

THE COUNCIL OF THE CITY OF NEW YORK

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Chair, Education



**Report On the Fiscal Year 2017 Executive Budget and the Proposed
Amendment to the Five-Year Capital Plan for Fiscal 2015-2019 for the
Department of Education - School Construction Authority
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SCA Overview

This report presents a review of SCA's major issues related to the Department's budget and analysis and highlights of the Department's Capital Commitment Plan for the Fiscal 2017 Executive Budget follows the discussion of the expense budget. For a more detailed and comprehensive report, please refer to the Fiscal 2017 Preliminary Budget Report for the School Construction Authority at: http://council.nyc.gov/html/budget/fy17_documents.shtml

The Proposed Amendment is broken down into three main categories: Capacity, totaling \$5.7 billion; Capital Investment, totaling \$5.5 billion; and Mandated Programs, totaling \$3.7 billion plus resolution A funding with a change totaling \$170 million. 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. Mandated Programs provides funding in order to meet requirements by local law, City mandates, and other required elements. The major changes introduced in the March Amendment are discussed below.

The table below provides a summary of the proposed changes to the Five-Year Plan. Of the total \$1.4 billion increase, much of this additional funding would be allocated to school capacity projects and capital investment projects. They are discussed below:

Table 1 - Variance Detail - Current Plan to March 2016 Proposed Amendment				
(Dollars in million)	Current 2015-2019 Capital Plan	March 2016 Proposed Amendment	Percent of Total	Change
Capacity				
New Capacity	\$3,450	\$4,507	26%	\$1,057
Pre-Kindergarten Initiative	520	670	2%	150
Class Size Reduction Program	490	490	4%	0
Facility Replacement Program	350	63	3%	(287)
Capacity Total	\$4,810	\$5,730	33%	\$920
Capital Investment				
Capital Improvement Program	\$3,308	\$3,677	25%	\$369
School Enhancement Projects	1,336	1,405	12%	69
Capital Investment Total	\$4,644	\$5,082	37%	\$438
Mandated Programs				
	\$3,692	\$3,700	27%	\$8
Reso-A: City Council, Borough President, and Mayor/Council	\$318	\$488	2%	\$170
Grand Total (in Millions)	\$13,464	\$14,900	100%	\$1,436

The Proposed Amendment to the Five-Year Plan that was released in March totals \$14.9 billion, \$1.4 billion, or 10.3 percent more than the Adopted Plan of \$13.5 billion. The \$1.4 billion increase is largely due to an additional commitment in Capacity and Capital Investment. Additionally, the Proposed Amendment to the Five-Year Plan identifies City Council and Borough President Reso-A funds totaling \$488 million, of which \$170 million were added in the Fiscal 2016 Adopted Budget. The proposed revised amendment would increase Capacity funding by \$820 million and Capital Investment by \$438 million. Mandated Programs grew slightly with an additional \$8 million, to a total of \$3.7 billion.

- **New Capacity.** The proposed amendment would fund more than 44,300 new school seats in an estimated 81 projects that will help alleviate existing over-crowding, respond to ongoing student enrollment growth in some neighborhoods, and replace instructional space lost as transportable classroom units (TCUs) are lost. In addition, some of the new

schools will be included within several major, predominantly residential development projects undertaken by private developers in areas of existing or projected overcrowding. Even though this is a great step in the right direction, it should be noted that the plan is about \$4 billion short in funding to meet the total recognized need of 83,000 seats.

Appendix A is a table showing all the new capacity projects included in the five-year plan as well as the average cost per seat in each project. Each project that is unnamed is a project that currently does not have a site, so the cost to those projects will be adjusted as they locate siting. Of the 81 total projects, six are in Manhattan, eleven in the Bronx, twenty seven in Brooklyn, thirty one in Queens and five are in Staten Island.

- Pre-Kindergarten Expansion.** The Proposed Amendment includes \$150 million for the Pre-Kindergarten (Pre-K) Initiative bringing the total funding level to \$670 million. This funding will allow the SCA to add Pre-K classrooms, increase seat capacity by 7,640 in new buildings that are being constructed for elementary school use, and lease space for Pre-K centers.

