

THE COUNCIL OF THE CITY OF NEW YORK



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Speaker of the Council

Hon. Daniel Dromm
Chair, Committee on Education

Report on the Fiscal 2016 Preliminary Capital Budget & the
Fiscal 2015 Preliminary Mayor's Management Report

Department of Education – School Construction Authority

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Department of Education and School Construction Authority Overview

The Department of Education (DOE or the Department) provides primary and secondary education to over one million pre-kindergarten to grade 12 students in 32 school districts and 1,818 schools and employs approximately 75,000 teachers. The School Construction Authority (SCA) is the DOE's capital planning and construction agent; it is the one agency responsible for new school construction and major renovations to schools. The SCA is responsible for all capital planning, budgeting, design and management of capital projects.

Table 1 depicts information from the Preliminary Mayor's Management Report regarding the SCA staff and capital commitments. For Fiscal 2015, the SCA employs 715 employees and has planned commitments of \$3.3 billion.

Table 1 - School Construction Authority Resources

Resource Statistics	Actual			Sept. 2014 MMR Plan	Updated Plan	Plan	4-Month Actual	
	FY12	FY13	FY14	FY15	FY15*	FY16*	FY14	FY15
Personnel	660	661	671	715	715	715	658	669
Capital Commitments	\$2,587	\$2,298	\$2,087	\$2,418	\$3,271	\$2,743	\$421	\$746

*February 2015 Financial Plan, Fund 402

Source: Preliminary Mayor's Management Report for Fiscal Year 2015

The SCA coordinates the development of the DOE's Five-Year Capital Plan, selects and acquires sites for new schools, leases buildings for schools and supervises facility restructuring. For a discussion of how the DOE and SCA develop the Capital Plan and an overview of the plan's structure, refer to Appendix A.

Based on a Memorandum of Understanding between the City Council and the Administration, beginning on June 25, 2014 the SCA is required to submit an annual amendment to the Capital Plan to the Council no later than March 1st of each year. This year the SCA did not comply with the terms of the agreement, therefore, this report can only provide an overview of the December 2014 Amendment to the Fiscal 2015-2019 Five-Year Capital Plan (the Current Plan), as well as the Fiscal 2015 Preliminary Mayor's Management Reports for the SCA and DOE as they relate to the capital program. The absence of this information makes it difficult for the Council to adequately provide oversight of the SCA as intended. Nonetheless, after a brief discussion of how the Five-Year Capital Plan ties into the City's Capital Budget, the report will provide a presentation of the Current Plan, including highlights of the December Amendment, followed by more detailed descriptions of the Capacity, Capital Investment, and Mandated Programs categories of the Plan.

Preliminary Capital Budget and Commitment Plan

Like other City agencies, the DOE has a Ten-Year Capital Strategy and a four-year Capital Commitment Plan that is funded by the City's Capital Budget. These plans show capital funding projections for the DOE and guide the funding level for the Five-Year Capital Plan. As shown in Table 2 below, the proposed level of funding in the Five-Year Capital Plan does not directly match the Capital Commitment Plan. The Fiscal 2016 Preliminary Capital Commitment Plan covers Fiscal 2015-2018, while the Five-Year Capital Plan covers Fiscal 2015-2019.

Table 2 – Preliminary Capital Budget, Commitment Plan, and Ten-Year Strategy*Dollars in Thousands*

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	TOTAL FY 2015-2019
Five-Year Capital Plan for FY 2015-2019 (December 2014)	\$3,063,250	\$2,600,500	\$2,600,000	\$2,600,000	\$2,600,000	\$13,463,750
Fiscal 2016 Preliminary Capital Budget	\$2,415,845	\$2,378,865	\$2,526,000	\$2,600,000	\$2,600,000	\$12,520,710
Ten-Year Capital Strategy	N/A	\$2,743,046	\$2,600,000	\$2,600,000	\$2,600,000	\$10,543,046
Preliminary Capital Commitment Plan for FY 2015-2018	\$3,100,997	\$2,743,046	\$2,600,000	\$2,600,000	N/A	\$11,044,043

The Fiscal 2015 Adopted Capital Budget of \$2.4 billion is not included in the Fiscal 2016 Preliminary Capital Budget. The Fiscal 2016 Preliminary Capital Budget totals \$10.1 billion for Fiscal 2016-2019, including \$2.37 billion in Fiscal 2016. Although the Preliminary Capital Commitment Plan does not include an estimate for Fiscal 2019, based on the funding level in Fiscal 2015-2018 and the Ten-Year Capital Strategy projection for Fiscal 2019, it is reasonable to assume there will be enough funding to meet the Five-Year Plan's \$13.5 billion total funding level. Also, it is important to note that the Five-Year Plan includes approximately \$783 million from the State's Smart Schools Bond Act, which was approved in November 2014. The City's Capital Budget does not recognize these funds.

Changes from the 2015-2019 Adopted Plan to the Proposed December 2014 Amendment

The Proposed December Amendment totals \$13.5 billion, exclusive of approximately \$300 million in Reso-A funds provided by the City Council, Borough Presidents, and the Council/Mayor Partnership. The Proposed December Amendment is broken down into three main categories: Capacity, funded at \$4.5 billion; Capital Investment, totaling \$5.3 billion; and Mandated Programs, which totals \$3.7 billion. The Capacity category includes all projects that will result in increased seating capacity within the system, the Capital Investment category covers all other capital projects in school buildings, and Mandated Programs provide funding in order to meet requirements by local law, City mandates, and other required elements. The major changes introduced in the December Amendment are discussed below.

The December Amendment increases the Adopted Plan by \$700 million or 0.5 percent from the Adopted Plan. The Adopted Plan was originally funded at \$12.8 billion in Fiscal 2015 and has grown to \$13.5 billion with the Amendment largely due to the addition of City Council and Borough Presidents Reso-A funds totaling \$300 million, the increase in Capacity funding totaling \$100 million, the increase in Capital Investment by \$10 million, and the increase in Mandated Programs totaling \$237 million.

