



New York City Council

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Hearing on the Mayor's Fiscal Year 2011 Executive Capital Budget

Department of Education – School Construction Authority

May 14, 2010

Committee on Finance

Hon. Domenic M. Recchia, Jr., Chair

Committee on Education

Hon. Robert Jackson, Chair

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Department of Education - School Construction Authority

The School Construction Authority (SCA) is the one agency accountable for new school construction and major renovations to older schools. The SCA is responsible for all capital planning, budgeting, design and operations. The SCA coordinates the development of the Department of Education’s Five Year Capital Plan, selects and acquires sites for new schools, leases buildings for schools and supervises conversion of administrative space for classroom use.

Key Public Services Area

- Design and Construct new schools, additions and capital improvement projects authorized by the Department of Education.

Critical Objectives

- Produce the number of new school seats authorized by the Department of Education.
- Pursue cost efficiencies in construction.
- Increase the number of Capital Improvement Projects completed on schedule and within budget.
- Ensure project safety and quality.

SOURCE: Mayor’s Management Report

Performance Measures

	FY 07	FY 08	FY 09	FY 10 4-Month Actual	Target FY 11
Total new seats created	5,556	12,932	14,329	NA	3,690
New Schools and additions constructed	12	18	23	NA	8
New Schools and additions - construction funds committed as a percent of initial authorized budget	95.0%	94.0%	95.7%	NA	100%
Scheduled new seats constructed on time (%)	100%	100%	100%	NA	100%
Construction bid price for school capacity per square foot (\$)	\$440	\$468	\$427	NA	*
Average new school construction cost per square foot for Early Childhood (\$)	NA	\$543	NA	NA	*
Average new school construction cost per square foot for Elementary (\$)	\$401	\$410	\$551	NA	*
Average new school construction cost per square foot for Intermediate (\$)	\$427	NA	\$554	NA	*
Average new school construction cost per square foot for High School (\$)	NA	\$452	\$463	NA	*
Capital improvement projects constructed on time or early (%)	64%	79%	77%	71%	80%
Capital improvement projects constructed within budget (%)	93%	90%	86%	89%	80%
Schools that exceed capacity Elementary Schools (%)	20.0%	20.0%	22.0%	NA	*
Schools that exceed capacity Middle Schools (%)	13.0%	14.0%	12.0%	NA	*
Schools that exceed capacity High Schools (%)	38.0%	40.0%	37.0%	NA	*

Capital Budget

The Executive 2011 Capital Commitment Plan includes \$8.8 billion in Fiscal Years 2011 -2014 for the School Construction Authority (including City and Non-City funds). This represents 22.5 percent of the City's total \$39.14 billion January Plan for Fiscal Years 2010-2013. The agency's January Commitment Plan for Fiscal Years 2010 - 2013 is less than one percent greater than the \$8.8 billion scheduled in the September Commitment Plan, an increase of \$1.74 million.

Currently the School Construction Authority's appropriations total \$1.1 billion in City funds for Fiscal 2010. These appropriations are to be used to finance the agency's \$1.04 billion city-funded Fiscal 2010 capital commitment program. The agency has \$53.6 million or 4.9 percent more funding than it needs to meet its entire capital commitment program for the current fiscal year.

Department of Education Capital Commitment Plan, 2010-2013

Millions of dollars, Total numbers are rounded

	FY 2011	FY 2012	FY 2013	FY 2014	TOTAL
Preliminary Plan					
City	\$1,028	\$1,061	\$1,045	\$1,373	\$4,507
Non-City	1,025	1,061	1,026	1,373	\$4,487
TOTAL	\$2,054	\$2,122	\$2,072	\$2,746	\$8,994
Executive Plan					
City	\$1,047	\$1,061	\$1,045	\$1,373	\$4,526
Non-City	1,025	1,061	1,026	1,373	4,485
TOTAL	\$2,072	\$2,122	\$2,071	\$2,746	\$9,011
Difference					
City	\$19	\$0	\$0	\$0	\$19
Non-City	0	0	0	0	0
TOTAL	\$0	\$0	\$0	\$0	\$1,740
Percent Chng.	0.06%	0.00%	0.00%	0.00%	0.02%

The Amendment Process

The Department of Education executes its capital plan through the School Construction Authority (SCA) in five-year increments. The 2010-2014 Five Year Capital Plan (Current Plan) that was approved by the City Council in June 2009, will be amended and replaced with the February Proposed Amendment for the same period (the Proposed Amendment). The Proposed Amendment was released on February 1, 2010 and approved by the Panel for Education Policy (PEP) on February 24, 2010.

