
Total Secondary	22,888,195
Total District	60,058,788

Developing a Facilities Renewal Plan

The Ministry provides some general direction for districts that could form the basis for developing a facilities renewal process: *“A school district’s facilities renewal process should be based on a capital plan which reflects a strategy for balancing the supply of existing facilities with enrolment projections, while maintaining a functional capital asset base. When reviewing long-term needs, school districts should assess their existing capital asset base and determine whether the use of current assets can be expanded or improved, thereby reducing the need for new (or existing) assets.”*

Based on this direction and the conclusions reached in previous facilities studies, the specific components of our District’s Facilities Renewal Plan includes the following:

- Implementing a secondary school closure strategy which will address the ongoing Dover Bay/Woodlands expansion projects and which may also lead to construction of new space;
- Completing the seismic upgrading of Wellington Secondary;
- Implementing a series of elementary school closures which will also require the construction of new space at schools to which students will be moved;
- Removal of capacity from the system where consolidation is not practical,
- Implementing the recommendations made in the South End Study, with respect to schools in Ladysmith and the Chase River/Cinnabar Valley area;
- Developing a strategy for the location of various current District support programs in the future infrastructure;
- Implementing a strategy to address the facilities needs of our Learning Alternatives programs;
- Implementing an energy retrofitting program for our schools;
- Developing a disposal plan for surplus assets;
- Creating a plan for financing the renewal plan which will include the disposal of surplus assets.

In order to be an effective strategy the District’s Facilities Renewal Plan will need to be future-oriented. It is essential that pro-active thinking and not reactive thinking form the basis of the plan. Some of the capital planning decision making that has taken place in the District in the last ten to twenty years has been reactive in nature or based on short-term solutions to longer-term problems. The decisions made in the past will therefore influence the decisions the District needs to make today and to a large extent will limit them. In order to make the best decisions today that will produce the least amount of limiting factors for future Boards there has to be a willingness to change the way we have traditionally thought. The realities of the past cannot be the basis for future possibilities. We only have to look at the history of the District to understand how past decisions could have been made differently so that we would be making different decisions today in planning for the future.

An example of this was the decision in the late 1990’s to request a new 600 student secondary school in the north end of Nanaimo. This was a reactive decision to the overcrowding at Dover Bay that arose as student populations both increased in numbers and shifted to the north

during the previous decade. The decision to build Dover Bay with a capacity of 1,225 students would appear to have been based on incomplete information, as the school was in excess of 400 students over capacity when it opened. In hindsight a better decision twenty years ago might have been to build two 1,000 student secondary schools in the north end. Had that been done, the decisions today would be more straightforward – as secondary enrolments continue to decline there would be a natural shift of students from older, more costly to operate buildings in the older sections of Nanaimo to the newer, less costly to operate buildings in the north end. In fact those decisions would probably have already been made.

This example illustrates how decisions made in the past are influencing the decisions the District needs to make today. They also provide insight into how today's decisions will influence the future direction of the District. The decision not to proceed with the 600 student secondary school in the north end but instead to propose expansions to Dover Bay and Woodlands at a time when secondary enrolments in the District are declining and are projected to continue to decline would again appear to be short-term in nature. That being said, however, it also represents an important position taken by the Board to retain control over previously approved Ministry capital funding and use it for the benefit of the entire district. Having recognized the need to reduce secondary capacity in the District, the Board has now placed itself in a position where it can hopefully make the best use of that funding by developing a facilities renewal plan for the District that addresses not only our local realities but also unfolds within the context of broader provincial realities. The basic information needed to undertake the pro-active decision making that needs to take place in formulating the renewal plan will be the enrolment projections we will rely on to predict the future facilities needs.

Enrolment Projections

In order to effectively address the components of our facilities renewal plan we will be guided in our decisions by enrolment projections. When it comes to using enrolment projections for capital planning purposes, the Ministry provides the following general guidance:

Enrolment projections for the next ten years need to be developed to assess the demand for new facilities or to determine any potential over supply. When the demand for facilities exceeds the supply within a 10-year planning horizon, capital projects should be planned such that long-term supply will keep pace with long-term demand. (Short-term fluctuations in demand should be accommodated by short-term supply solutions, such as portable classrooms or operating leases.) If the supply exceeds long-term demand, options should be considered to reduce supply through the disposal of surplus facilities not needed for current or future educational purposes.

The base enrolment projections used in this report are those submitted with the District's 2007-2008 Five-Year Capital Plan and were developed in the fall of 2006. Staff, working with a consultant, Matrix Planning Associates, developed these enrolment projections in the following manner:

1. The starting point was data received from Baragar Demographics. This company provides annual enrolment forecasts for the school district using a forecasting program called Demographic Dynamics. The data we received from Baragar is referred to as the "Baragar base" forecast. It is comprised of the following elements:

- a. The underlying population data for this base forecast comes from a combination of the birth registry as well as the Family Allowance and Child Tax Benefits files;
 - b. The birth rate projection used is based on historical birth rate averages;
 - c. Migration rate projections (the net of people moving into the municipalities that encompass the District and those moving out) used are also based on historical trends of housing developments that have occurred in the area in the previous five to ten years.
2. Baragar refers to their base forecast is being “without local knowledge” because it does not incorporate specific input related to specific schools, including housing developments nearby to the schools. Matrix Consultants provided this local knowledge related to net migration assumptions by updating their previous understanding of the major residential developments being proposed in each of the municipalities that form part of the District and identifying and considering new ones.
 3. Finally the projections were fine-tuned with input from senior management in discussion with Matrix.

Exclusion of Kindergarten Students

When calculating capacity utilization, the Ministry of Education uses enrolments from Grades 1 to 12 only. At the elementary level Kindergarten students and Kindergarten classrooms are ignored in this calculation because of the difficulty in determining how to represent part of a student in the calculation. Kindergarten rooms in a school have an operating capacity of 38 students and are theoretically capable of handling two classes of 19 students each in any given school day. While it is relatively easy to look at any Grade 1 to Grade 7 classroom and determine whether it is being fully utilized in terms of the number of students in it, it is less so when it comes to determining the capacity utilization of a Kindergarten room. It could be used for only half a day and even then might not be at maximum operating capacity.

For Grades 1 – 7 the Ministry uses a blended number of 23.25 students per room when calculating the operating capacity of a classroom. This is a combination of 3/7 of 21 (for the primary grades 1-3) and 4/7 of 25 (for the intermediate grades 4-7). If a school has a Grade 1 -7 enrolment of 210 and a Grade 1 – 7 operating capacity of 325, which means it would have 14 classrooms, it is clear there would be surplus space in the school because you could easily fit the 210 students, even at 25 students per classroom, into the available space. With respect to a Kindergarten room however, the mere fact that it exists and has students in it determines its utilization – it is not surplus to the school although there may be room in it for more students or there may be an opportunity to have a second class in any given day. It is for this reason Kindergarten students and Kindergarten rooms are ignored in the capacity utilization calculation. They will also be ignored in the enrolment projections used in this report given one of the objectives of the facilities renewal plan is to bring the District into compliance with Ministry capacity utilization guidelines and thereby make us eligible for future capital project approvals.

Inclusion of International Students

As mentioned staff is using the base enrolment projections contained in the 2007-2008 Five-Year Combined Capital Plan for purposes of this report. We are also adding international students under the following assumptions. We are doing this because while the Ministry of Education does not require the District to include international students for capital planning purposes, the inclusion of international students in the enrolment projections will have an impact on the secondary projections as there are a significant number of such students attending our secondary schools. A much smaller number of international students attend school at the elementary level and, because the District has a policy of not placing more than four ISE students in any individual elementary school, their inclusion in enrolment projections is insignificant and will be ignored for purposes of this report.

The District currently has 181 ISE students attending our secondary schools in the following distribution and for purposes of projecting secondary enrolments for each future year the same distribution will be used:

School	ISE Students
Dover Bay	28
NDSS	23
Wellington	43
Barsby	34
Cedar	3
Woodlands	37
<hr/>	
Nanaimo Schools	168
Ladysmith	13
<hr/>	
	181

Enrolment Projections Used in Report

Based on the previous discussions, on the next page are the enrolment projections used in this report along with the number of surplus seats and the expected capacity utilization percentages.