Appendix B lays out all of the current Pre-Kindergarten projects, as well as the cost of the project and cost per seat. There are 58 total projects identified with sites in the current plan with 7,399 seats for a total of \$593.1 million. Two in Manhattan, eight in the Bronx, fifteen in Queens, twenty-five in Brooklyn and three in Staten island.

- Class Size Reduction Program.** 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 the SCA create seats in the New Capacity Program based on capacity needs in various neighborhoods, they look at the need to reduce class size in individual schools under the Class Size Reduction Program. Below is a chart that indicates the first three class size reduction projects, which are added in the proposed amendment. The SCA did not specify how many seats will be attached to these three projects or how much they will cost.

Borough	School District	Building Name	Address
Bronx	11	P.S. 19	4318 Katonah Avenue
Brooklyn	19	East New York Family Academy	2057 Linden Boulevard
Queens	29	P.S. 131	170-45 84th Avenue

- Facility Replacement Funding:** In 2008, there was more than \$1.3 billion and now there is \$62 million for facility replacement. This funding is a critical part of SCA’s budget and provides funding for the development of seats for schools that must be relocated during this Plan. In some instances, a landlord may refuse to renew a lease. In other instances, SCA may choose to relocate students from a site that is no longer appropriate for those students. Additionally, funds in this category cover the costs to construct a new building or to build out a new leased location.
- Capital Improvements.** The Proposed Amendment includes \$369 million, an increase of 25 percent for interior and exterior projects. Most of the increase is reserved for exterior projects, which have gone up by \$239.5 million. Other sub-categories with

significant growth include heating plant upgrades at \$153.9 million, and flood elimination projects at \$106.7 million.

- **Facility Restructuring.** 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 Proposed Amendment, 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.
- **TCU Replacement.** The Proposed Amendment also includes the removal of three TCUs from P.S. 38 in Queens as well as a plan to remove six others at East NY Family Academy in Brooklyn, three at P.S. 132, two at P.S. 156 and one at P.S. 193 in Queens. This brings the total number of removed TCUs to 73 in the current Capital plan and the planned removals to 113.
- **Minority Women Local Business Enterprise.** The SCA has a robust MWLBE program. Currently there are 132 firms in SCA's mentor program. Also, the SCA awarded nearly \$66 million through 144 contracts to MWLBE firms. Additionally, in Fiscal 2015, 31 percent of contracts and 21 percent of sub-contracted work was awarded to MWLBE firms.
- **Internship Program.** In Fiscal 2015, the SCA's college internship program included 29 student participants. Of these participants, the SCA later hired six students. In addition to the college internship program, 129 students participated in SCA's high school summer internship program. Of these students, 72 different high schools were represented. Overall 52 companies hosted summer interns.
- **Opportunity Academy.** The Opportunity Academy is a collaboration between SCA, Department of Design and Construction (DDC) and the LaGuardia Education Fund, Inc. They work together to train students to assist MWLBE firms enrolled in the SCA's Mentor programs and engaged in construction projects for DDC in its back office operations, including submission of bid documentation, requests for payments, project schedules, change orders, close-out documents. This is a critical component in its mission to help develop a workforce with transferrable job skills that enable them to compete as business development professionals.

SCA Budget Issues

Preliminary Budget Response Items. The Council's response to the Mayor's Fiscal 2016 Preliminary Budget included several recommendations for the School Construction Authority. The recommendations called on the Authority to revise the Council project request process, upgrade electrical wiring in schools to support air-conditioning, address issues with school bathroom construction, and have the preliminary proposed capital amendment be issued in November. The School Construction Authority has been open to discussing these proposals.

- **City Council Project Request Process.** The City Council participates in a Project Request process each year to suggest school projects for inclusion in the Five-Year Capital Plan. Last January, several capital project requests were submitted from the City Council. For the vast

majority of projects recommended, the SCA responded that there was “no funding available” to complete the work. Given that the authority has proposed a \$5.5 billion capital improvement program, there should be some funding available to complete priority projects.