Prior to the release of the Proposed Amendment, a draft was released in November and subsequently reviewed by the Council. After this review, the Council submitted suggestions for additions to the capital plan, along with Community Education Councils (CEC's) suggestions. The SCA has incorporated some of these suggestions into the Proposed Amendment and continues to monitor others for possible addition into next year's November Draft Amendment.

The final remaining step in the approval of the Proposed Amendment is the City Council's vote. Historically this vote has been conducted in conjunction with the adoption process, but by law, the Council can vote on the plan at any time after the PEP approves the amendment and before July 1st of that year.

2011-2014 Executive Capital Commitment Plan

Due to the timing of events in the Department of Education and School Construction Authority's amendment process described above, most of the adjustments to the capital plan have been made before the Executive Budget is compiled. Consequently, there is very little difference between the Preliminary Budget and the Executive Budget. The only change is represented by the addition of \$19 million in Borough President funding.

The following variance analyses examine changes made to the November Draft Amendment versus the February Proposed Amendment, as well as changes from the Current Plan to the February Proposed Amendment.

Changes from November Draft Amendment to February Proposed Amendment

The PEP approved Amendment funding is equal to the November Draft Amendment that was released in November 2009. However, some movement of funds between the Capacity and Capital Investment categories occurred. The main changes by category are as follows:

Capacity

- Total new seat recommendations remain the same as proposed in the November 2009 Draft Amendment. The 30,377 total new seats represent a 5,180 increase in PS/IS seats from the Current Plan;
- New Capacity funding has decreased slightly based on savings identified by the most current estimates for identified projects. (Nov 2009: \$4.017 B – Feb 2010: \$3.997 B)

Capital Investment

Savings achieved in the Capacity category were used to add Capital Improvement Program (CIP) projects. A total of 29 new CIP projects were added along with an increase in scope for some projects already in process. The net increase for CIP projects totaled \$20 million. New projects that have been identified, along with those that have had their funding increased are in the following categories:

- Science Labs (12 projects) ;
- IP Surveillance Cameras (30 projects) ;
- Lighting Upgrades (21 projects);
- Technology – Classroom connectivity (195 projects);
- Technology – New/retrofit telephone/intercom systems (212 projects);

Changes from 2010-2014 Current Plan to February Proposed Amendment

The Proposed Amendment has increased by \$401.5 million or 3.56 percent from the Current Plan. The Current Plan was originally funded at \$11.3 billion in Fiscal 2010 and has grown to \$11.7 billion in this Proposed Amendment due largely to the additions of the City Council, Borough Presidents, and Mayor/Council Initiatives of \$257.6 million, as well as the addition of 5,183 seats totaling \$228.9 million. Portions of the savings identified in the Current Plan were achieved by advancing a few select projects into the last Five Year Plan (2005-2009). The following chart depicts the variances from the Current Plan to the Proposed Amendment within the Current Plan's newly configured funding categories:

Capacity	Current 2010-2014 Capital Plan	February 2010-2014 Proposed Amendment	Increase (Reduction)
New Capacity	\$3,768.9	\$3,997.8	\$228.9
Facility Replacement Program	1,259.3	1,180.0	(79.3)
Charter/Partnership Schools	210.0	210.0	-
Capacity Total (in Millions)	\$5,238.2	\$5,387.8	\$149.6
Capital Investment			
Capital Improvement Program	\$2,187.9	\$2,131.9	(\$56)
Children First Initiative	1,673.3	1,641.5	(31.8)
Mandated Programs	2,150.8	2,259.7	108.9
Capital Investment Total (in Millions)	\$6,012.0	\$6,033.1	21.1
City Council, Borough President, and Mayor/Council	\$26.8	\$257.6	\$230.8
Grand Total (in Millions)	\$11,277.0	\$11,678.5	\$401.5