Table 3 depicts the variances from the Current Plan to the Proposed Amendment by category.

Table 3 - Variance Detail - Current Plan to December 2014 Proposed Amendment
Dollars in Millions

	Current 2015-2019 Capital Plan	December 2014 Proposed Amendment	Percent of Total	Increase (Reduction)
Capacity				
New Capacity	\$3,301	\$3,451	26%	\$150
Pre-Kindergarten Initiative	210	210	2%	0
Class Size Reduction Program	490	490	4%	0
Facility Replacement Program	400	350	3%	(50)
Capacity Total	\$4,401	\$4,501	33%	\$100
Capital Investment				
Capital Improvement Program	3,334	3,314	25%	(20)
School Enhancement Projects	1,610	1,640	12%	30
Capital Investment Total	\$4,944	\$4,953	37%	\$10
Mandated Programs				
Reso-A: City Council, Borough President, and Mayor/Council	0	300	2%	300
Grand Total (in Millions)	\$12,800	\$13,447	100%	\$647

Highlights of the December Proposed Amendment to the 2015-2019 Five Year Capital Plan

Increased Capacity

The Capacity program includes funding for the construction of 40,329 new school seats. The total number of new seats includes 32,629 seats that would be constructed in the New Capacity Program. The December Proposed Amendment includes the level of funding for new capacity projects by \$150 million and 69 seats. The Facility Replacement Program drops by \$50 million. There are currently no planned commitments for facility replacements and no projects identified in the Plan.

Smart Schools Bond Act

The Proposed Amendment includes \$783 million that are contingent upon the Smart Schools Bond Act, which was brought before voters in November 2014 and passed. The DOE would be able to use the additional funds for technology in schools, as well as increasing pre-kindergarten ("pre-K") capacity. The funds would be available beginning in Fiscal 2016, the second year of the Fiscal 2015-2019 Five-Year Capital Plan.

Capital Funds for Pre-Kindergarten Expansion

The Proposed Amendment recognizes the Pre-Kindergarten Initiative with a funding level of \$210 million. This funding will allow the SCA to add pre-K classrooms, increasing seat capacity by almost 2,900 in new buildings that are being constructed for elementary school use, as well as leasing space for pre-K centers. The Proposed Amendment does not change the funding level, but does identify 24 projects with a capacity of 2,880 seats.

The Proposed Amendment also includes \$525 million for Facility Restructuring, a subcategory of School Enhancement Projects. In past years the focus of this program was to convert existing rooms to accommodate new uses, and divide large school facilities for multiple purposes. Under the Current Plan, however, the focus of the Facility Restructuring Program is to integrate additional pre-K seats into existing buildings to support the DOE's citywide full-day pre-K expansion. Funding for this program is, in part, contingent upon revenue from the Smart Schools Bond Act.

Class-Size Reduction Program

The Smart Schools Bond Act would provide \$490 million for technology in schools, allowing the DOE to use other State funds and tax-levy dollars to fund the Class Size Reduction Program. These funds would target class size reduction through the addition of 4,900 new seats. Although this project category was introduced by the Administration last year, not a single project has yet to be included in the Plan.

Wrap-Up Insurance Costs

Of the \$3.69 billion for Mandated Programs, \$830 million would be for insurance coverage for SCA contractors/subcontractors working on capital projects. Under the Owner Controlled Insurance program, SCA negotiates and purchases coverage for Worker's Compensation and Employer's Liability, General Liability, Excess Liability, and Builder's Risk for their contractors. Costs have increased in the Amendment by \$180 million when compared to the Adopted Plan. The cost of insurance has been increasing over the years. According to SCA, the rising cost is largely associated with the State's Scaffold Law, which essentially holds insurance companies liable for workers' accidents, leading to large settlements. In turn, insurance premiums have skyrocketed. The cost of this program is uncertain, as annual costs will depend upon the actual losses experienced.

December 2014 Proposed Amendment to 2015-2019 Five Year Capital Plan

The December Proposed Amendment has three main categories: Capacity, Capital Investment, and Mandated Programs. All three categories are below in greater detail.

Capacity

The December Proposed Amendment includes \$4.5 billion for capacity, which is 33.5 percent of the entire \$13.5 billion proposal. In the December Amendment, the funding for Capacity Projects increased by \$101 million as compared to the 2015 Adopted Plan. Capacity is broken down into four sub-categories: New Capacity, the Pre-Kindergarten Initiative, the Class Size Reduction Program, and the Facility Replacement Program. Table 4 below provides a breakdown by the program.

Table 4 – Total Capacity Proposed in December Amendment

Program	Seats for Construction & Design	Seats for Design only	Total Number of Seats
New Capacity Program	31,823	806	32,629
Pre-Kindergarten Initiative	2,800	-	2,800
Class Size Reduction Program	4,900	-	4,900
Total New Capacity	39,523	806	40,329

Source: NYC Department of Education, FY 2015 – 2019 Five-Year Capital Plan Proposed Amendment, December 2014.

New Capacity: \$3.45 billion

The December Amendment's New Capacity program totals \$3.45 billion for the design and construction of 31,823 seats and the design of an additional 806 seats. The December Plan provides an additional \$151 million for the New Capacity Program. Table 5 below shows the breakdown of these seats by school district and sub-district. Only those districts and sub-districts where there is an identified need for capacity are included in the table.

Most of the projects that are in the scope or design phase are already underway because they began under the Fiscal 2010-2014 Plan. These projects and their funding were rolled into the Fiscal 2015-2019 Plan. The "December 2014 Funded Need" column includes those seats that are newly proposed for the Fiscal 2015-2019 Plan, as well as 6,603 seats that were funded but construction has not begun in the prior Plan.