- **Wiring Upgrades to Support Air Conditioning.** Adding air-conditioning to school buildings often requires electrical upgrades, which can be funded with City capital dollars. The Council would like to see the SCA upgrade the wiring in as many schools as possible so that air conditioners can be added with expense funds.
- **School Bathroom Construction.** There are several small upgrades that are needed in bathrooms at DOE schools. The Proposed Amendment includes \$100 million for a program to upgrade bathrooms, which focuses on aesthetic upgrades such as fixtures and tiling. Many bathrooms do not have small garbage cans inside the stall. This should be provided in all girl and gender neutral bathrooms so female students can properly dispose of hygiene products. Additionally, many bathroom stalls do not have hooks to hang personal belongings. Often students do not have lockers at school and must carry their coats and backpacks with them all day.
- **Release the Capital Budget in November.** This year the proposed amendment was not released until the end of January and the second amendment was released on March 31st. It is from these proposed amendments that the Council performs its final analysis of the SCA’s Five-Year Capital Plan before voting to adopt the entire City budget in June. To ensure that all interested parties have a seat at the negotiating table, the Council believes that there should be more time between the release dates of these amendments.
- **Improve the Capital Plan.** The Five-Year Capital Plan contains many pages in its 38 appendices listing projects without dollar amounts, sites, project schedule and sometimes includes projects that have already been completed. Given the importance of these initiatives, the Five-Year Capital Plan should include the list of projects, dollar amount, sites and schedule in each appendix.

DOE Capital Program

Capital Commitment Plan

Like other City agencies, the DOE has a four-year Capital Commitment Plan that is funded by the City’s Capital Budget. The Capital Commitment Plan shows capital funding projections for the DOE and guides the funding level for the Five-Year Plan. The Fiscal 2017 Preliminary Capital Commitment Plan includes \$11 billion in Fiscal 2017-2020 for the DOE (including City and Non-City funds). This represents approximately 19.2 percent of the City’s total \$57.2 billion Preliminary Capital Commitment Plan for Fiscal 2017-2020.

The majority of capital projects span multiple fiscal years, and it is, therefore common practice for an agency to roll unspent capital funds into future fiscal years. In Fiscal 2017, the Department of Education committed \$3.1 billion or 27 percent of its annual capital plan. Therefore, it is assumed that a significant portion of the DOE’s Fiscal 2017 Capital Plan will be rolled into Fiscal 2018, increasing the size of the Fiscal 2017-2020 Capital Plan.

Table 3 - Department of Education Preliminary Capital Budget, Fiscal 2016-2019

Dollars in Thousands

	FY 2017	FY 2018	FY 2019	FY 2020	Total
City	\$2,827,494	\$2,880,906	\$2,692,620	\$2,066,667	\$10,467,687
Non-City (F+S)	293,820	671,830	195,000	0	1,160,650
Total	\$3,121,314	\$3,552,736	\$2,887,620	\$2,066,667	\$11,628,337

Source: OMB Fiscal 2017 Executive Capital Commitment Plan

The Executive Capital Commitment Plan for DOE is identical to the Capital Commitment Plan that was released in September. Despite the Administration’s proposal to increase the DOE’s Five-Year Plan by \$1.4 billion, the Mayor’s Preliminary Capital Budget for Fiscal 2017 showed no increase. However, in the Executive Plan this funding has now been added. Additionally, 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 Amendment does not indicate whether the DOE has been able to access any of this funding.