February Proposed Amendment to 2010-2014 Five Year Capital Plan

The February Proposed Amendment totals \$11.7 billion and is broken down into two main categories: Capacity funded at \$5.4 billion and Capital Investment which totals \$6.3 billion. The Capacity category includes all projects that will result in an increased seating capacity within the system and the Capital Investment category covers all other capital projects in school buildings. Both categories are broken down below in greater detail.

Capacity

The Capacity category is separated into three separate divisions: **New Capacity, Facility Replacement and Charter Partnership schools.**

- **New Capacity** is funded at just under \$4 billion and represents new seat construction. Under the Proposed Amendment, the SCA will add 30,377 new capacity seats. Of the 30,377 new capacity seats,

8,480 have been moved from the Fiscal 2005-2009 plan to the Fiscal 2010-2014 plan due to, in part, to the stretching of the City's overall capital budget last year, resulting in delays for some projects. Siting difficulties accounted for the rest of the new capacity seat roll. In addition, approximately 2,300 seats in the Current Amendment will be funded for design only. What this means is that these projects will be scoped and designed in this plan but will not be constructed until the next five-year plan beginning in Fiscal Year 2015. By taking the design only seats into consideration, the SCA plans to begin construction on approximately 28,007 new seats in the Current Plan. In response to Council and advocate concerns of "pocket overcrowding" or capacity issues in specific neighborhoods in a particular school district, the SCA has further delineated their capacity plan into sub districts as shown in the chart below.

District	Sub-Districts	Current Plan Seats	Feb 2010 Amend.	Changes
2	Tribeca / Village 931 1,301 370	931	1,301	370
2	Chelsea / Midtown West 1,127 1,127 0	1,127	1,127	-
2	Flatiron / Gramercy / Murray Hill 738 738 0	738	738	-
2	Upper East Side	500	500	-
	Subtotal District 2	3,296	3,666	370
8	Pelham Bay / Edgewater Park / Throgs Neck	318	318	-
9	Highbridge	389	389	-
10	Spuyten Duyvil / Riverdale/ Fieldston / North Riverdale	738	416	(322)
10	Kingsbridge / Norwood / Bedford Park	416	832	416
	Subtotal District 10	1,154	1,248	94
11	11 Van Nest / Pelham Parkway 1,476 1,476 0	1,476	1,476	-
13	13 DUMBO / Navy Yard / Fort Greene 416 360 -56	416	360	(56)
14	14 Williamsburg / Greenpoint 738 612 -126	738	612	(126)
15	Sunset Park 738 738 0	738	738	-
15	15 Park Slope 721 738 17	721	738	17
15	Carroll Gardens /Gowanus /Red Hook 0 738 738	-	738	738
	Subtotal District 15	1,459	2,214	755
20	Owls Head Park / Bay Ridge 1,476 1,476 0	1,476	1,476	-
20	Dyker Heights 1,154 1,570 416	1,154	1,570	416
	Subtotal District 20	2,630	3,046	416
22	22 Flatlands/ Midwood 738 1,154 416	738	1,154	416
24	North Corona / South Corona / Lefrak City/ Elmhurst	2,214	2,952	738
24	Maspeth / South of Woodside	-	612	612
24	Glendale / Ridgewood	416	738	322
	Subtotal District 24	2,630	4,302	1,672
25	Beechhurst / College Point / Whitestone	416	416	-
25	Flushing / Murray Hill / Willets Point	738	738	-
	Subtotal District 25	1,154	1,154	-
26	Bayside and Auburndale	416	416	-
27	Howard Beach / Lindenwood	-	416	416
27	Ozone Park / South Ozone Park / Richmond Hill/ Woodhaven	951	416	(535)
	Subtotal District 27	951	832	(119)
28	Rego Park / Forest Hills / Kew Gardens / Jamaica	500	416	(84)
29	Hollis	-	738	738
30	East Elmhurst / Jackson Heights	702	1,553	851
30	Woodside / Sunnyside	1,154	1,570	416
30	Long Island City / Ravenswood	1,154	578	(576)
	Subtotal District 30	3,010	3,701	691