- The DOE has identified a total need for 49,245 new seats citywide. The December Plan includes funding for the construction of 31,823 new seats, leaving an unfunded or partially funded need of 16,616 seats. Of this unmet need, only 806 seats are funded for design-only in the December 2014 Plan.
- The design-only projects are in the Chelsea/Midtown West sub district of School District 2.
- Of the 32,629 new seats, 29,482 would be in 34 primary school buildings serving grades pre-K through 5th grade and 22 larger buildings that could be flexibly programmed for primary, middle, or pre-K through 8th grade schools. The 56 buildings would be dispersed in every borough, including five in Manhattan, nine in the Bronx, 20 in Brooklyn, 19 in Queens, and three in Staten Island.
- Four middle/high school buildings would comprise the remaining 3,147 seats. Three of these buildings would be in Queens and one would be an annex to Curtis High School in Staten Island.

Table 5 – New Capacity Projects Proposed in the December Amendment for the Fiscal 2015-2019 Capital Plan

School District	Sub-Districts	Total Identified Need	December 2014 Funded Need	Additional Need (Unfunded)	Number of Seats in Scope/Design
2	Tribeca / Village	1,970	1,928	42	1,016
	Chelsea / Midtown West *	1,262	1262	0	0
	Subtotal District 2	3,232	3,190	42	1,016
3	Upper West Side	692	692	0	692
7	Concourse	456	456	0	0
8	Throgs Neck	456	456	0	0
10	Spuyten Duyvil / Riverdale/ Fieldston / North Riverdale	456	456	0	0
	Kingsbridge / Norwood / Bedford Park	1,736	1,280	456	0
	University Heights	456	456	0	0
	Subtotal District 10	2,648	2,192	456	0
11	Van Nest / Pelham Parkway	640	640	0	0
12	Tremont/West Farms	912	912	0	0
13	DUMBO/Navy Yard/Fort Greene	1,090	1,090	0	333
14	Williamsburg / Greenpoint	991	991	0	0

School District	Sub-Districts	Total Identified Need	December 2014 Funded Need	Additional Need (Unfunded)	Number of Seats in Scope/Design
15	Sunset Park	2,610	1,096	1,514	113
	Park Slope	1,096	640	456	0
	Carroll Gardens /Gowanus /Red Hook	640	456	184	436
	Subtotal District 15	4,346	2,192	2,154	549
20	Owls Head Park / Bay Ridge	1,213	1,213	0	0
	Dyker Heights	4,647	1,920	2,727	0
	Borough Park/Kensington/ Bensonhurst	1,514	912	602	0
	Subtotal District 20	7,374	4,045	3,329	0
21	Gravesend	456	456	0	0
	Gravesend / Ocean Parkway	456	456	0	0
	Subtotal District 21	912	912	0	0
22	Mill Basin	456	456	0	0
24	North Corona / South Corona / Lefrak City/ Elmhurst	4,007	2,376	1,631	0
	Maspeth / South of Woodside	1,853	912	941	728
	Middle Village	2,610	757	1,853	333
	Subtotal District 24	8,470	4,045	4,425	1,061
25	Beechhurst / College Point / Whitestone	1,514	640	874	0
	Flushing / Murray Hill / Willets Point	757	757	0	0
	Subtotal District 25	2,271	1,397	874	0
26	Oakland Gardens/Fresh Meadows	640	468	172	468
	Bayside and Auburndale	456	456	0	0
	Subtotal District 26	1,096	924	172	468
27	Howard Beach / Lindenwood	640	516	124	516
	Ozone Park / South Ozone Park / Richmond Hill/ Woodhaven	1,096	456	640	0
	Subtotal District 27	1,736	972	764	516
28	Rego Park / Forest Hills / Kew Gardens / Jamaica	1,514	1,096	418	0
30	East Elmhurst / Jackson Heights	1,397	912	485	0
	Woodside / Sunnyside	456	0	456	0
	Astoria/Steinway	1,000	1,000	0	0
	Subtotal District 30	2,853	1,912	941	0
31	West Shore	456	456	0	0
	North Shore	640	456	184	0
	Subtotal District 31	1,096	912	184	0
Subtotal Small PS And PS/IS Buildings		43,241	29,482	13,759	4,635
Queens		5,604	2,802	2,802	507
Staten Island		400	345	55	345
Subtotal IS/HS		6,004	3,147	2,857	852
TOTAL NUMBER OF SEATS		49,245	32,629	16,616	5,487

*Continuation from previous page

Source: NYC Department of Education, FY 2015 – 2019 Five-Year Capital Plan Proposed Amendment, December 2014.

*806 seats identifies above are funded for design in this plan and construction in the next plan

The DOE's inability to meet capacity needs has resulted in persistent overutilization and overcrowding in many school buildings. Table 6 illustrates several performance statistics from the Fiscal 2015 Preliminary Mayor's Management Report (PMMR), including average class size, the percentage of schools that exceed capacity, and the number of new seats created.

Performance Indicators	Actual			Target		4-Month Actual	
	FY12	FY13	FY14	FY15	FY16	FY14	FY15
Average class size - Kindergarten	22.8	23.1	22.8	23.1	23.1	23.1	22.9
« - Grade 1	23.9	24.6	25.1	24.6	24.6	25.3	25.0
« - Grade 2	24.2	24.7	25.3	24.7	24.7	25.5	25.3
« - Grade 3	24.5	25.2	25.5	25.2	25.2	25.6	25.6
« - Grade 4	25.3	25.5	25.9	25.5	25.5	26.0	26.2
« - Grade 5	25.8	25.9	26.0	25.9	25.9	26.0	26.0
« - Grade 6	27.0	26.8	26.6	26.8	26.8	26.8	26.5
« - Grade 7	27.2	27.6	27.1	27.6	27.6	27.4	27.4
« - Grade 8	27.4	27.6	27.8	27.6	27.6	27.9	27.4
Schools that exceed capacity - Elementary schools (%)	33.0%	32.0%	33.0%	*	*	N/A	N/A
« - Middle schools (%)	12.0%	13.0%	13.0%	*	*	N/A	N/A
« - High schools (%)	32.0%	33.0%	31.0%	*	*	N/A	N/A
Students in schools that exceed capacity - Elementary/middle schools (%)	28.0%	29.0%	31.0%	*	*	N/A	N/A
« - High schools (%)	48.0%	48.0%	44.0%	*	*	N/A	N/A
Total new seats created	10,766	10,061	5,380	9,579	2,984	0	0