**School District No. 68 (Nanaimo-Ladysmith)
Projected Grade 1-7 Elementary Enrolments**

	Operating Capacity	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Bayview	209	202	189	178	163	162	164	159	161	165	166	174	180	183	187	190
Brechin	186	155	156	155	156	155	147	152	159	161	160	165	168	168	172	172
Chase River	162	152	155	152	157	161	164	168	172	182	193	193	198	206	210	216
Cilaire	209	187	188	185	195	208	202	206	221	222	231	240	245	251	257	262
Cinnabar Valley	186	237	252	270	290	308	321	329	334	343	353	365	376	395	413	432
Coal Tye	279	233	220	203	203	191	188	194	209	218	226	229	236	241	243	244
Davis Road	93	129	135	154	172	190	190	198	203	208	211	219	224	227	231	232
Departure Bay	256	187	169	156	140	130	134	138	152	160	163	174	180	184	188	190
Dufferin	279	129	116	98	97	89	89	85	85	85	88	88	89	89	89	90
Fairview	372	230	215	219	214	223	214	211	217	217	214	212	208	208	208	208
Forest Park	302	222	208	201	195	190	189	191	191	186	186	186	185	185	185	185
Frank J. Ney	186	175	165	168	170	175	180	185	190	199	203	217	219	221	222	223
Gabriola	232	145	140	138	139	141	143	142	145	145	146	151	146	146	146	146
Georgia	419	314	315	310	312	300	287	291	283	284	283	287	297	300	302	301
Hammond Bay	186	234	250	258	265	267	264	257	262	262	262	262	262	262	262	262
Ladysmith Primary	168	191	195	199	196	201	198	202	204	214	227	236	246	256	263	271
Ladysmith Intermediate	300	345	336	324	311	310	309	314	322	325	334	334	337	347	355	363
McGirr	349	342	324	303	292	286	283	273	262	263	271	273	273	276	279	282
Mt Benson	186	146	149	151	155	160	174	173	178	180	177	178	175	171	169	167
Mountain View	325	327	307	296	291	299	300	295	302	299	318	315	315	318	319	323
North Cedar Intermediate	300	270	262	253	228	211	198	190	193	195	202	204	214	221	230	237
North Oyster	256	134	130	128	127	122	121	125	131	137	142	144	142	142	142	141
Park Avenue	279	237	233	234	235	230	230	237	241	247	253	266	272	275	276	277
Pauline Haarer	186	223	223	225	224	223	225	225	225	225	225	225	225	225	225	225
Pleasant Valley	325	277	275	271	264	260	257	255	247	251	257	259	263	265	268	270
Quarterway	325	312	322	345	330	340	340	340	340	340	340	365	367	367	367	367
Randerson Ridge	349	276	270	265	262	255	240	243	225	217	216	218	222	222	222	222
Rock City	279	285	274	272	264	261	268	261	277	270	267	268	276	273	274	273
Rutherford	302	261	243	244	235	235	227	208	205	200	199	199	198	199	197	196
Seaview	279	193	188	185	163	165	161	161	165	166	169	171	174	178	177	178
South Wellington	69	64	66	61	59	52	53	51	53	51	51	54	55	55	55	55
Uplands Park	325	267	260	254	257	252	250	253	258	253	262	256	260	261	262	263
Woodbank	231	143	134	123	131	129	134	134	142	148	154	160	165	169	172	174
Total	8,389	7,224	7,064	6,978	6,892	6,881	6,844	6,846	6,954	7,018	7,149	7,287	7,392	7,486	7,567	7,637
Surplus 1 - 7 Spaces		(1,165)	(1,325)	(1,411)	(1,497)	(1,508)	(1,545)	(1,543)	(1,435)	(1,371)	(1,240)	(1,102)	(997)	(903)	(822)	(752)
Capacity Utilization		86%	84%	83%	82%	82%	82%	82%	83%	84%	85%	87%	88%	89%	90%	91%

**School District No. 68 (Nanaimo-Ladysmith)
Projected Secondary Enrolments
Without Feeder School Changes**

School	Operating Capacity	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Dover Bay	1,225	1,576	1,547	1,520	1,470	1,417	1,360	1,316	1,309	1,271	1,266	1,259	1,281	1,279	1,306	1,334
NDSS	1,400	1,190	1,132	1,088	1,092	1,098	1,072	1,064	1,050	1,034	1,020	1,017	1,031	1,061	1,078	1,109
Wellington	900	1,062	1,012	994	991	962	925	937	874	865	844	830	818	853	856	880
Barsby	1,000	698	734	744	748	738	735	737	743	731	732	735	719	731	746	765
Cedar	425	472	490	508	511	513	493	467	437	418	405	396	395	395	393	394
Woodlands	700	751	747	744	737	729	720	717	709	712	687	692	681	701	706	730
Ladysmith	800	858	843	809	756	739	723	679	671	677	704	709	736	751	781	810
Totals	6,450	6,607	6,505	6,407	6,305	6,196	6,028	5,917	5,793	5,708	5,658	5,638	5,661	5,771	5,866	6,022
Excess (Surplus)		157	55	(43)	(145)	(254)	(422)	(533)	(657)	(742)	(792)	(812)	(789)	(679)	(584)	(428)
Capacity utilization		102%	101%	99%	98%	96%	93%	92%	90%	88%	88%	87%	88%	89%	91%	93%

Sensitivity Analyses

There is always much discussion about the accuracy of enrolment projections. By the very definition of the word, projections will not be precise. They have however been developed in a logical and supportable manner as described at the beginning of this section. What is important is to be able to apply some form of sensitivity analysis to the projected enrolments to see how changes will impact capital planning decisions.

Changes in our enrolment projections can affect the District's facilities renewal plan and capital planning in general in three ways:

1. Actual enrolments might be higher than what has been projected;
2. Actual enrolments might be lower than what has been projected;
3. Actual enrolments will approximate the projections but populations may shift within a district.

Applying a sensitivity analysis to these three possibilities will give a clearer understanding of how a capital plan will be impacted by changes in the enrolment projections. Decisions that are necessary to be made today with respect to a facilities renewal plan have to be based on the best available information today. They cannot be based on what might happen in the future but they certainly will influence decisions that will have to be made in the future. Sensitivity analysis has to be inherently based on historical trends and projecting those trends in to the future.

Actual Enrolments Higher than Projected

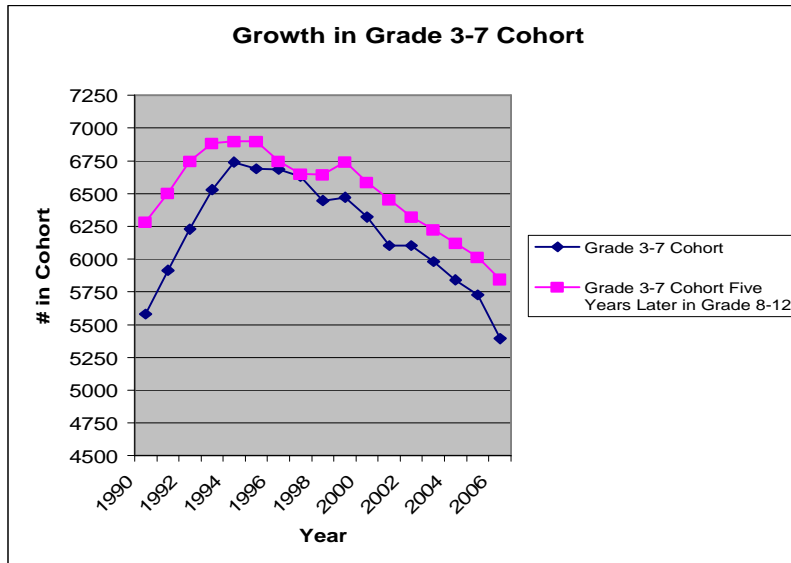
If actual enrolments in the future exceed projected enrolments, the District will have to adjust its capital plan employing some or all of the following strategies:

1. better utilize existing program space;
2. implement efficiency scheduling to increase functional capacities of existing schools;
3. undertake alterations or renovations of existing space;
4. acquire or relocate portable classrooms;
5. provide new space through construction of new facilities or additions to existing schools.

As can be seen, these strategies encompass a series of possible actions that range from less desirable (scheduling – split days) to more desirable (build new space). If the actual enrolments exceed projections in the future, the decisions made today to help bring the District into compliance with Ministry capital funding requirements will make it easier to obtain approval for new space in the future. Not addressing the problems facing the District today will limit future ways to deal with future enrolments that are higher than are currently being projected. The best strategy today is to position the District so it can more effectively respond to that possibility, should it occur.

In applying a sensitivity analysis approach to the possibility of future enrolments being higher than projected, there needs to be a clear understanding of one of the basic assumptions in the enrolment projections we are using and that is migration rates. As stated at the beginning of this section the projections developed for the 2007-2008 Five-Year Capital Plan include local knowledge on top of the base Baragar forecast. One of the arguments the District hears whenever there is a discussion of school consolidation or closure is that the projections cannot be correct because there is new housing in the area or that future developments are planned or that the population is increasing. The enrolment projections take this into account but it is

difficult to understand how forecasted enrolment declines can also contain growth factors. The following comparison of how the District's Grade 3-7 cohort of students has transitioned into the Grade 8-12 cohort illustrates the growth factors that have occurred in the past and are projected to occur in the future.



The lower line, with the diamonds, represents the number of students in Grade 3-7 in every year from 1990 to 2006. The upper line, with the squares, represents the number of students in Grade 8-12 five years later. In other words, it is the same cohort but simply represented at a different point in time. One can see that throughout the 1990's the cohort grew as evidenced by the Grade 8-12 line always being higher than the Grade 3-7 line. That growth was largely due to migration of families into the District which obviously corresponds to increasing populations in both Nanaimo and Ladysmith. In the late 1990's, as enrolments began to decline, the growth in the cohort slowed down but as enrolments continued to decline over the past six or seven years there is growth in the cohort again, as new families continue to move into Nanaimo and Ladysmith, bringing with them intermediate school-aged children. The Grade 8-12 line from 2002 to 2006 represents the secondary enrolment projections being used in this report. These projections continue to show there will be growth in the last five Grade 3-7 cohorts. The 2006 cohort is, in fact, projected to grow by over 8% (450 students) by the time it is entirely in high school. Looking at this from a sensitivity analysis perspective, the current Grade 3-7 cohort would have to experience almost twice as much growth in the next five years to be comparable with how the 1990 Grade 3-7 cohort grew. Given that the families today have fewer children than comparable families of sixteen years ago and that rising housing prices will limit in-migration to the District, this additional growth is not likely to occur.

This chart clearly illustrates that while a particular group of students can in fact grow as they migrate through the school system, the system overall can still be experiencing declining enrolment. One could look at it as a smaller group growing into a slightly larger group that is still smaller than the groups before. This should dispel the argument that school consolidation

should not take place because certain areas are growing with new housing developments and people are moving to the District. The District should be thankful for the growth in numbers that has occurred for the last sixteen years and which is projected to continue to occur because without it the current over-capacity problem would be greatly exacerbated.

Actual Enrolments Lower than Projected

If actual enrolments in the future are lower than what are being projected today the problem of overcapacity will be continue to plague the District. This possibility only further justifies the removal of capacity as a major component of the District’s facilities renewal plan. It also supports the disposal of surplus assets component of the plan.

Enrolments Approximate Projections but Populations Shift

Actual future enrolments may approximate projections but there could be population shifts within the District which would create a need for additional space in one area and a surplus of space in another area. An example of this possibility could be said to be where the District is today if one was to assume that the growth in enrolments in schools in Ladysmith and Cinnabar Valley areas and the decline in enrolments in the inner city and north end schools was due to population shifts that had not been projected in a past facilities plan. Just as we are today faced with trying to build space in certain areas of the District and remove it elsewhere, we would be in the same situation in the future if populations shifted while our overall enrolments remained constant. Our facilities renewal plan should therefore be responsive to such a possibility by having management review demographic shifts on an ongoing basis. Capital planning requires a long-term overview of enrolment in order to predict trends in the supply and demand for facilities, and to avoid potentially costly short-term solutions.