District	Sub-Districts	Current Plan Seats	Feb 2010 Amend.	Changes
31	South Shore	416	416	-
31	West Shore	416	-	(416)
31	New Dorp	416	832	416
31	North Shore	-	416	416
Subtotal District 31		1,248	1,664	416
Small PS And PS/IS Buildings		22,523	27,706	5,183
Brooklyn		1,202	1,202	-
Queens		1,469	1,469	-
IS/HS Total		2,671	2,671	-
Grand Total		25,194	30,377	5,183

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Capital projects by nature happen over several years, and with that in mind, it is important to note the significant number of new seats that will come online during the 2010-2014 that were funded in the previous 2005-2009 Five Year Capital Plan. The funding for these seats remains in the last plan and the following new seats costs are not reflected in the Current Plan or the Proposed Amendment. Currently there are 21,011 seats in process from the 2005-2009 Five Year Plan that will come online over the next three years with 13,745 in September 2010, 2,520 in September 2011, and 4,746 in September of 2012, as shown in the chart below.

Borough	District	Sept. 2010	Sept. 2011	Sept. 2012	Total
Manhattan	2	1,857	630	380	2,867
	6	600			600
Subtotal Manhattan		2,457	630	380	3,467
Bronx	9	642		715	1,357
	10	1,202	461		1,663
	11	911			911
	78X	2,344		372	2,716
Subtotal Bronx		5,099	461	1,087	6,647
Brooklyn	15			609	609
	19	330			330
	20	1,476		886	2,362
	32	441			441
Subtotal Brooklyn		2,247	-	1,495	3,742
Queens	24	707			707
	27	379	410		789
	28		1,019	665	1,684
	78Q	2,856		1,119	3,975
Subtotal Queens		3,942	1,429	1,784	7,155
Grand Total		13,745	2,520	4,746	21,011

Funding in the **Facility Replacement** section of the Capacity category is intended for the replacement of facilities whose leases will expire during this five year plan. At this point, the funding level for leased facility replacement is \$1.2 billion over the five year period, but potential savings due to the downturn of the real estate market, making leasing to the City more attractive, along with the decrease in competition for space.

The **Charter Partnership** area of Capacity remains funded at \$210 million. Charter Schools have proven to be an area of great debate by the advocate community, the Administration and parents. The main concern for advocates and parents is that the majority of the Charter Schools share space with public schools and that they are contributing to the overcrowding problem. The DOE and SCA maintain that these schools actually help relieve overcrowding as evidenced by their inclusion in the Capacity category. Furthermore, the DOE notes that Charter Schools achieve at a high level and can be built at a lesser cost to the City due to the fact that Charter Schools raise private funds. The SCA has stated that Charter Schools created during the 2005-2009 Capital Plan were done so for 73 cents on the dollar when compared to normal new capacity construction for public schools. The DOE will continue to explore Charter and Partnership opportunities and the Proposed Amendment has the following Charter School projects planned at this point:

Charter School	School District	Number of Seats
Peninsula Prep	27	300
Harlem Promise Academy	5	1,200
PAVE	15	400
Total		1,900

Capital Investment

The Capital Investment category is funded at \$6.3 billion in the Proposed Amendment. The Capital Investment category has three main elements: the **Capital Improvement Program; Children First Initiatives; and Mandated Programs.**