Source: Preliminary Mayor's Management Report for Fiscal Year 2015

The lack of capacity has led to overutilization, which leads to large class sizes. Studies show that large class sizes are negatively correlated with student academic performance. Table 6 shows that class sizes have remained high. In fact, class sizes have been increasing every year since the 2008-2009 school year.

While fiscal constraints prevent the Department from meeting capacity needs, several other factors contribute to the DOE's inability to relieve overcrowding in schools.

- **Siting Difficulties**

The DOE and SCA have voiced as a problem the difficulty of finding building sites where new capacity is needed. In some instances the DOE has not been able to secure sites for new schools in the sub-districts in which the need has been identified. Though sometimes rezoning can resolve the issue, the SCA cannot construct new seats if there is no place to put them.

- **Small, Co-located Schools**

Another factor that hinders new seat construction and contributes to overcrowding is the DOE's practice of creating small schools in co-located buildings. Though schools share some spaces such as cafeterias and gymnasiums, certain spaces are necessary for each individual school. For example, a building containing three schools generally has administrative

offices for each school, some of which are located in rooms that could otherwise serve as classrooms or other student space.

- **Phasing in New Schools**

When the DOE opens a new school, it phases in enrollment by grade, a practice that often results in open, unused classroom space for several years. The DOE could alleviate overcrowding more quickly by changing this policy to allow schools to open at full capacity.

Pre-Kindergarten Initiative: \$210 million

In 2014, Mayor de Blasio made citywide expansion of full-day pre-K central to his education agenda. The expansion plan would require community-based organizations (CBOs) and public schools to convert 27,241 half-day seats to full-day, and add another 13,845 new seats to enable all 73,250 four-year-olds to access high quality pre-K. A total of \$210 million would allow the SCA to add pre-K classrooms, increase seat capacity by almost 2,900 in new buildings being constructed for elementary school use, as well as leasing space for pre-K centers. The December Amendment identifies 24 projects with a capacity of 2,880 seats, which will be created for September 2015. Of the 24 sites, one is being constructed in Manhattan, 3 in the Bronx, 7 in Brooklyn, 10 in Queens, and 3 in Staten Island. However, this number may change as additional sites are identified. Of the \$210 million, \$191.58 million is allocated in Fiscal 2015 for scope, design, and construction for these 24 sites and \$18.42 million in Fiscal 2016 for furniture and equipment and contingency costs for these same sites.

Class Size Reduction Program: \$490 million

The Class Size Reduction Program includes \$490 million to create an additional 4,900 seats targeted specifically to reduce class sizes. While the DOE and SCA create seats in the New Capacity Program based on capacity needs in various neighborhoods, they will look at the need to reduce class size in individual schools under the Class Size Reduction Program. An analysis is underway to determine the best criteria to use to distribute the funds. No projects associated with this funding have been identified. Capacity added through this initiative would not count toward fulfilling the citywide need of adding 49,245 new seats.

Facility Replacement Program: \$350 million

Funding in the Facility Replacement section of the Capacity category is intended for the replacement of school buildings whose leases will expire during this five-year plan and for 3,500 seats that otherwise become unavailable. The replacement site could be another lease or a newly constructed building, depending upon what's available. The December Proposed Amendment provides \$350 million for the replacement of 4,000 seats over the five-year period, but does not identify any projects. Since no leases have expired during the first year of the Plan and the DOE has not identified any leases that will, it is unlikely that this \$350 million allocation will be fully expended. However, there was a \$50 million decrease as compared to the Adopted Plan, which was transferred to the upgrades for student bathrooms.

Capital Investment

Funding for the Capital Investment category totals \$5.27 billion in the December 2014 Amendment, accounting for 39 percent of the \$13.5 billion proposal. Capital investment projects are enhancements and repairs to existing facilities that improve the quality and infrastructure of the buildings and property and maintain a state of good repair. Capital

Investment is comprised of the Capital Improvement Program and School Enhancement Projects.

Capital Improvement Program: \$3.31 billion

The Proposed December Amendment provides \$3.31 billion for the Capital Improvement Program (CIP). The program includes all interior and exterior upgrades to the DOE building stock of approximately 1,300 buildings, with work such as building repairs, system replacements, and reconfiguration of existing school buildings. In Fiscal 2015 -2017, over 740 buildings are slated to have interior and/or exterior upgrades. A fully expanded list of CIP categories is presented in Table 7 and discussed in further detail below.

Table 7 – Capital Improvement Program

Dollars in Thousands

Program	December Plan Funding
Exterior	\$1,743,900
Interior	880,700
TCU Removal and Playground Redevelopment	480,000
Athletic Field Upgrades	125,000
Other	84,100
TOTAL	\$3,313,700

Source: NYC Department of Education, FY 2015 – 2019 Five-Year Capital Plan Proposed Amendment, December 2014.

- **Exterior Projects: \$1.74 billion**

The major components of the building exterior are roofs, parapets, windows, and masonry. Much of the capital work on buildings' exteriors is performed to make buildings watertight. Water infiltration is the single greatest cause of accelerated deterioration of existing facilities. The SCA prioritizes making every building watertight in order to assuage water damage and hopefully keep the building stock in satisfactory condition until it is able to identify funding for greater improvements. In the Proposed December Amendment, there is a \$32 million decrease when compared to the Adopted Plan. The major decrease is in the Windows, Exterior Masonry, and Reinforcing Cinder Concrete Slabs components. The funding for exterior components is summarized below.