Current and Projected Capacity Utilization

The Ministry has minimum capacity utilization percentages it expects districts to operate within before any consideration will be given to adding new space to the district or any of its schools. As mentioned previously these minimum thresholds are different for different sized districts, as illustrated below:

**Ministry of Education
Minimum Percentage Utilization Requirements
(based on Operating Capacity)**

FTE Enrolment	Elementary (Gr. 1-7)	Secondary (Gr. 8-12)	District Average
>7,500 (and all urban districts)	100%	110%	95%
5,000 to 7,499	95%	105%	90%
1,500 to 4,999	90%	100%	85%
<1,500	80%	90%	75%

For our District, with an enrolment of over 14,000 FTE, there is an expectation on the Ministry's part that we will operate our elementary schools at 100% and our secondary schools at 110%, with an overall District average of 95% before we might expect to receive an approval in the capital planning process for new space.

The following chart illustrates the current and projected capacity utilization percentages for our elementary and secondary schools as well as for the District overall:

**School District No. 68 (Nanaimo-Ladysmith)
Projected Capacity Utilization Percentages**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Elementary	86%	84%	83%	82%	82%	82%	82%	83%	84%	85%	87%	88%	89%	90%	91%
Secondary	102%	101%	99%	98%	96%	93%	92%	90%	88%	88%	87%	88%	89%	91%	93%
District	93%	91%	90%	89%	88%	87%	86%	86%	86%	86%	87%	88%	89%	91%	92%

As can be seen, based on current and projected enrolments, there will never be a time during the study timeframe where the District meets the Ministry's minimum capacity utilization thresholds at the elementary level, the secondary level or the overall District level. Bear in mind the secondary projections are inflated by the inclusion of international students which the Ministry does not recognize for capacity utilization purposes. Looking at our surplus space from the perspective of capacity utilization only confirms our previously calculated number of surplus spaces, as illustrated below:

	Elementary Capacity 8,389			Secondary Capacity 7,095		
Year	Projected Capacity utilization	Shortfall from Ministry Minimum	# of Students Represented	Projected Capacity utilization	Shortfall from Ministry Minimum	# of Students Represented
2006	86%	14%	1,165	102%	8%	537
2007	84%	16%	1,325	101%	9%	649
2008	83%	17%	1,411	99%	11%	757
2009	82%	18%	1,497	98%	12%	869
2010	82%	18%	1,508	96%	14%	989
2011	82%	18%	1,545	93%	17%	1,174
2012	82%	18%	1,543	92%	18%	1,296
2013	83%	17%	1,435	90%	20%	1,432
2014	84%	16%	1,371	88%	22%	1,526
2015	85%	15%	1,240	88%	22%	1,581
2016	87%	13%	1,102	87%	23%	1,603
2017	88%	12%	997	88%	22%	1,577
2018	89%	11%	903	89%	21%	1,456
2019	90%	10%	822	91%	19%	1,352
2020	91%	9%	752	93%	17%	1,180

The chart illustrates the number of additional students that could be accommodated in our elementary and secondary schools if we were operating at the Ministry's minimum capacity utilization threshold percentages.

Impact of Capacity Utilization Guidelines on Secondary Enrolments

For all intents and purposes the District will have secondary enrolments below its secondary operating capacity beginning this year and extending throughout the study timeframe. As indicated above the minimum threshold for capacity utilization at secondary schools before new space requests would be considered has been established by the Ministry at 110%. Applying this 110% Ministry guideline to the secondary reveals a much worse capacity utilization than illustrated above. One can see from the charts below, the capacity utilization of our secondary schools would be far below the minimum district thresholds expected by the Ministry. An argument could be made by the Ministry that by 2016 we would be operating at 79% capacity and actually would have room for an additional 1,450 students. This analysis is valid regardless of whether the currently proposed feeder school changes are made or not. The scenario below assumes the changes have been made and the capacities of the schools have been increased by 10% to reflect the over-capacity situation the Ministry would expect to see prior to approving new space.

School	Capacity	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Dover Bay	1,348	1,576	1,547	1,520	1,470	1,417	1,360	1,316	1,309	1,271	1,266	1,259	1,281	1,279	1,306	1,334
NDSS	1,540	1,190	1,132	1,088	1,092	1,098	1,072	1,064	1,050	1,034	1,020	1,017	1,031	1,061	1,078	1,109
Wellington	990	1,062	1,012	994	991	962	925	937	874	865	844	830	818	853	856	880
Barsby	1,100	698	734	744	748	738	735	737	743	731	732	735	719	731	746	765
Cedar	468	472	490	508	511	513	493	467	437	418	405	396	395	395	393	394
Woodlands	770	751	747	744	737	729	720	717	709	712	687	692	681	701	706	730
Nanaimo	6,215	5,749	5,662	5,598	5,549	5,457	5,305	5,238	5,122	5,031	4,954	4,929	4,925	5,020	5,085	5,212
Ladysmith	880	858	843	809	756	739	723	679	671	677	704	709	736	751	781	810
District Totals	7,095	6,607	6,505	6,407	6,305	6,196	6,028	5,917	5,793	5,708	5,658	5,638	5,661	5,771	5,866	6,022
Capacity Util.		93%	92%	90%	89%	87%	85%	83%	82%	80%	80%	79%	80%	81%	83%	85%

School District No. 68's Facilities Renewal Plan

The preceding sections of this report have been intended to provide the historical and contextual background for developing a Facilities Renewal Plan for our District. They have also provided information on enrolment projections and capacity utilization percentages which will serve as key information in the decision making processes required to finalize the plan. As mentioned previously, the specific components of our District's Facilities Renewal Plan will include the following:

- Implementing a secondary school closure strategy which will address the ongoing Dover Bay/Woodlands expansion projects and which may also lead to construction of new space;
- Completing the seismic upgrading of Wellington Secondary;
- Implementing a series of elementary school closures which will also require the construction of new space at schools to which students will be moved;
- Removal of capacity from the system where consolidation is not practical;
- Implementing the recommendations made in the South End Study, with respect to schools in Ladysmith and the Chase River/Cinnabar Valley area;
- Developing a strategy for the location of various current District support programs in the future infrastructure;
- Implementing a strategy to address the facilities needs of our Learning Alternatives programs;
- Implementing an energy retrofitting program for our schools;
- Creating a plan for financing the renewal plan which will include the disposal of surplus assets.

Secondary Options

The Board has directed staff to prepare two models for its consideration: (1) the potential closure of Woodlands Secondary and (2) the potential closure of NDSS. This recommendation resulted from the March 28, 2007 presentation which had identified three options for addressing the projected over-capacity of approximately 800 students at the secondary level expected to exist by 2016, before enrolments begin to experience some recovery. The March 28, 2007 report also pointed out the projected over-capacity would only be exacerbated with the currently proposed expansions of 275 seats at Dover Bay and 200 seats at Woodlands.

Currently Planned Feeder School Changes

As mentioned previously, the enrolment projections for our secondary schools are those used in the Five-Year Combined Capital Plan with international students added. The plan, as presented to the Ministry, includes the previously approved boundary changes related to the proposed expansion projects at Woodlands and Dover Bay – moving Pleasant Valley students to Wellington from Dover Bay and moving Coal Tyee students from Wellington to

Woodlands. The Board decision to delay these boundary changes until 2008 did not take place until after the Board had approved the capital plan.

Regardless of the feeder school arrangements, the fact remains there is and will continue to be excess capacity at the secondary level as reflected in the following chart:

Projected Secondary Enrolments & Capacity Utilization with Planned Feeder Changes

School	Capacity	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Dover Bay	1,225	1,576	1,510	1,446	1,359	1,269	1,176	1,132	1,125	1,087	1,082	1,075	1,097	1,095	1,122	1,150
NDSS	1,400	1,190	1,132	1,088	1,092	1,098	1,072	1,064	1,050	1,034	1,020	1,017	1,031	1,061	1,078	1,109
Wellington	900	1,062	1,017	1,004	1,006	982	951	963	900	891	870	856	844	879	882	906
Barsby	1,000	698	734	744	748	738	735	737	743	731	732	735	719	731	746	765
Cedar	425	472	490	508	511	513	493	467	437	418	405	396	395	395	393	394
Woodlands	700	749	779	809	833	857	878	875	867	870	845	850	839	859	864	888
Nanaimo	5,650	5,747	5,662	5,599	5,549	5,457	5,305	5,238	5,122	5,031	4,954	4,929	4,925	5,020	5,085	5,212
Ladysmith	800	858	843	809	756	739	723	679	671	677	704	709	736	751	781	810
District Totals	6,450	6,605	6,505	6,408	6,305	6,196	6,028	5,917	5,793	5,708	5,658	5,638	5,661	5,771	5,866	6,022
Capacity Util.		102%	101%	99%	98%	96%	93%	92%	90%	88%	88%	87%	88%	89%	91%	93%

This chart illustrates that the shifting of Pleasant Valley to Wellington and Coal Tye to Woodlands accomplishes the dual objectives of decreasing the overcapacity at Dover Bay and increasing the student population at Woodlands. It also clearly shows an expansion of Dover Bay is not warranted as the enrolment is projected to remain below capacity beginning as early as 2011 and extending throughout the study period. The proposed expansion of Woodlands would appear to be minimally supported by the projected increase in enrolment, but the school would not operate at 100% of the planned capacity of 900 at any time in the study timeframe. This brings into question the scope of that proposed project. With the continuing projected under-utilization of NDSS and John Barsby, the addition of 200 seats at Woodlands would serve to lower the District's capacity utilization percentages calculated above by a further 2-3% per year.