Appendix A: New Capacity Projects

NYC DOE New Capacity Projects	Borough	Capacity	Total Estimated Cost	Cost per Seat
Project #4	M	806	\$109,240,000	\$135,533
I.S. 323	M	1016	176,920,000	174,134
P.S. 464	M	476	69,540,000	146,092
Project #1	M	456	28,610,000	62,741
Project #3	M	436	52,280,000	119,908
P.S. 342	M	692	70,910,000	102,471
TOTAL Manhattan Projects		3,882	\$507,500,000	\$130,732
ECC @ 1625 Forest Avenue	R	224	\$26,170,000	\$116,830
Project #1	R	232	34,020,000	146,638
Project #4	R	824	85,850,000	104,187
Project #2	R	456	28,830,000	63,224
Curtis High School Annex	R	345	96,910,000	280,899
TOTAL Staten Island Projects		2,081	\$271,780,000	\$130,601
Project #1	X	456	\$52,920,000	\$116,053
P.S. 14 Addition	X	344	55,740,000	162,035
Project #1	X	112	16,490,000	147,232
P.S. 46 Addition	X	500	105,890,000	211,780
Project #1	X	824	91,790,000	111,396
Project #2	X	456	28,880,000	63,333
Project #3	X	780	77,670,000	99,577
Project #4	X	456	28,140,000	61,711
Project #1	X	640	76,560,000	119,625
Project #2	X	456	28,880,000	63,333
Project #1	X	456	55,140,000	120,921
TOTAL Bronx Projects		5,480	\$618,100,000	\$112,792
Project #1	K	572	\$68,240,000	\$119,301
Project #2	K	572	68,440,000	119,650
Project #3	K	476	57,630,000	121,071
Dock Street Campus	K	333	41,610,000	124,955
P.S. /I.S. 653	K	640	83,070,000	129,797
Project #1	K	612	45,310,000	74,036
Project #2	K	379	48,010,000	126,675
P.S. 32 Addition	K	436	62,420,000	143,165
Project #2	K	527	33,340,000	63,264
Project #1	K	640	93,230,000	145,672
Project #3	K	20	1,630,000	81,500
Project #6	K	824	87,910,000	106,687
Project #4	K	456	28,530,000	62,566
Project #5	K	824	77,470,000	94,017
P.S. 516 Sunset Park Ave Elementary	K	113	9,750,000	86,283
Project #1 East New York	K	1000	\$98,460,000	\$98,460
Project #1	K	640	81,910,000	127,984
Project #2	K	640	53,510,000	83,609
Project #4	K	824	91,520,000	111,068
Project #6	K	456	29,590,000	64,890
Project #7	K	456	55,550,000	121,820
P.S. 746	K	757	89,350,000	118,032
Project #3	K	640	40,430,000	63,172
Project #5	K	456	28,110,000	61,645
P.S. 101 Addition	K	456	70,740,000	155,132
Project #2	K	456	28,210,000	61,864
Project #1	K	456	29,150,000	63,925
TOTAL Brooklyn Projects		14,661	\$1,503,120,000	\$102,525

NYC DOE New Capacity Project	Borough	Capacity	Total Estimated Cost	Cost per Seat
P.S. 19 Addition	Q	640	\$93,970,000	\$146,828
P.S. 49 Addition	Q	333	34,010,000	102,132
I.S. 125 Addition	Q	728	116,240,000	159,670
P.S. 143 Addition	Q	1020	105,410,000	103,343
Project #1	Q	824	91,260,000	110,752
Project #2	Q	505	32,030,000	63,426
Project #5	Q	184	7,880,000	42,826
Project #4	Q	424	59,300,000	139,858
P.S. 143 Annex	Q	211	6,490,000	30,758
P.S. 24 Addition	Q	600	86,970,000	144,950
Project #1	Q	640	38,460,000	60,094
Project #2	Q	824	81,280,000	98,641
Project #3	Q	157	23,610,000	150,382
P.S. 332	Q	468	100,600,000	214,957
Project #2	Q	456	28,560,000	62,632
P.S. 66 Addition	Q	96	20,170,000	210,104
P.S. 335	Q	516	106,070,000	205,562
Project #2	Q	360	22,840,000	63,444
P.S. 303 Addition	Q	484	61,020,000	126,074
P.S. 144 Addition	Q	366	55,100,000	150,546
Project #1	Q	824	89,660,000	108,811
Project #2	Q	246	27,840,000	113,171
Project #6	Q	824	86,350,000	104,794
Project #4	Q	728	77,270,000	106,140
Project #2	Q	436	28,330,000	64,977
Project #1	Q	1072	104,290,000	97,285
P.S. 398	Q	476	75,820,000	159,286
Project #3	Q	1000	125,320,000	125,320
I.S./H.S. 336	Q	894	57,130,000	63,904
Project #1	Q	1401	130,020,000	92,805
Project #2	Q	345	96,910,000	280,899
TOTAL Queens Projects		18,082	\$2 ,070,210,000	\$114,490