Table 8 - Exterior Programs overview

Program	December 2014 Amendment (in millions)	2014 Adopted Plan (in millions)
Flood Elimination	\$228	\$215
Reinforcing Support Elements	23	15
Reinforcing Cinder Concrete Slabs	34	50
Roofs	243	240
Parapets	365	325
Exterior Masonry	633	641
Windows	219	291
TOTAL	\$1,744	\$1,776

**Source: NYC Department of Education, FY 2015 – 2019 Five Year Capital Plan Proposed Amendment, December 2014*

- **Interior Projects: \$880.7 million**

Interior improvements include capital work identified by the Building Conditions Assessment Survey (BCAS), work required to fulfill educational needs, and work funded under PlaNYC initiatives. Components of this program include electrical upgrades, low-voltage electrical systems, plumbing, safety systems, cafeterias, and bathrooms. Performing this work can be challenging and costly because it must often be scheduled in the summer, on weekends, and after normal school hours to ensure the safety of the students and school staff, and to minimize disruptions during school hours. The Proposed December Amendment shows an increase of more than \$36.1 million in Interior Projects as compared to the Adopted Plan. The increase is primarily in the Heating Plant Upgrade, Domestic Piping, and Boiler Conversions categories. Table 9 shows the details of the Interior Projects categories.

Program	December 2014 Amendment (in millions)	2014 Adopted Plan (in millions)
Low-Voltage Electrical System	\$209	\$241
Interior Spaces	\$37	\$43
Cafeteria/Multipurpose Room (excludes SchoolFood's Initiative)	\$32	\$40
Climate Control (excludes Mandated Program)	\$38	\$33
Air Conditioning Retrofit	\$5	\$1
Boiler Conversions (excludes Mandated Program)	\$33	\$25
Elevators & Escalators	\$27	\$30
Floors	\$24	\$27
Electrical Systems (excludes projects under Facility Restructuring)	\$123	\$118
Toilets-Staff	\$0	\$1
Heating Plant Upgrade	\$320	\$262
Domestic Piping (non-mandated projects)	\$23	\$11
Safety Systems	\$12	\$12
TOTAL	\$881	\$845

Source: NYC Department of Education, FY 2015 – 2019 Five-Year Capital Plan Proposed Amendment, December 2014.

- **Transportable Classroom Unit Removal: \$480 million**

Transportable Classroom Units (TCUs) are placed on school grounds to serve as classrooms. They are temporary solutions to relieve overcrowding; however some of these “temporary” structures have been in use for many years because capacity needs have not been met by the Capital Plan. The DOE’s 2014 Report on Temporary and Non-Standardized Classrooms, summarized in Table 10 below, shows that the SCA has reduced the number of TCUs and TCU enrollment every year since 2007-08. However, in the 2013-2014 school year there were still 317 TCUs serving 6,935 students. It is important to note that the DOE’s TCU report does not count all students who attend class in a TCU. High school students and many District 75 students are not included. The Department maintains that it must continue to use the temporary structures for classroom until it can build enough seats to meet capacity needs. The Proposed December Amendment allocates \$480 million for the removal of all units. However, the removal projects depend on capacity constraints in each school and the desires of the local school community. Since the Adopted Plan, 35 TCUs were removed and

81 have been identified for removal. Of the 35 removed, 17 units were removed in the Bronx, 8 in Brooklyn, and 10 in Queens. Appendix B provides the list of the schools where TCUs have been removed and the list of TCUs that have been identified for removal plans.

Table 10 – Temporary and Non-Standardize Classrooms

Academic year	# of TCU Units	TCU Capacity	TCU Enrollment	Enrollment Change from Prior Year
2005-06	368	15,477	10,215	-
2006-07	399	16,077	11,004	789
2007-08	402	14,063	10,929	(75)
2008-09	387	13,293	10,115	(814)
2009-10	373	12,773	8,819	(1,296)
2010-11	363	12,630	8,582	(237)
2011-12	357	12,370	8,264	(318)
2012-13	352	10,890	7,158	(1,106)
2013-14	317	10,543	6,935	(223)

Source: Department of Education's report to the New York City Council pursuant to the requirements in Local Law 122 of 2005, December 2014.

- **Athletic Field Upgrades: \$125.0 million**

The December Amendment reflects a decrease of \$7.7 million for athletic field upgrades. The SCA is currently evaluating the condition of all existing athletic fields and will make upgrades in order to expand physical fitness opportunities in schools. The condition of athletic fields has been of significant concern of the Council, and many Council Members have contributed discretionary funds for such projects in past years.

The CIP Projects are selected for the plan based on the level of need for repair. The need for repair is determined by the Building Conditions Assessment Survey (BCAS), a survey mandated by the New York State Education Department that requires visual inspections of every school to assess the building's physical condition. The BCAS gives every building component a rating of 1 to 5. Most of the projects included in the December Amendment are for the repair of poor building conditions, or those rated level 5. In Table 11 below, data from the Fiscal 2015 PMMR show there were no poor building conditions in Fiscal 2012 and in the outyears, as the CIP program provides funds to fix such conditions.

Table 11 – Building Conditions of School Buildings							
Performance Indicators	Actual			Target		4-Month Actual	
	FY12	FY13	FY14	FY15	FY16	FY14	FY15
Hazardous building violations total backlog	103	123	119	*	*	105	124
School building ratings - Good condition (%)	1.1%	0.9%	0.6%	↑	↑	N/A	N/A
« - Fair to good condition (%)	49.2%	43.4%	43.8%	↑	↑	N/A	N/A
« - Fair condition (%)	48.9%	55.5%	55.6%	*	*	N/A	N/A
« - Fair to poor condition (%)	0.3%	0.3%	0.0%	↓	↓	N/A	N/A
« - Poor condition (%)	0.0%	0.0%	0.0%	*	*	N/A	N/A

Source: Preliminary Mayor's Management Report for Fiscal Year 2015

However, nearly half of all school buildings are rated in fair condition. At times, projects to improve building conditions rated as fair may be addressed, but generally this occurs when they are included in a larger project. As building conditions worsen, they usually become more

expensive to fix. Additional funding to address CIP projects before they reach poor condition may result in long-term cost-savings.