If the feeder school changes do not take place as planned the same capacity utilization as before is obviously retained but the enrolment of the schools shifts significantly as illustrated in the following table:

Projected Secondary Enrolments & Capacity Utilization without Planned Feeder Changes

School	Capacity	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Dover Bay	1,225	1,576	1,547	1,520	1,470	1,417	1,360	1,316	1,309	1,271	1,266	1,259	1,281	1,279	1,306	1,334
NDSS	1,400	1,190	1,132	1,088	1,092	1,098	1,072	1,064	1,050	1,034	1,020	1,017	1,031	1,061	1,078	1,109
Wellington	900	1,062	1,012	994	991	962	925	937	874	865	844	830	818	853	856	880
Barsby	1,000	698	734	744	748	738	735	737	743	731	732	735	719	731	746	765
Cedar	425	472	490	508	511	513	493	467	437	418	405	396	395	395	393	394
Woodlands	700	751	747	744	737	729	720	717	709	712	687	692	681	701	706	730
Nanaimo	5,650	5,749	5,662	5,598	5,549	5,457	5,305	5,238	5,122	5,031	4,954	4,929	4,925	5,020	5,085	5,212
Ladysmith	800	858	843	809	756	739	723	679	671	677	704	709	736	751	781	810
District Totals	6,450	6,607	6,505	6,407	6,305	6,196	6,028	5,917	5,793	5,708	5,658	5,638	5,661	5,771	5,866	6,022
Capacity Util.		102%	101%	99%	98%	96%	93%	92%	90%	88%	88%	87%	88%	89%	91%	93%

In this case the enrolment of Dover Bay still falls close to its capacity simply due to demographic changes and the projected enrolment of Woodlands remains nears its current capacity. One can see that without the currently planned feeder school catchment changes the

enrolment projections suggest that the planned expansions of Dover Bay and Woodlands cannot be justified.

Further Discussion of Feeder Schools

When it comes to predicting what will happen in the future there are often other factors that will influence the outcome that are not considered in the assumptions used in the projections. The inherent assumption in the analysis above is that all the students in the respective feeder schools will transition into the secondary school for that zone of feeder schools. Actual experience indicates this is not the case. The chart below, representing the five secondary schools within the City of Nanaimo, clearly illustrates this:

	# of Students in Catchment	# Attending Catchment Secondary	% Attending Catchment Secondary	# Attending Other Secondary	% Attending Other Secondary
Woodlands	811	559	69%	252	31%
Wellington	1,214	864	71%	350	29%
NDSS	963	708	74%	255	26%
John Barsby	1,028	590	57%	438	43%
Dover Bay	1,642	1,404	86%	238	14%
Total	5,658	4,125	73%	1533	27%

As can be seen, only 73% of students actual attend the secondary school they feed into from the elementary schools in that zone. Only Dover Bay has a significant component of its elementary feeder school attendees going there. If Dover Bay was left out the analysis, only 68% of secondary students attend the secondary school in their zone. The concept of the neighbourhood secondary school has changed. For example, 15% of students in the Woodlands feeder system currently attend NDSS and 20% of students in the Barsby feeder system attend NDSS. Given that NDSS also houses the District secondary French Immersion program, it can now be seen as more cosmopolitan in nature than it once was. Also, as the chart illustrates, 31% or 252 students in the Woodlands feeder system do not attend Woodlands. When one considers that Woodlands houses the District’s Soccer and Hockey academies and that a number of the students in these programs come from other zones, Woodlands can also now be seen as more cosmopolitan in nature.

Status Quo - Dover Bay and Woodlands Expansions

The currently planned expansions at Dover Bay and Woodlands can be considered to be the status quo scenario. Before consideration can be given to the two requested secondary closure models there needs to be a clear understanding of the impact the proposed expansions would have on the system. Based on the capacity utilization percentages calculated on an actual operating capacity of 6,450 students and applying the 110% Ministry expectation (which would represent 7,095 students), the projects at Dover Bay and Woodlands would not likely be approved today by the Ministry if they were part of our Five-Year Capital Plan process. The only reason they are still being considered is because capital funding for new secondary spaces in Nanaimo had previously been approved by the Ministry, as the Board knows. As mentioned previously, the addition of 275 seats at Dover Bay and 200 at Woodlands would

only exacerbate the existing problem, increasing the over-capacity problem to almost 1,300 spaces, assuming 100% capacity utilization, and almost 2,000 spaces, assuming 110% capacity utilization.

The previous analysis indicates the currently planned expansion project at Dover Bay does not need to take place and the size of the expansion of Woodlands is questionable, although there is no doubt the facility needs significant improvements. The planned feeder school changes of moving Pleasant Valley students to Wellington and Coal Tyee students to Woodlands will reduce the projected enrolment at Dover Bay to a point where, after 2008, the school would be operating below the Ministry's 110% guideline. Even if these planned changes do not take the school would be operating below the 110% expectation every year after 2011. The analysis also indicates that unless the feeder school changes are made there would be no justification for an expansion at Woodlands. Even if they were made and the expansion completed, the projected enrolments at the school throughout the study timeframe would always result in a capacity utilization of less than 100%.

As mentioned previously the two currently proposed projects at Dover Bay and Woodlands represent capital money that had been approved by the Ministry prior to the current three-year capital planning process. In the last communication with the Ministry in August 2006 \$31.7 million has been allocated for the two projects as summarized below:

**Dover Bay and Woodlands Capital Commitments
As at August 2006**

	Ministry	District	Total
Dover Bay	\$ 7,200,000	\$ 1,700,000	\$ 8,900,000
Woodlands	19,300,000	3,500,000	22,800,000
Totals	\$ 26,500,000	\$ 5,200,000	\$ 31,700,000

Given the exacerbated problem with over-capacity should these two projects go ahead, staff is of the view that they should not proceed and that attempts should be made to convince the Ministry that this funding could be put to a better use.

Closure of Woodlands Secondary

The removal of Woodlands Secondary's capacity from the system would reduce the overall secondary capacity by 700 seats which would appear to solve the over-capacity problem in Nanaimo secondary schools that is projected to begin appearing by 2015. The projected enrolments could be accommodated at other District secondary schools. For purposes of this report the scenarios being evaluated are for 2011 and 2016. Ladysmith Secondary has been excluded from the analysis due to its unique geographic location.

The closure of Woodlands would require the movement of students to both Wellington Secondary and NDSS. This can be accomplished by feeding Cilaire Elementary students who would normally feed to Woodlands to Wellington Secondary instead. The balance of Woodlands students would be transferred to NDSS. To accommodate this and to maximize capacity utilization in the Nanaimo-based secondary schools, the French Immersion program

would be transferred to John Barsby from NDSS. The following charts illustrate the impact of these changes on the enrolment in the secondary schools in 2011 and 2016. As can be seen the capacity utilization in 2011 climbs to 107% from the current 94% and to 100% in 2016. These projections assume the currently planned feeder school changes have been made.

Impact of Closure of Woodlands on 2011 Capacity Utilization Percentages

School	Operating Capacity	Projected Enrolment	Projected Enrolment after Closure	(Over) Under Capacity	Capacity Utilization
Dover Bay	1,225	1,176	1,176	49	96%
NDSS	1,400	1,072	1,494	(94)	107%
Wellington	900	951	1,121	(221)	125%
Barsby	1,000	735	1,021	(21)	102%
Cedar	425	493	493	(68)	116%
Woodlands		878	0	0	
	4,950	5,305	5,305	(355)	107%

Impact of Closure of Woodlands on 2016 Capacity Utilization Percentages

School	Operating Capacity	Projected Enrolment	Projected Enrolment after Closure	(Over) Under Capacity	Capacity Utilization
Dover Bay	1,225	1,075	1,075	150	88%
NDSS	1,400	1,017	1,351	49	97%
Wellington	900	856	1,019	(119)	113%
Barsby	1,000	735	1,088	(88)	109%
Cedar	425	396	396	29	93%
Woodlands		850	0	0	
	4,950	4,929	4,929	21	100%

Closure of NDSS

The removal of NDSS's capacity from the system would reduce the overall secondary capacity by 1,400 seats which would necessitate the addition of seats elsewhere; otherwise too many seats would have been removed. Again for purposes of this report the scenarios being evaluated are for 2011 and 2016. Ladysmith Secondary has been excluded from the analysis due to its unique geographic location.

The closure of NDSS would require the movement of students to both Woodlands Secondary and John Barsby. This can be accomplished by feeding Mountain View Elementary students who would normally feed to NDSS to Woodlands Secondary instead. It also would require that Fairview students to feed into John Barsby instead of NDSS. The analysis also requires that Gabriola students would feed into Woodlands and that the French Immersion Program would move to Wellington. The following charts illustrate the impact of these changes on the enrolment in the secondary schools in 2011 and 2016. As can be seen the capacity utilization in 2011 climbs to 125% from the current 94% and to 116% in 2016. Clearly the removal of space at NDSS will require the addition of space at Woodlands and Wellington. In this scenario Woodlands would have to become a 1,200 student school. Given that the currently planned addition to Woodlands is for 200 spaces to increase its capacity to 900, it would seem to make sense in this scenario to build a new school at the Woodlands site instead of expanding the present school by 500-600 spaces.

Impact of Closure of NDSS on 2011 Capacity Utilization Percentages

School	Operating Capacity	Projected			Capacity Utilization
		Projected Enrolment	Enrolment after Closure	(Over) Under Capacity	
Dover Bay	1,225	1,176	1,176	49	96%
NDSS		1,072	0	0	
Wellington	900	951	1,237	(337)	137%
Barsby	1,000	735	1,155	(155)	116%
Cedar	425	493	493	(68)	116%
Woodlands	700	878	1,244	(544)	178%
	4,250	5,305	5,305	(1,055)	125%

Impact of Closure of NDSS on 2016 Capacity Utilization Percentages

School	Operating Capacity	Projected			Capacity Utilization
		Projected Enrolment	Enrolment after Closure	(Over) Under Capacity	
Dover Bay	1,225	1,075	1,075	150	88%
NDSS		1,017	0	0	
Wellington	900	856	1,209	(309)	134%
Barsby	1,000	735	1,105	(105)	111%
Cedar	425	396	396	29	93%
Woodlands	700	850	1,144	(444)	163%
	4,250	4,929	4,929	(679)	116%

Requested Secondary Options Conclusions

From all the previous analysis, the following conclusions can be reached:

1. The currently planned expansion projects at Dover Bay and Woodlands do not need to proceed;
2. The closure of Woodlands secondary would solve the District’s overcapacity problem by removing 700 seats from the system;
3. The closure of NDSS would require the addition of space at both Wellington Secondary and Woodlands. Wellington would have to increase by approximately 300 seats and Woodlands by 400-500;
4. It would be more feasible for Woodlands to be rebuilt as an 1,100-1,200 student school rather than expand the current school by 500 spaces;

Another Option

The District should solve its secondary capacity under-utilization problem in a manner that best serves the long term interests of its secondary student population. As stated earlier, the solution is to remove approximately 700-800 seats from the system. Three distinct factors come into play in determining how this might best be accomplished:

1. The possibility of adding 200 to 300 additional seats at Wellington as part of the seismic upgrading of that school and making those seats permanent presents a unique opportunity for solving the capacity utilization problem in a manner that has long term benefits for the District and its students;
2. The possible commitment by the Ministry to respond to the District's facilities renewal plan that would see the funding allocated for the Dover Bay and Woodlands expansion projects go to the District in whatever way the District decides;
3. The possibility of the District having future Local and Ministry restricted capital that could be used to support capital projects approved by the Ministry.