The **Capital Improvement Program (CIP)** is funded at \$2.1 billion in the Proposed Amendment and includes all interior and exterior upgrades to the SCA building stock of approximately 1,200 buildings. Many of the schools/buildings in the SCA's portfolio are over 50 years of age and in need of a great deal of repair. In light of the enormity of this undertaking, and with limited funding, the SCA has prioritized making every building and school water tight as well as immediately addressing potentially dangerous conditions. By employing this strategy, the SCA will be able to assuage water damage and hopefully keep the building stock in satisfactory condition until it is able to identify funding for greater improvements. The level of repair need is derived from the annual Building Condition Assessment Survey (BCAS) report that is conducted jointly between the SCA, the principals, and custodial staff of the schools. Each area of need that is identified is ranked from one to five, with five having the greatest need. The Current Plan addresses level five needs only where the 2005-2009 capital plan addressed levels four and five. Due to budget constraints, the SCA is only able to address level five conditions in the Proposed Plan. The November Draft Amendment reflected additional funding for the PlaNYC boiler program that was rolled from the 2005-2009 Capital Plan to the Current Amendment.

- **Children First Initiatives** have been funded at \$1.6 billion in the Current Amendment and contains three main subcategories: **Technology; Safety Enhancements; and Facility Enhancements.**
- **Technology enhancements** are funded at \$780 million in the Proposed Amendment and include the expansion of the wireless network, school-based hardware upgrades, infrastructure enhancements, and the implementation of a data management system. The City Council funds many computer labs and

technology purchases for schools in council districts that work in conjunction with the DOE/SCA's initiatives, providing even greater benefits to the students.

- **Safety Enhancements** are funded at \$100 million in the Proposed Amendment and are designed in conjunction with the New York City Police Department (NYPD) to promote and sustain a climate of safety in all public schools. The main component of this strategy is to equip schools with the latest security technology. Again, City Council funding plays a large role in this initiative as well.
- **Facility Enhancements** funding is for adjustments to schools that allow for changes to instructional offerings in particular buildings. This initiative complements the SCA's new capacity program by insuring that the schools are making use of existing space in the most efficient way possible. Funding in the Proposed Amendment for facility enhancements is \$861.5 million. The DOE conducts ongoing assessments of demand for services, facilities utilization, student learning conditions, and community education priorities by neighborhood, and across the City. Two basic situations generate the need for realignment; need for institutional space and changes to planned instructional services. Need for instructional space is identified in situations when new schools are opened within existing schools, an existing school is relocated, grade levels within a school are reconfigured, or the enrollment conditions are adjusted. Changes to planned instructional services can create new space needs where for example, the additions of full-day pre-kindergarten classes are added and all other classes are fully-enrolled. Also included in the facility enhancement subcategory are the creation of science labs, physical fitness upgrades, transportable classroom unit removals, and library and auditorium upgrades.
- **Mandated Programs** are funded at \$2.3 billion and complete the Capital Improvement category. Mandated Programs is composed of two main sub-categories: **Remediation and Code Compliance**; and **Fixed Programs**.
- **Remediation and Code Compliance** includes funding to undertake required work in existing SCA facilities. The projects included in this area are: asbestos and lead abatement; emergency lighting; and code compliance. This sub-category has \$224.2 million allocated in the Proposed Amendment.
- **Fixed Programs** comprises the majority of funding in the Mandated Programs category and has \$2.04 billion planned in the Proposed Amendment. There are four main areas in Fixed Programs: Building Conditions Surveys (\$50 million); Wrap-up Insurance (\$441.2 million); Prior Plan Completion Cost (\$995.5 million); and the Emergency, Unspecified, and Miscellaneous projects line (\$449.1). The Building Condition Surveys relates to engineers hired to conduct the annual BCAS surveys. Wrap-up insurance is the cost associated with the SCA's Owner Controlled Insurance Program (OCIP). This program allows contractors and subcontractors working on SCA projects to become insured through the SCA for Worker's Compensation and Employer's Liability, General Liability, Excess Liability, and Builder's risk. Currently over 1,500 contractors are enrolled in OCIP. Prior Plan Completion Costs funds projects still in progress from the last five year plan, in this case, the 2005-2009 capital plan. Emergency, Unspecified, and Miscellaneous funding allows the SCA to respond to any unforeseen needs and emergencies that arise during the course of executing its capital plan.