Table 12 shows the number of capital improvement projects completed on time and within budget. In Fiscal 2014, 100 percent of new seats were constructed on time, 72 percent of CIP were completed on time or early, and 80 percent of CIP were constructed within budget.

Performance Indicators	Actual			Target		4-Month Actual	
	FY12	FY13	FY14	FY15	FY16	FY14	FY15
New schools and additions - construction funds committed as a percent of initial authorized budget (%)	92.9%	95.4%	92.6%	100.0%	100.0%	N/A	N/A
« - Scheduled new seats constructed on time (%)	100%	100%	100%	100%	100%	N/A	N/A
« - Capital improvement projects constructed on time or early (%)	72%	69%	72%	80%	80%	78%	75%
« - Capital improvement projects constructed within budget (%)	77%	71%	80%	80%	80%	79%	88%

Source: Preliminary Mayor's Management Report for Fiscal Year 2015

School Enhancement Projects: \$1.64 billion

School Enhancement Projects include Facility Enhancements (\$990 million) and Technology Enhancements (\$650 million). These projects are upgrades to instructional spaces in existing buildings.

- **Facility Enhancements: \$990 million**

The Proposed December Amendment reflects an increase of \$29.6 million for facility enhancement which include funding for adjustments that enable changes to instructional offerings in buildings. The DOE targets funds to ensure existing space is aligned with the goals of meeting demand, improving learning conditions, using resources efficiently, and improving student achievement. As seen in Table 13, categories include facility restructuring, safety and security systems, accessibility, and upgrades to science labs, libraries, auditoriums, bathrooms, and physical fitness facilities.

Program	December Plan Funding
Facility Restructuring	\$525,000
Safety and Security	100,000
Middle School Science Lab Upgrades	50,000
Accessibility	100,000
Physical Fitness Upgrades	46,800
Library Upgrades	35,200
Auditorium Upgrades	32,700
Bathroom Upgrades	100,000
TOTAL	\$989,600

Source: NYC Department of Education, FY 2015 – 2019 Five-Year Capital Plan Proposed Amendment, December 2014.

Of the \$990 million for facility enhancements, \$525 million is dedicated to facility restructuring. A significant portion of funding for facility restructuring would be used to integrate additional pre-K seats into existing buildings.

The December Amendment includes \$50 million for middle school science labs. This funding aligns with the Chancellor’s focus on middle schools.

As compared to the Adopted Plan, the December Amendment reflects the City Council’s student bathroom initiative that provides an additional \$50 million for bathroom upgrades in schools, an increase of 50 percent. Dilapidated bathrooms, especially in older school buildings, have been a concern of the City Council for years. Upgrading bathrooms can be expensive, in part because of code compliance mandates. In response, the SCA transferred funding (\$50 million) from the Facility Replacement Program. The SCA will implement a new pilot program with additional funding to improve bathroom conditions at lower costs.

• **Technology Enhancements: \$650 million**

Improving technology in schools is a significant focus of the current Capital Plan, which includes \$650 million for technology enhancements. As a result of prior plan projects, all DOE school buildings currently have broadband connectivity and wireless access. Funding in the Fiscal 2015-2019 Capital Plan would be used to sustain high bandwidth connectivity and increase the capacity and ability of each classroom to support extensive use of student-centered digital resources. Table 14 shows the funding allocation for each program under Technology Enhancements.

Enhancement	Proposed Amendment
Next Generation Voice and Data Upgrade	\$246,900
Next Generation Access Points Upgrade	101,800
Next Generation School Data Wiring Upgrades	46,800
School Electrification Upgrades	64,600
Ancillary Technology Facilities Upgrade	44,500
Non-Infrastructure Projects	145,400
TOTAL	\$650,000

Source: NYC Department of Education, FY 2015 – 2019 Five-Year Capital Plan Proposed Amendment, December 2014.

Mandated Programs

Funding for the Mandated Programs totals \$3.69 billion in the December 2014 Amendment. Mandated Programs is a category that includes funding for projects required by local law or City agency mandates, completing the BCAS, emergency lighting, code compliance, prior plan completion costs, and insurance. Sub-programs funded within Mandated Programs are shown in Table 15. Among them:

- Wrap Up Insurance includes funding for the insurance coverage for the SCA, its contractors, and subcontractors.

- Boiler Conversions and Associated Climate Control covers the conversion of the boilers from using dirtiest and polluting grades of heating fuel, known as residual oil Number 4 or Number 6, to using one of the cleanest Number 2 oil.
- The Building Conditions Surveys program includes funding for the completion of the annual facility inspection surveys and an extensive BCAS every year.
- Prior Plan Completion includes funds for projects still in progress from the Fiscal 2010-2014 Capital Plan, where costs have exceeded the project budget funded in the Fiscal 2010-2014 Plan.
- The Emergency, Unspecified, and Miscellaneous category is a catch-all category that allows the SCA to respond to any unforeseen needs and emergencies that arise during the course of executing its capital plan.

Table 15 - Mandated Programs*Dollars in Thousands*

Program	December Plan Funding
Lighting Replacements	\$480,000
Boiler Conversions & Associated Climate Control	750,000
Asbestos Remediation	175,000
Lead Paint Removal	15,000
Emergency Lighting	50,000
Code Compliance	150,300
Building Condition Surveys	90,000
Wrap Up Insurance	830,000
Prior Plan Completion	662,800
Emergency, Unspecified, & Miscellaneous	488,900
TOTAL	\$3,692,000

Source: NYC Department of Education, FY 2015 – 2019 Five-Year Capital Plan Proposed Amendment, December 2014.