It is the opinion of staff that the closure of both Woodlands and NDSS should take place and that the District request the Ministry support the addition of 300 seats at Wellington as part of the seismic upgrading of that school, and that the funding currently being allocated for the Dover Bay and Woodlands expansions be re-directed to the construction of a new secondary school with 1,100 spaces. Closing both secondary schools will remove 2,100 seats from the secondary capacity but the addition of 200 to 300 seats at Wellington and the construction of a new school with 1,100 spaces will result in an overall reduction of 700 to 800 spaces.

The advantages of closing both secondary schools and building new space are compelling. In addition to significant operating cost savings the District would be disposing of its two oldest secondary schools. Replacing 2,100 secondary spaces at Woodlands (opened in 1955) and NDSS (opened in 1951) with 1,300 to 1,400 new spaces at Wellington (opened in 1967 and slated for complete seismic upgrading) and a new secondary school (which would be seismically safe and energy efficient) would seem to be a sound long-term capital planning direction, not only from the District's perspective but also from the Ministry's perspective. In addition to having 1,300 to 1,400 new secondary spaces, this proposal would eliminate the need to complete seismic upgrading and additional renovations at Woodlands and NDSS in the future if they continued to operate. The seismic upgrading of Woodlands and NDSS was estimated in the rapid seismic assessment conducted in 2004 at \$3.4 million and \$6.3 million respectively, which would of course cost more once construction actually took place. The 2007-2008 Five-Year Capital Plan lists these two seismic upgrades as our third and fourth highest priorities with estimated costs of \$4.2 million for Woodlands and \$6.4 million for NDSS. In addition, the capital plan also includes significant renovation projects for these two schools to improve their audit scores. The ninth highest priority project is a \$6.2 million upgrade of Woodlands and the eleventh highest priority project is an \$11.6 million upgrade of NDSS.

There is no telling when the Woodlands and NDSS seismic and renovation projects would be approved by the Ministry if these two schools were to remain open. Under the new capital approval process with the Ministry, Phase 1 feasibility studies would have been completed and accepted prior to Ministerial approval for funding was granted. These projects would also be judged within the context of Provincial priorities, as stated earlier in this report. Looking at it from the Ministry's perspective it would seem to make little sense to invest significant amounts of funding in buildings that, by the time the upgrades were done, would have been in operation for in excess of 60 years. Good capital planning requires the ability to recognize when a facility has reached the end of its useful life and should be replaced.

As mentioned previously the two currently proposed projects at Dover Bay and Woodlands represent capital money of approximately \$31.7 million. Given that staff is recommending not

to proceed with the two planned expansions and the Ministry is requesting a District position on these projects, it would seem to be an opportune time to take advantage of this available funding and request the Ministry approve it to be spent on new space.

Staff is of the view there is adequate space at either the Woodlands site or the NDSS site to build this new space. Using the Woodlands site would mean the construction of an entire new school of 1,100 to 1,200. With respect to the NDSS site it might be possible to build new space onto a portion of the existing school. The library block of NDSS is the newest section of the current NDSS and has been seismically upgraded. It also contains eight classrooms which represents 200 spaces. If the additional spaces for seismic upgrading at Wellington were approved, the amount of new space that would have to be built onto the library block of NDSS would be approximately 900 and not 1,100 as previously mentioned which could result in an overall lower project cost. Obviously more detailed analysis would need to be undertaken prior to making any final decision.

Elementary Options

With respect to elementary options, the Board has directed staff to examine Option C with respect to elementary schools listed under Elementary Phase 1 and Phase 2 of the March 28th facilities renewal report to the Board (See Appendix A). The specific schools the Board asked staff to look at are Mount Benson, Departure Bay, Rutherford, Woodbank, Cilaire, Pauline Haarer, Brechin and Forest Park. Each of these schools will be assessed and recommendations on their futures made. **As stated in the March 28, 2007 facilities renewal report, the following criteria need to be considered when determining whether schools can be consolidated:**

- Current and projected enrolment of the school and neighbouring schools
- Age and condition of the facility
- Seismic condition of the facility
- Size of site and suitability of the building for additions

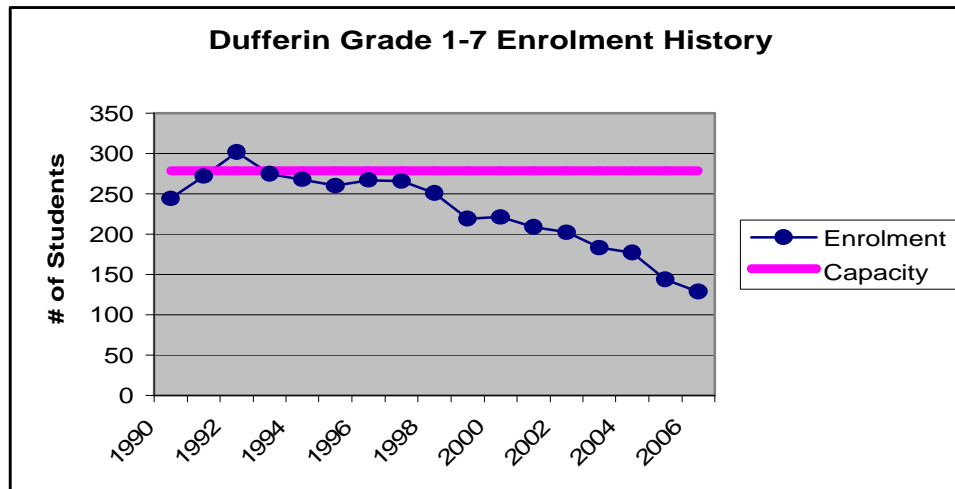
Dufferin Crescent Elementary

(Also Refer to Information Sheet in Appendix F)

As previously mentioned, the feasibility study conducted in 2006 to determine whether to proceed with the seismic upgrading of Dufferin Crescent concluded the school would not be required in the future because there was space in surrounding schools to accommodate its students. As a result in December 2006 staff recommended to the Board that a public consultation process be held to consider the closure of the school. During the public consultation process staff proposed the students be moved to Forest Park Elementary and Brechin Elementary. On April 4, 2007 the Board voted not to close the school.

Dufferin Crescent Elementary is almost 50 years old, having been built in 1958. It had additions in 1961, 1962, 1963, 1964, 1967 and 1977. It only has a $\frac{3}{4}$ gymnasium and its multi-purpose room is a converted classroom. It has limited handicapped accessibility. It is near Nanaimo Regional Hospital in an area of town that has become increasingly commercial in nature.

The Grade 1-7 operating capacity of the school is 279 and, with the exception of 1992 when the Grade 1-7 enrolment was 302, it has not operated above capacity in recent years. Throughout the 1990's it did have enrolments close to capacity but starting in 1998 there has been a constant decline in the school's Grade 1-7 enrolment as illustrated in the following chart:



The significant decline in enrolment that has occurred since 1998 represents the changing demographics of the area, as more commercialization took place and families with school-aged children decreased. An interesting result of this demographic shift is the analysis of where the Grade 1-7 students who reside in the Dufferin catchment actually go to school. The chart below summarizes this:

# of students living in catchment	194	
School Attending		
Dufferin	85	44%
Brechin	30	15%
Quarterway	27	14%
Forest Park	22	11%
Others	30	15%
	<hr/>	
	194	100%

One can see the out-migration from the Dufferin catchment is significant. Of the 194 students who live in the Dufferin Crescent catchment and who go to Grade 1-7, only 44% actually attend Dufferin. Another 25% already attend the two schools (Brechin and Forest Park) where staff had recommended the Dufferin students be moved if the school closed. About half the students in the catchment who attend Quarterway are enrolled in the French Immersion program there but the other half are in the English stream.

As previously mentioned, there will be no Ministry support for the seismic upgrading of Dufferin if it continues to operate. That responsibility will become the District's

responsibility. There may be an opportunity however to have the money previously approved for the seismic upgrading of this school redirected by the Ministry to other District seismic projects.

Given all these factors, staff is of the view that Dufferin Crescent Elementary should be proposed for closure at the end of the 2007-2008 school year and the site be sold to generate capital funds for other District projects. Approval should also be sought from the Ministry to redirect the seismic funding approved for Dufferin to other District seismic concerns. The closure of the school will also result in significant operational cost savings. In the recent closure process for Dufferin the anticipated operational savings were estimated to be \$272,000. That amount will now likely be higher due to higher wage levels and increased utilities costs.

Cilaire Elementary

Cilaire Elementary was built in 1967. It currently is listed as the District's highest priority project in the 2007-2008 Five-Year Capital Plan as a replacement. Its audit score of 40 which was determined in 2003 is the lowest audit score of any of our elementary schools. The closure of Dufferin will remove enough capacity from the zone so that the replacement or renovation of Cilaire can take place as part of the Five-Year Capital Plan process.

Departure Bay Elementary

Departure Bay Elementary was originally built in 1951 but 70% of the current building consists of additions constructed between 1961 and 1994. Its operating capacity is 256 and it is currently projected to operate at a capacity utilization of between 52% and 75% during the study timeframe. The proposed closure of Dufferin Crescent and the relocation of its students largely to Forest Park will necessitate the relocation of the hybrid elementary Learn @ Home program from Forest Park. The teacher contact time that forms a significant of this distributed learning program requires the use of classroom facilities dedicated to the delivery of the program. The enrolment in this program is projected to be approximately 67 students throughout the study timeframe. In the opinion of staff the District should move this program to Departure Bay to better utilize that facility.