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Appendix B: Pre-Kindergarten Capacity Projects

DISTRICT	BOROUGH	LOCATION	CAPACITY	COST	\$ PER SEAT
2	M	2-26 WASHINGTON ST	108	\$12,690,000	\$117,500
2	M	2 LAFAYETTE STREET	36	7,050,000	195,833
7	X	105 WILLIS AVENUE	90	8,350,000	92,778
7	X	535 UNION AVENUE	180	12,650,000	70,278
9	X	1434 OGDEN AVENUE	90	10,090,000	112,111
10	X	3605 SEDGWICK AVE	36	4,720,000	131,111
10	X	3560 WEBSTER AVE	90	7,490,000	83,222
10	X	2510 MARION AVENUE	288	22,130,000	76,840
10	X	5500 BROADWAY	54	5,300,000	98,148
10	X	2490-2500 WEBSTER A	198	17,780,000	89,798
13	K	19 DOCK STREET	72	5,490,000	76,250
15	K	500 19TH STREET	288	39,590,000	137,465
15	K	173 25TH STREET	108	6,760,000	62,593
15	K	219 25TH STREET	72	13,040,000	181,111
15	K	305-307 3RD AVENUE	54	9,480,000	175,556
15	K	131 UNION STREET	36	5,250,000	145,833
20	K	550 59TH STREET	252	9,210,000	36,548
20	K	1258 65TH STREET	126	12,350,000	98,016
20	K	140A 58TH STREET	126	19,000,000	150,794
20	K	8501 5TH AVENUE	18	6,520,000	362,222
20	K	369 93RD STREET	252	3,753,000	14,893
20	K	21 BAY 11TH STREET	288	10,800,000	37,500
20	K	1355 84TH STREET	162	11,650,000	71,914
20	K	7401 FORT HAMILTON P	270	13,270,000	49,148
20	K	2165 71ST STREET	90	15,740,000	174,889
20	K	1423 62ND STREET	324	39,840,000	122,963
20	K	1668 46TH STREET	180	6,830,000	37,944
21	K	2202 60TH STREET	108	4,870,000	45,093
21	K	1223 CONEY ISLAND AV	72	8,690,000	120,694
21	K	385 AVENUE W	126	2,970,000	23,571
21	K	10 BOUCK COURT	180	16,730,000	92,944
21	K	1215 AVENUE X	108	5,190,000	48,056
22	K	3610 GLENWOOD ROAD	144	13,730,000	95,347
22	K	1340 EAST 29TH ST	252	14,280,000	56,667
22	K	1139 CONEY ISLAND AV	144	12,460,000	86,528
24	Q	106-02 NORTHERN BLV	77	3,690,000	47,922
24	Q	107-17 NORTHERN BLV	36	4,980,000	138,333
24	Q	46-16 76TH STREET	108	15,030,000	139,167
24	Q	44-15 JUDGE STREET	144	6,140,000	42,639
24	Q	56-01 61ST STREET	162	8,810,000	54,383
24	Q	68-20 MYRTLE AVENUE	180	7,490,000	41,611
25	Q	14-45 143RD STREET	108	2,790,000	25,833
25	Q	123-07 22ND AVENUE	144	5,860,000	40,694
28	Q	89-14 PARSONS BLVD	72	8,270,000	114,861
28	Q	83-30 KEW GARDEN RD	72	8,280,000	115,000
28	Q	132-10 JAMAICA AVE	90	11,520,000	128,000
29	Q	168-42 JAMAICA AVE	126	17,690,000	140,397
29	Q	100-01 SPRINGFIELD B	162	8,370,000	51,667
30	Q	96-10 23RD AVENUE	108	10,800,000	100,000
30	Q	32-52 37TH STREET	446	6,550,000	14,686
31	R	1625 FOREST AVENUE	90	18,210,000	202,333
31	R	120 STUYVESANT PL	108	18,400,000	170,370
31	R	1 TELEPORT DRIVE	144	14,470,000	100,486
CITYWIDE UPK	TOTAL		7399	\$593,093,000	\$80,159