- **Lighting Replacement for PCB Remediation: \$480 million**

The December Amendment includes \$480 million to replace all polychlorinated biphenyl-containing light fixtures from public school buildings with energy efficient lighting. The funds would be allocated to the remaining 370 buildings that were not funded in the previous Fiscal 2010-2014 Capital Plan.

In order to address widespread concerns regarding the polychlorinated biphenyl (PCBs), a carcinogenic toxin that is found in older T-12 lighting ballasts, in December 2011, the Administration released the Comprehensive Plan, a ten-year plan to improve energy efficiency in schools that includes PCB remediation via lighting replacement. On May 21, 2013, the City entered into an agreement to accelerate the original Ten-Year Plan and replace the toxic light fixtures by December 31, 2016. Within the current Plan, the final 370 lighting replacement projects, out of 782, are funded.

Funding for lighting replacements would also be used to investigate and replace, if necessary, older, high intensity discharge (HID) lighting in roughly 180 school buildings.

- **Boiler Conversions: \$750 million**

The December Amendment allows the DOE to continue the allocation of \$750 million to convert boilers at approximately 125 of 380 buildings currently using Number 4 oil. Eliminating the use of heavy and non-environmentally friendly oils (Number 4) and transitioning to cleaner fuel will comply with the mandate, which requires the elimination by 2030.

- **Wrap-Up Insurance: \$830 million**

As previously discussed, the SCA has experienced increasing insurance costs year after year. The SCA uses an Owner Controlled Insurance Program (OCIP) to provide insurance coverage for the SCA, its contractors, and subcontractors. According to the SCA, the rising cost is largely associated with the State's Scaffold Law (New York State Labor Law sections 240/241), which essentially absolves workers of responsibility for their own accidents, leading to large settlements. In turn, insurance premiums have skyrocketed. Cost increased by \$180 million as compared to the Adopted Plan. The cost of this program ultimately depends on the loss experienced.

- **Prior Plan Completion Cost: \$663 million**

The December Amendment provides an increase of \$41.6 million. Many projects funded in the Fiscal 2010-2015 Plan will still be in progress during the current Plan. The \$662.8 million for prior plan completion costs provides the funding to complete these projects after the end of the prior fiscal year.

Appendix A: Development and Structure of Capital Plan

Five-Year Capital Plan Amendment Process

The Department of Education creates its capital plan through the School Construction Authority (SCA) in five-year increments. After initial adoption of the Five-Year Capital Plan, it is amended annually. An annual amendment is typically proposed in November of each year and a revised proposed amendment is usually issued in February. The City Council reviews the November Proposed Amendment and submits suggestions for changes to the Capital Plan, as do the Community Education Councils (CECs). The SCA incorporates one of these suggestions into the February Revised Proposed Amendment and will continue to review others for possible addition into following year's November Proposed Amendment.

The Panel for Education Policy (PEP) must approve the Five-Year Plan and subsequent amendments before it can be voted on by the City Council. Historically the Council votes on the amendment in conjunction with the adoption process, but the Council could vote on the Plan at any time after the PEP approves the Plan or Amendment and before July first of that year.

The 2015-2019 Five-Year Capital Plan was first introduced in the November 2013 Capital Plan Proposal, and has since been replaced with the February 2014 Revised Proposal for the same period. After initial adoption in February 2014, proposed amendment was released in December 2014.

Identifying Capital Needs

In order to identify the need for capacity, the Department's Division of Portfolio Planning assesses capacity and utilization of existing schools as well as demographic projections of future enrollment. The Annual Facilities Survey is conducted to gather information regarding the size, function, and use of each room in every school building. The DOE also releases the publicly available Enrollment-Capacity-Utilization Report, more commonly known as the Blue Book, which summarizes the enrollment, capacity, and utilization rate for every school.

The SCA conducts the Building Condition Assessment Survey (BCAS) every year, which is mandated by the New York State Education Department to be completed at least every five years, to identify necessary capital improvement projects. A team of architects and engineers visually inspects every school building, administrative building, leased facility, annex, mini-school, temporary building, and field house to assess the facility's physical condition. Every identified deficient condition, other than those identified as under construction or non-accessible, is rated 1-5. The Capital Plan addresses building conditions rated 1-5. Priority 1 equates to "good" condition. These building conditions are lowest priority and the identified deficiency has no significant impact on functionality, though addressing the issue would likely result in operational or maintenance savings. Priority 5 conditions are "poor" and highest priority. These building conditions require repair or improvement to architectural, mechanical, or electrical facility support systems. The DOE and SCA use the information they gather to develop the Five-Year Capital Plan and its annual amendments. In addition, they must consider fiscal resources and additional factors such as siting issues for new capacity when prioritizing projects. The current Capital Plan was adopted in February 2014 and amended most recently in December 2014. The Proposed Plan for Fiscal 2015-2019 was released in December 2014, and the revised proposed plan should have released in February 2015.

Structure of the Plan

The Five-Year Capital Plan report issued by the DOE includes a narrative that outlines various categories of spending as well as several appendices that provide detailed information about the projects in the Plan.

The narrative is organized into two main categories and various subcategories. The three major areas are Capacity, Capital Improvement, and Mandated Programs.

- **Capacity** includes all projects that create new school facilities. It is separated into three separate divisions: New Capacity, Pre-Kindergarten Initiative, Class Size Reduction Program, and Facility Replacement Program.
- **Capital Investment** includes all projects undertaken to improve and upgrade existing facilities. This category is divided into the following subcategories: Capital Improvement Program (CIP) and School Enhancement Projects. The Appendix is comprised of various lists of projects organized in different ways.
- **Mandated Programs** includes projects that the DOE must fund, such as remediation programs, code compliance, and insurance.