The Ministry currently does not recognize the elementary Learn @ Home program as utilizing space in the District. Because of the hybrid nature of the program and the need to have classroom space dedicated to it, the District should request the Ministry to recognize the students taking part in this program are utilizing classroom space. Just because they do not attend every day is no reason not to recognize they do attend a "bricks and mortar" school on a regular basis. If this request was successful the capacity utilization of Departure Bay throughout the study timeframe would improve by 26% every year.

Mount Benson Elementary

(Also Refer to Information Sheet in Appendix F)

Mount Benson Elementary was built in 1950. It is an old facility with a facility audit score of 50 (the third lowest of our elementary schools. The seismic upgrading for this school was estimated in 2004 to be \$1.2 million. At the present time there are 206 Grade 1-7 living in the Mount Benson catchment. Of this total only 59% actually attend Mount Benson while 13% attend Coal Tyee, 5% attend Pleasant Valley and 23% attend other schools. Staff is

recommending this facility be closed in 2008 and 33% of the students transferring to Pleasant Valley and 67% transferring to Coal Tyee. This move would require the use of a portable or 2 at Coal Tyee for the next five years and then an addition of 3-4 rooms by 2013. Based on previous estimates, cost savings from the closure of an elementary school would be in the area of \$250,000.

Woodbank Primary

(Also Refer to Information Sheet in Appendix F)

Staff is recommending the closure of Woodbank Primary and the conversion of North Cedar Intermediate to a K-7 school. Both schools are projected to operate below capacity during the next fifteen years and as such are costly to operate. Consolidation of the schools would result in operational savings of \$250,000 to \$300,000.

There is a strong affinity in the Cedar community for attending local schools. 87% of the students who live in the catchment for these two schools actually go to that school. This percentage is much higher than the average experienced across the District, in some cases twice as much. Combining the schools into a renovated K-7 school would guarantee the continuation of the K-12 model in Cedar. The closure could likely happen by 2009 and might require the use of portables for a short period while conversion and renovation of the intermediate school to a K-7 school takes place.

Rutherford Elementary

(Also Refer to Information Sheet in Appendix F)

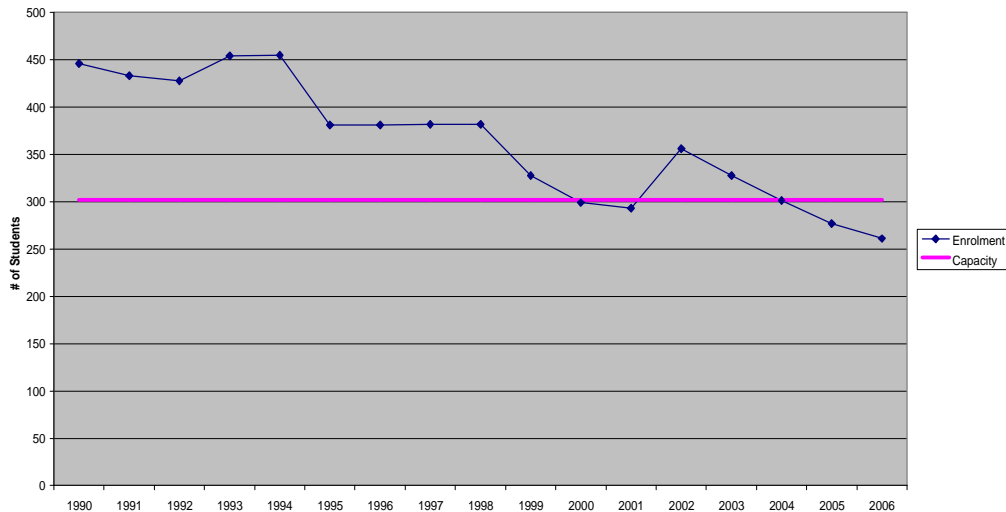
Staff is recommending that Rutherford Elementary be closed in either 2008 or 2009 and the students moved to adjoining schools in the following percentages:

- 20% to Randerson Ridge
- 25% to F.J. Ney
- 55% to McGirr

This move would also involve the shifting of the McGirr catchment so that 16% of the McGirr students would be transferred to Seaview Elementary. Moving 25% of the Rutherford students to F.J. Ney would require the addition of 3-4 classrooms there.

Rutherford is the oldest school in the Dover Bay feeder system, other than Seaview. Its enrolment has declined in recent years and is projected to continue to decline.

Rutherford Grade 1-7 Enrolment History



At the present time only 67% of the students living in the catchment actually attend Rutherford, while 16% go to McGirr and 17% to other schools. The movement of students to Frank J. Ney would require the addition of space at that school, likely three or four classrooms. With respect to operational costs, the closure of Rutherford would likely result in approximately \$300,000 in savings.

Pauline Haarer Elementary

Pauline Haarer is one of four from which District’s French Immersion Program is delivered. The school was originally built in 1947 but 65% of the current building consists of additions constructed between 1978 and 1995. It has a Grade 1-7 operating capacity of 186 and is currently operating at 120%, with 223 students. Because the French Immersion Program is a District program, the enrolment at the school can be capped at whatever level the District deems is in the best educational interests of the students enrolled in the program. For purposes of this report the enrolment projections for this school are maintained at the current level throughout the study timeframe.

When considering whether it is possible to relocate the students in the school to another site and to close the school, it is important to identify a new site. Currently there appears to be limited options. The other single track French Immersion school in the District, Hammond Bay Elementary, is already over capacity, with a second portable being added to the site for September 2007. The District’s two dual-track schools at which French Immersion is offered, Davis Road Elementary in Ladysmith and Quarterway Elementary, also appear not to be suitable for the relocation of Pauline Haarer students.

Davis Road Elementary is already being recommended for a significant expansion of 140 seats from its current operating capacity of 93. That expansion would not be adequate to accommodate both the current enrolment at Pauline Haarer and the growing French Immersion population at Davis Road. In addition the distances involved make it an impractical option for parents.

Relocation of the program to Quarterway would require both the addition of 116 spaces to increase the capacity of the school to 441 students and the relocation of the approximately 100 English track students projected to attend that school during the study timeframe. The way in which the English track students could be relocated is as follows. They could be accommodated at Forest Park and Brechin (80% and 20% respectively) even if Dufferin Elementary was closed and the Dufferin students moved to these schools. This relocation would also be dependent on relocating the Elementary Learn@Home program to Departure Bay. Both Forest Park and Brechin would then operate in excess of 100% of their operating capacities throughout the study timeframe.

South End Study

Ladysmith Zone

The District should proceed with the recommendations contained in the South End Study with respect to the schools in the Ladysmith zone as a major component of its facilities renewal plan. The Ladysmith community is a unique and growing part of the District and the needs of the community for additional space at the elementary level have to be addressed in the short-term in order to position the District to be able to respond to longer term requirements. The projected enrolments at the primary and intermediate levels over the next fifteen years far exceed the current capacities of the existing primary and intermediate schools. The recommendation to consider moving to a K-7 model for the zone is one that should be further explored. Efforts have already been undertaken with the Town of Ladysmith to find a new site for the replacement school for Ladysmith Intermediate. The expansions/replacements recommended in the South End Study for Davis Road and Ladysmith Primary should be pursued vigorously,

Chase River, South Wellington, Cinnabar Valley and Cedar Zone

Chase River

The enrolment projections for Chase River that were included in the South End Study report are higher than what is currently being projected. The anticipated housing developments have not occurred as quickly as first thought. Chase River is now expected to operate just below its capacity for the next five years before a steady increase in enrolment takes place after that. The planned expansion of the school does not need to take place until that time.

South Wellington

South Wellington Elementary is the District's highest priority seismic project. This is recognized by the Ministry as all areas of the school are rated "High" for seismic upgrading purposes. After the April 4, 2007 Board meeting at which the Board chose not to close the school, staff amended the 2007-2008 Five-Year Capital Plan filed with the Ministry to have South Wellington put back on the list for seismic upgrading. The 2004 estimated cost of upgrading of \$518,000 has likely increased significantly since then. With the possibility that previously approved seismic funding for Dufferin Crescent might be redirected to other District seismic needs it might now be the time to request of the Ministry that this funding be redirected to South Wellington. This request would result in a requirement to complete a feasibility study on whether the school would continue to be needed in the future for educational purposes.

There has been much discussion about the uniqueness of the South Wellington community and the perception by the parents of a better quality education as reasons to keep the school open. During the recent school closure consultation process another argument for keeping the school open was that the District would not realize any operating savings by closing it due to the Small Community Supplement. There are counter-arguments to these positions. The organization of the school for September 2007 includes a 3-grade classroom and two 2-grade classrooms. With respect to the argument that the District would not save any money by closing the school the opposite is also true – that it would not cost the District any money to close the school. This position also supports the educational argument in that the closure of the school should be based primarily on educational reasons, as indicated in the Board motion from the February 2003 Regular Board meeting. Regardless of that, with the housing developments that are proceeding in the south end of Nanaimo, it would appear to be only a matter of time before new roadwork would disqualify the District from receiving the small community supplement. At that time South Wellington would be considered to be part of a cluster of schools that would include Cinnabar Valley and Chase River.

The total South Wellington enrolment for September 2007 is projected to be 64 students, with six Kindergarten students. Using its Grade 1-7 operating capacity of 69 the school, from the Ministry's perspective will only be 84% utilized. At the present time of the 77 grade 1-7 school aged children who live in the catchment only 55 or 71% of them actually attend South Wellington. There are 10 students in the school who come from other catchments but the out migration number of 22 is double that. It seems a greater number of the out-migration students attend Chase River and Cinnabar Valley than attend schools in Cedar.

While staff remains of the view that South Wellington should be closed, two successive Boards have indicated their support for the continuation of it as an elementary school site.

If the Ministry confirms that the seismic funding that was originally approved for Dufferin Crescent could be redirected to other seismic needs, it would be appropriate that South Wellington would be one of those sites, as it is the highest priority seismic project in the District. This would result in the preparation of a feasibility study on whether the school would be needed for future educational purposes.

If the feasibility study indicates that the school is not required for educational purposes in the future or the Small Community Supplement is no longer available to the District, the Board will then have to decide whether to close the school or continue to operate it at a higher cost and be prepared to complete the seismic upgrading. Given the possibility of increased enrolments at Chase River resulting in an expansion of that school, if South Wellington was to be closed it might be appropriate to consider Chase River as the receiving school for South Wellington students.

Cinnabar Valley

The anticipated growth in the Cinnabar Valley catchment is living up to expectations. We will be placing another portable on the site for September 2007, bringing the total to three. If the District rationalizes its capacity utilization in the next few years to become compliant with Ministry minimum thresholds Cinnabar Valley should qualify for an expansion in the normal Five-Year Capital Plan process.

Cedar Zone

The District recognizes the uniqueness of the Cedar community. The previous recommendation that Woodbank Primary and North Cedar Intermediate be combined and converted to a K-7 school will ensure the District will be able to continue to provide the K-12 model to that community.

Barsby Zone Elementary Schools

The South End Study recommended that one of the elementary schools in the Barsby zone might be considered for closure at some time in the future. Bayview Elementary was the school that was mentioned in the study. That recommendation was made prior to the implementation of Bill 33, the legislation which limits class size and class composition in our schools. The south end of Nanaimo is one of the most economically disadvantaged areas in the Province and it is plagued with many of the social and developmental problems associated with poverty. There are many designated students in our three inner city elementary schools (Bayview, Park Avenue, and Georgia Avenue). The organization of classes in these schools has been greatly impacted by the requirements of Bill 33. There have to be more classes and consequently more rooms used in order to deal with the class composition requirements of the legislation. As a result, these schools are using most if not all of the space in the respective buildings. It would appear unlikely therefore that the District would be able to close one of these schools in the near future.

Many of the classes in these schools have fewer than the 23.25 standard the Ministry uses to calculate capacity utilization percentages. As a result they will show up as being under-utilized despite the fact that the majority of the rooms are being used for instructional purposes. Despite the declining enrolment trend that is occurring in these schools the impact of Bill 33 has resulted in the continued use of classrooms that otherwise would be surplus if the District did not have to maintain compliance with the legislation. This is a reality that is not reflected in the Ministry's Capital Asset Management Framework. As it relates to our District staff believes this should be brought to the attention of the Ministry and the Ministry should be asked not to hold the calculated under-utilization in these schools against us when determining capacity utilization when considering new space requests.

Removal of Capacity Where Consolidation Is Not Practical

There are two elementary schools in the District that serve unique communities which are projected to remain significantly under-utilized throughout the study timeframe. They are North Oyster Elementary and Gabriola Elementary. North Oyster serves the Chemainus First Nation and its enrolment has been affected by the existence of a Band school on the reserve for Kindergarten and Grade 1 students. Gabriola Elementary serves the Gabriola Island community. The facilities renewal plan calls for these two schools to remain part of the District's infrastructure into the future but steps needs to be taken to achieve better capacity utilization percentages and more efficient operating costs. Consolidation of the student enrolments in these schools with students at other schools is not a practical solution. The removal of the excess capacity from these three schools may only be accomplished in the following ways:

1. The actual demolition of classrooms no longer needed to accommodate the projected enrolments;

2. Requesting the Ministry of Education not to recognize the excess capacity in these schools in the calculation of capacity utilization when considering new space requests;
3. Finding alternative uses for the excess capacity that the Ministry would approve as acceptable use of the space. Recognizing the District is not funded on a space basis, these alternative uses would involve the generation of revenue to support their operation.

North Oyster Elementary

North Oyster Elementary was built in 1963 and had a significant renovation in 1993. It has traditionally been considered as part of the Ladysmith zone of schools. The school's total Grade 1-7 enrolment has not exceeded its operating capacity of 256 in any year since 1980. In September 2006 it had an enrolment of 134 students, which represented a capacity utilization of 52%. The population of the school has been decreasing since 1997 with the exception of an increase in 2004 due to the transfer of students from the closed Waterloo Elementary. Despite this bump up in enrolment in 2004 the school's enrolment declined by 33 students in 2005 and a further 12 in 2006. The enrolment is projected to decline slightly until 2011 and then show a very modest increase by 2020 back to 2005 levels, which would represent a capacity utilization of only 57%.

As stated previously one of the recommendations of the South End Study was to demolish three classrooms to reduce the size of the building to achieve better capacity utilization. The Grade 1-7 enrolment projections for the next fourteen years however indicate that as many as five classrooms could be eliminated. The removal of 116 seats from the school's operating capacity in any of the ways referred to above would increase its utilization to near 100% throughout the study timeframe.

Gabriola Elementary

Gabriola Elementary was built in 1954. It has traditionally been considered as part of the NDSS zone of schools. The school's Grade 1-7 capacity is 232. In the period from 1990 to 2001 the school operated either near its capacity or well in excess of it. Since that time there has been a steady decline in enrolment to the point where in 2006 the capacity utilization was 62%. There is no time in the study timeframe that the capacity utilization is projected to exceed 65%. The removal of this excess capacity either through the demolition or the alternate use, acceptable to the Ministry, of four classrooms of 93 spaces would bring the capacity utilization for this school to approximately 100%.

District Support Programs

There are certain District based programs located in schools that are being proposed for closure. These are the District Resource Centre, the Learning Resource Centre and the Life Skills Class at Rutherford. The District Resource Centre and the Learning Resource Centre are both currently located at Dufferin Crescent. The closure of Dufferin would create a need to relocate these programs to another location. Ideally they would be located in the same location as the District Administration Centre in order to provide for the effective communication between District administration and the District resource teachers as well as providing efficiency in the dissemination of learning resources throughout the District. Until a plan is developed to build a new District Administration Centre, the DRC and the LRC should

be located in a rented facility or in empty space in District schools. The Rutherford Life Skills class can be relocated to a classroom in another school.

The current District Administration Centre does not adequately serve the needs of the District. It is crowded and not very energy efficient. The District's Facilities Renewal Plan should include a plan to acquire a new DAC and capital funds should be set aside to accomplish this. As mentioned above it should also be able to accommodate the DRC and the LRC.

Learning Alternatives

The District's Learning Alternative Programs are presently located as follows:

- Junior Alternatives at Five Acres;
- Senior Alternatives at VAST;
- Learn@Home 8-12 in the CTC facility at NDSS;
- Learn@Home K-7 at Forest Park;
- Aurora Program on Gabriola Island.

This facilities renewal plan would see the Learn@Home K-7 program move to Departure Bay and the Aurora Program staying where it is.

With respect to the Junior and Senior Learning Alternatives programs there is a plan to locate them in one facility, if possible, in the area of Nanaimo where required support services are available. Staff have been searching for a place to lease to accommodate this relocation but up to now have been unsuccessful. The Learn@Home 8-12 program has grown significantly since it was first introduced and the space being utilized at the CTC is no longer adequate to accommodate the program.

Staff believes that a significant component of the District's Facilities Renewal Plan that would address the long-term needs of the Junior and Senior Learning Alternatives programs and the Learn@Home 8-12 program should be the construction of a new school to house these programs.

Capital Costs and Funding Sources for Facilities Renewal Plan

As mentioned previously, there is a significant Ministry focus at this time on completing seismic projects over the next few years and less focus on approving non-seismic capital projects. The Ministry has indicated that priority for approval of such projects will be given to those districts that bring significant financial contributions to the table. This is an important factor if the District is to move forward with the considerations contained in the Facilities Renewal Plan, as part of that plan calls for the construction of new space. As well, there is always the ongoing need for renovations to schools.

The identification of funding sources within the District to assist with the construction of new space or to support renovation projects serves two purposes: the generation of capital funding will enable the District to be better able to respond to specific local requests, such as the

expansion of the Hammond Bay Elementary gymnasium, and these funds will help support Capital Plan projects, as expected by the Ministry.

There are basically three sources of capital funding within the District. They are:

1. Already approved Ministry capital funding;
2. Proceeds from the sale of existing properties that are not being used for educational purposes;
3. Proceeds from the sale of sites resulting from school closures.

Should the Ministry approve the reallocation of the money that has been set aside for the Dover Bay and Woodlands projects to the construction of new secondary space and the disposal of surplus and closed school sites take place at estimated fair market values, the facilities renewal plan described in this report would be financially supportable without any further funding contribution from the Ministry. Staff has prepared preliminary estimates of the funding that might be available and the costs associated with new construction. It is anticipated there would be enough funding to complete the construction of the additional space requirements needed at elementary schools as well as the construction of a new Learning Alternatives school and a new District Administration Centre. In addition, there would likely be enough local capital to address specific concerns such as the expansion of the Hammond Bay gymnasium.

New Ministry View of Disposal of Surplus Properties

It is our understanding that the Ministry of Education will issue a Ministerial Order in the next few weeks that will direct districts, when disposing of properties, to comply with the Government's position that public property should be used, to the extent possible, for public use. The disposition of property is viewed by the Ministry as including a long-term lease of a property. Districts will be required to supply two listings of properties to the Ministry, one which will be properties it wants to retain and one which will be properties it deems surplus and can be disposed of. It will only be possible for a district to sell a property to non-public body if it is not required by another public body. There is a disadvantage for districts in this process in that, although the sale to another public body must be concluded at fair market value, the element of a competitive marketplace will be removed from the process. It is likely fair market value will be determined by property appraisal and the opportunity to list a property at a premium will be lost if the disposal is to a public body and it is sold at the appraised value.