The SCA publishes three versions of the Five-Year Capital Plan: the Classic Edition, the School-Based Edition sorted by City Council district and school, and the School-Based Edition sorted by borough, school district, and school. The narrative of the report is consistent among the three editions. The reports differ in the structure of their appendices.

Though the structure of the appendices differs by each report, all reports include generally the same information. However, the School-Based editions provide a more comprehensive list of projects in the School Based Program Appendix, as described below, than the Classic Edition provides. Every report includes a Plan Summary table and Borough Summary tables that disaggregate the budget by fiscal year among various project categories. These tables are useful for determining citywide or borough spending by various categories for each year of the Capital Plan. Some of the most useful appendices include:

Capacity Projects. In addition, the appendices include a list of Capacity Projects. These tables provide the highest level of detail for individual capacity projects in the Plan, laying out information such as the project location if it has been sited, the forecasted capacity the project will create, design and construction start dates, estimated completion dates, estimated costs, and funding requirements to complete the projects.

- **Capacity in Process.** There are still many capacity projects continuing from the Fiscal 2010-2014 Capital Plan. This appendix provides a list of capacity projects that are currently underway but not yet completed.

Capital Investment Projects. There are various appendices for capital investment projects. It is important to keep in mind that the appendices that show detail on capital investment projects only show detail for the first fiscal year of the plan through the first fiscal outyear. Therefore, the December 2014 Plan for Fiscal 2015-2019 only shows projects planned for Fiscal 2016 and 2017.

- **Citywide Projects.** Often the SCA highlights project categories that are of special interest. For example, on pages C15-C30 of the Appendix is a list of all individual

projects within the Lighting Fixture Replacement Program. Pages C31-C37 list planned projects related to the damage caused by Superstorm Sandy.

- **School Based Program.** These tables list capital improvement projects in the Capital Plan by school. The edition by City Council district lists these projects by City Council District, then by school.

Appendix B

The list of removed TCUs and the list of TCU that have identified removal plans.

District	Building Name	Number of TCUS	Removal Status
9	I.S. 117 TRANSPORTABLE - X	1	REMOVED
11	P.S. 106 TRANSPORTABLE - X	5	REMOVED
11	P.S. 96 TRANSPORTABLE - X	11	REMOVED
18	P.S. 135 TRANSPORTABLE - K	2	REMOVED
18	P.S. 208 TRANSPORTABLE - K	4	REMOVED
20	P.S. 170 TRANSPORTABLE - K	2	REMOVED
28	P.S. 140 TRANSPORTABLE - Q	4	REMOVED
29	P.S. 132 TRANSPORTABLE - Q	2	REMOVED
29	P.S. 176 TRANSPORTABLE - Q	2	REMOVED
29	P.S. 35 TRANSPORTABLE - Q	2	REMOVED
TOTAL # OF UNITS REMOVED		35	
6	P.S. 5 TRANSPORTABLE - M	2	REMOVAL PLAN IDENTIFIED
9	P.S. 28 TRANSPORTABLE - X	1	REMOVAL PLAN IDENTIFIED
15	P.S. 32 TRANSPORTABLE - K	7	REMOVAL PLAN IDENTIFIED
18	P.S. 219 TRANSPORTABLE - K	1	REMOVAL PLAN IDENTIFIED
18	P.S. 235 TRANSPORTABLE - K	4	REMOVAL PLAN IDENTIFIED
18	P.S. 268 TRANSPORTABLE - K	1	REMOVAL PLAN IDENTIFIED
18	P.S. 272 TRANSPORTABLE - K	3	REMOVAL PLAN IDENTIFIED
18	P.S. 276 TRANSPORTABLE - K	8	REMOVAL PLAN IDENTIFIED
22	P.S. 194 TRANSPORTABLE - K	1	REMOVAL PLAN IDENTIFIED
22	P.S. 198 TRANSPORTABLE - K	2	REMOVAL PLAN IDENTIFIED
24	I.S. 125 TRANSPORTABLE - Q	4	REMOVAL PLAN IDENTIFIED
25	P.S. 163 TRANSPORTABLE - Q	2	REMOVAL PLAN IDENTIFIED
27	I.S. 226 TRANSPORTABLE - Q	2	REMOVAL PLAN IDENTIFIED
28	P.S. 30 TRANSPORTABLE - Q	2	REMOVAL PLAN IDENTIFIED
28	P.S. 40 TRANSPORTABLE - Q	3	REMOVAL PLAN IDENTIFIED
28	P.S. 55 TRANSPORTABLE - Q	3	REMOVAL PLAN IDENTIFIED
29	P.S. 38 TRANSPORTABLE - Q	3	REMOVAL PLAN IDENTIFIED
30	P.S. 11 TRANSPORTABLE - Q	4	REMOVAL PLAN IDENTIFIED
30	P.S. 70 TRANSPORTABLE - Q	2	REMOVAL PLAN IDENTIFIED
30	P.S. 92 TRANSPORTABLE - Q	2	REMOVAL PLAN IDENTIFIED
QHS	AUX. SERV.- JAM. LEARN CT TR - Q	1	REMOVAL PLAN IDENTIFIED
QHS	RICHMOND HILL HS TRANSPORTABLE - Q	11	REMOVAL PLAN IDENTIFIED
RHS	CURTIS HS TRANSPORTABLE - R	2	REMOVAL PLAN IDENTIFIED
XHS	CROTONA ACADEMY - BRONX	8	REMOVAL PLAN IDENTIFIED
XHS	J.F. KENNEDY HS TRANSPORTABLE - X	2	REMOVAL PLAN IDENTIFIED
TOTAL # OF UNITS IN PROCESS OF BEING REMOVED		81	
TOTAL # OF UNITS REMOVED OR IN PROCES		116	