Energy Retrofitting Program

The rationalization of space to become compliant with Ministry capacity utilization thresholds will result in the closure of certain facilities and, in some cases, the addition of new space. Many of the remaining schools and facilities the District will continue to operate will be older buildings which are costly to operate. One of the key cost components of operating a school is the utilities costs associated with it. The schedule below is the three year average of utilities costs in our schools, sorted in order of cost per student:

School District No. 68 (Nanaimo-Ladysmith)
Costs utilities per student and year plus costs per school and year
(3-Year Average 2004/2005 to 2006/2007)

	Natural Gas Heating Cost per Year	Electricity per Year	Water Usage per Year	Garbage Cost per Year	Utilities Cost per Year	# of Students Feb 2007	Utilities Cost per Student
Elementary							
Ladysmith Intermediate	13,452	8,592	4,252	1,341	27,637	336	82
Pleasant Valley	9,504	12,300	3,000	1,180	25,984	307	85
Uplands Park	8,532	8,772	7,000	1,632	25,936	297	87
Mountain View	15,972	16,224	1,700	1,632	35,528	376	94
McGirr	18,072	10,800	7,000	1,658	37,530	387	97
Hammond Bay	7,572	12,756	6,600	1,647	28,575	277	103
Cinnabar Valley	11,904	11,664	3,044	1,569	28,181	270	104
Cilaire	9,468	7,116	4,402	1,237	22,223	212	105
Rock City	12,096	12,108	8,900	1,569	34,673	328	106
Quarterway	13,560	16,992	6,000	1,600	38,152	358	107
Pauline Haarer	17,088	8,532	2,290	618	28,528	255	112
North Cedar Intermediate	20,484	9,396	1,400	1,174	32,454	263	123
Davis Road	6,240	7,752	4,172	1,341	19,505	158	123
Coal Tye	12,072	14,664	3,796	1,237	31,769	248	128
Rutherford	15,060	14,532	6,700	1,569	37,861	293	129
Forest Park	12,084	13,968	6,515	1,237	33,804	255	133
Randerson Ridge	21,228	13,788	5,100	1,600	41,716	312	134
Park Avenue Community	15,624	10,956	8,700	1,429	36,709	269	136
Ladysmith Primary	11,340	10,548	9,668	1,341	32,897	240	137
Georgia Avenue Community	24,300	17,328	5,200	2,354	49,182	354	139
Seaview	13,872	10,860	6,200	197	31,129	223	140
Frank J. Ney Elementary	8,208	13,188	4,200	1,632	27,228	193	141
Bayview	16,608	11,592	2,362	2,323	32,885	229	144
Brechin	12,420	11,208	3,245	1,315	28,188	180	157
Woodbank Primary	12,972	12,312	2,000	1,237	28,521	182	157
Fairview Community	17,532	14,424	6,791	1,632	40,379	256	158
Chase River	14,028	8,544	4,433	1,263	28,268	167	169
Mount Benson	15,552	10,212	2,400	1,632	29,796	169	176
Departure Bay	23,592	11,472	6,000	1,632	42,696	203	210
Gabriola	12,600	14,448	2,700	5,186	34,934	165	212
South Wellington	7,200	6,024	2,000	1,174	16,398	76	216
Dufferin Crescent	15,048	13,200	3,716	1,658	33,622	141	238
North Oyster	16,020	11,304	2,600	1,642	31,566	132	239
Secondary							
VAST	4,260	2,832	470		7,562	116	65
Dover Bay	49,608	81,996	8,467	9,291	149,362	1,509	99
Nanaimo District	55,128	43,224	20,300	7,896	126,548	1,101	115
Woodlands	45,972	30,612	4,296	4,531	85,411	690	124
Ladysmith Secondary	49,896	41,448	8,540	7,290	107,174	825	130
Wellington	64,512	49,596	18,000	8,604	140,712	991	142
Cedar Community	23,340	45,972	4,121	5,363	78,796	436	181
John Barsby Community	52,224	45,300	16,000	6,537	120,061	648	185
Northfield Alternate	3,108	2,916	450		6,474	31	209
Five Acres Alternate	4,596	2,904	300	759	8,559	29	295

One can see that generally newer schools and more fully utilized schools have lower cost per student utilities costs and that older, poorly utilized schools have higher utilities costs per student. Given that the District's Facilities Renewal Plan will include the continued operation

of many of these schools, it is important that the plan contain strategies to reduce energy consumption in order to contribute to cost savings in the District's operating budget. One of these strategies would be implementation of an energy retrofitting program. An energy retrofitting program may contain many elements but the main energy consumption sources, lighting and heating, are always included. A program could take several months to complete, depending on the level of work done and the number of sites addressed.

Many of the energy management companies in the market today are positioned to oversee and finance retrofitting projects. The concept is that the energy management company would implement the retrofitting project, either separately or in conjunction with District staff, and finance the cost of it to be repaid by the District as energy savings are realized. The normal pay back period would be around ten years and the annual projected savings will determine the capital cost of the project so that it can be repaid in that timeframe.

Preliminary information gathered by District staff indicates possible energy savings of approximately \$200,000 - \$250,000 per year for our District, based on all the facilities currently being used. This would of course be greater if certain facilities were removed from the system. Based on a 10-year payback, savings of this magnitude would support a capital outlay of approximately \$2.0 million. Staff is of the view that the District should pursue this course of action as part of its Facilities Renewal Plan.

Conclusions

Throughout this report various strategies have been identified that should become the components of the District's Facilities Renewal Plan. Many of these strategies are intended to bring the District into compliance with Ministry minimum capacity utilization thresholds, thereby placing the District in a position where capital funding for new space in the future might be approved by the Ministry as part of the Five-year Capital Plan process. If one of the objectives of the facilities renewal is to have our students in seismically upgraded, energy efficient, safe and modern schools which would provide environments that are conducive to productive learning experiences for all students, then it must be recognized that this will only be achieved by having new schools and renovated and expanded schools. This would mean being compliant with Ministry minimum capacity utilization thresholds for approval of new space.

The Ministry of Education only requires districts operate at any particular capacity utilization level if they are requesting new space. Otherwise the capacity utilization thresholds are not relevant. However to suggest that the District should not be recommending the closure of space to become compliant with the guidelines is a very short-sighted view and one that will continue to place increasing difficulty on being able to continue to offer quality educational programs.

In order to solve the projected overcapacity at the secondary level, staff has two recommendations:

- The first one is that the currently planned expansion projects at Woodlands and Dover Bay not proceed and that the funding currently set aside by the Ministry and the District be put to better use.
- It is the opinion of staff that the closure of both Woodlands and NDSS should take place and that the District request the Ministry support the addition of 300 seats at

Wellington as part of the seismic upgrading of that school and that the funding currently being allocated for the Dover Bay and Woodlands expansions be re-directed to the construction of a new secondary school with 1,100 spaces. Closing both secondary schools will remove 2,100 seats from the secondary capacity but the addition of 200 to 300 seats at Wellington and the construction of a new school with 1,100 spaces will result in an overall reduction of 700 to 800 spaces.

To address the elementary overcapacity problem, staff is recommending the removal of about 1,000 spaces through the closure of Dufferin Crescent, Mount Benson, Rutherford, Woodbank Primary. In addition there should be a reduction in capacity at North Oyster and Gabriola either through the demolition of space or acceptance by the Ministry of alternate use of surplus space. To accommodate the closures, space will have to be added to Coal Tyee, Frank J. Ney and North Cedar Intermediate.

- The closure of Dufferin and the movement of some of the students to Forest Park would require the movement of K-7 Learn@Home program to Departure Bay and the District should request that the students in this program be considered to be included in the capacity utilization of that school.
- The District should seek approval from the Ministry that the previously approved seismic funding for Dufferin Crescent be redirected to other seismic needs in the District with an emphasis on South Wellington.
- The conclusions of the South End Study with respect to the schools in Ladysmith should form part of the Facilities Renewal Plan. Planning should begin for the replacement of Ladysmith Intermediate as a K-7 school, the expansion of Ladysmith Primary and conversion to a K-7 school, the expansion or replacement of Davis Road Elementary.
- The expansions at Cinnabar Valley and Chase River should be able to proceed as part of the normal Five-Year Capital Plan process.
- The District should request that the Ministry not hold the calculated under-utilization of the John Barsby zone inner city schools against the District in the capacity utilization calculation.

Other recommendations include:

- The District should consider constructing a new school for the Learning Alternatives Programs and the Learn@Home 8-12 program.
- The District should set aside funding for the construction of a new District administration centre.
- The District should immediately develop a disposal plan for those surplus assets that have been identified in this report to support the construction costs that will have to be incurred.
- The District should initiate an energy retrofitting project as suggested in this report.

The operational cost savings resulting from the closure of the schools recommended in this report will approximate \$2,000,000 annually.

Appendix A

Management's Recommendations to the Board Resulting From the District Wide Facilities Study Conducted in 2002/2003

- 1. That consideration of a process to determine the relative educational merits of middle school grade configuration for School District 68 be deferred to 2003-04 for further discussion.**
- 2. That School District 68 proceeds with facility decisions based on the continuation of the existing K-7 elementary and 8-12 secondary grade configurations.**
- 3. That School District 68 proceeds immediately with the purchase of a site and begin planning for the construction of a new secondary north school.**
- 4. That School District 68 continue to pursue funding for major renovations and rejuvenation at Woodlands Secondary to provide an 8-12 secondary program with a capacity of approximately 700.**
- 5. That students residing in the Departure Bay attendance area will begin entering grade 8 at Woodlands Secondary in September 2004.**
- 6. That an ad hoc committee be requested to bring to the Business Committee by June 2003 recommendations regarding:**
 - the educational and financial feasibility of relocating the VAST program to John Barsby Community School and the Northbrook Learning Centre program to Wellington or Woodlands Secondary Schools, effective September 2004, or sooner if possible.**
 - a process whereby the existing programs at Five Acres and Northfield would be reviewed during the 2003-2004 school year, with the view toward creating a renewed District off-site alternate program(s), effective September 2004 and having the following characteristics:**
 - the ability to meet the changing educational needs of students and of the District in the most cost-efficient manner, and**
 - the use of surplus school facilities space, if possible, at sites other than the current Northfield and Five Acres facilities.**

- 7. That School District 68 begins the consultation process for the closure of schools in the District by announcing that Harewood Elementary, Princess Anne Elementary, Princess Royal Elementary, South Wellington Elementary, and Waterloo Elementary, will close within the next four years.**

- 8. That School District 68 reconfirm that that the Selby Street properties are of education value and that, until such time as the Board is prepared to develop the property, staff be authorized to maximize the revenue potential of the site.**

- 9. That staff be requested to prepare a report on the disposal of the surplus school District assets and, further, that the report be brought to the Board in conjunction with revisions to the Five-Year Capital Plan.**