



Testimony of the New York City Department of Education and the New York City School
Construction Authority on the FY2012 Executive Capital Budget

Before the New York City Council Committees on Education and Finance

May 17, 2011

Kathleen Grimm, Deputy Chancellor, Division of Operations

INTRODUCTION & OVERVIEW

Good morning Chair Jackson and Chair Recchia and all the Members of the Education and Finance Committees here today. My name is Kathleen Grimm, and I am the Deputy Chancellor for the Division of Operations in the New York City Department of Education (DOE). I am joined today by Lorraine Grillo, President and CEO of the School Construction Authority (SCA) and Jamie Smarr, Executive Director of the Education Construction Fund. We are pleased to be here to discuss the proposed April 2011 Amendment to the FY 2010-2014 Capital Plan.

We are currently in the second year of our five-year Capital Plan, and as in years past, we have proposed an Amendment based on evolving needs and available resources. As you know, the Capital Plan is divided into two major categories: capacity and capital investment. The first category includes new school buildings, additions, leases, replacement space and charter/partnership facilities. The second includes critical upgrades, capital repairs and enhancements to our existing facilities and infrastructure.

We are delighted to report that since our appearance last May before both Committees, we have opened 26 new buildings and annexes, adding more than 17,500 new seats—the most new classroom seats to come online in one year since the SCA was created in 1988. Since 2003, this Administration has added more than 100,000 new school seats citywide. This includes approximately 25,000 in the Bronx, 24,500 in Brooklyn, 13,000 in Manhattan, 32,500 in Queens, and 5,600 in Staten Island. I would like to thank the City Council for its strong support of this historic accomplishment, and for each Member's support of our schools through the generous allocation of Reso A funding.

Last June, the City Council approved our first Amendment to the current Capital Plan. That Amendment included \$11.7 billion in total funding, with \$5.4 billion for new capacity and \$6.3 billion for capital investment projects. In total, it funded 30,377 new seats.

However, the City's fiscal condition has changed since then, and all City agencies have been asked to amend their capital plans to reflect current economic realities. In addition, given the uncertainty of the State budget this year, the DOE and SCA were forced to issue three proposed Amendments – in November, February and April – as opposed to our traditional two Amendments typically released in November and February.

By way of background, our first Amendment this year, released in November 2010, proposed a significant increase in new capacity and capital investment projects. This plan was based upon our annual review of demographic trends and facility needs.

In February 2011, we released a second Amendment based on the City and State's preliminary budgets. As you will recall, the State's proposed budget originally outlined a massive reduction in capital dollars that would have brought many critical construction and renovation projects to a screeching halt. Thankfully, this proposal was rejected, and the State's adopted budget maintained the State's commitment to split the costs of school construction evenly with the City.

As a result, we were able to restore the vast majority of the seats contained in the 2010 adopted Plan, which is reflected in the April 2011 Amendment before you today. The proposed Amendment, which has been approved by the Panel for Educational Policy, totals \$11.1 billion in funding. It includes \$4.6 billion for capacity projects and \$6.5 billion for capital investment projects. This Amendment represents a reduction of \$700 million from last year's adopted Plan, due to the current fiscal constraints we face as a City. This represents roughly 6 percent as compared to the larger reductions other agencies have had to make to their capital plans.

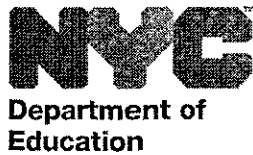
NEW CAPACITY

With regard to new capacity, the April 2011 Amendment includes funding for 28,866 new seats. For all projects where a site has been purchased or identified, funding is included for both design and construction. For a few projects, totaling 2,314 of the 28,866 seats, for which we have not yet identified a site, the Amendment includes funding for design only. This was done to ensure that once a site is identified for a particular project, we can still move forward with the design process. Since the design process typically takes a year to complete, if we identify a site this year, we can include funding for the construction portion of the project in next year's Amendment, as funds become available.

A district-by-district breakdown of new seats is outlined in the table appended to our testimony.

Of the \$4.6 billion in capacity, approximately \$3.45 billion is dedicated to the 28,866 new seats, \$940 million is allocated towards replacing facilities whose leases expire during this Plan, and \$210 million is allocated towards Charter/Partnership projects.

Under the Charter/Partnership program, the City commits partial funding to support the construction of a small number of charter or partner-sponsored district school facilities, while non-governmental entities cover the balance of those costs with private funds. These facilities, of course, enroll public school students, and this program enables the City to leverage private dollars to partially underwrite the increase of total public school capacity, thereby alleviating overcrowding at a reduced cost to taxpayers. The charter schools participating in this program are DREAM Charter School in District 4, Harlem Promise Academy in District 5, KIPP High School in District 7, Icahn Charter School in District 11 and PAVE Academy in District 15.



In order to help reconcile the fiscal limitations and growing demand for seats, the DOE employs other alternatives to help meet our needs. Realignment strategies, such as increasing the utilization of existing facilities and adjustments to local schools zones, will allow us to achieve the most efficient use of our existing facilities. As the City's financial condition improves, we will continue to propose additional new capacity projects in alignment with demographic and enrollment trends.

CAPITAL INVESTMENTS

The proposed Amendment also contains \$6.5 billion for much-needed capital investments to our existing facilities.

Roughly 70 percent, or \$4.4 billion, of these funds underwrite critical capital improvement and mandated projects. This includes exterior and interior capital projects such as roof repairs, structural repairs and keeping our buildings up to code, among other facility projects.

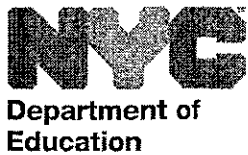
These funds also include funding for the City's Comprehensive Plan: Greener, Healthier Schools for the 21st Century. As we testified before the Education and Environmental Protection Committees last month, this is an unprecedented effort to dramatically increase energy efficiency and improve environmental quality in 772 public schools, including the removal and replacement of all polychlorinated biphenyl (PCB) containing lighting fixtures throughout the entire school system. Notably, it also includes energy savings measures such as replacing boilers that burn Number 4 and Number 6 heating oil with boilers that use cleaner Number 2 fuel oil or natural gas.

The remaining 30 percent of our capital investment dollars, \$1.7 billion, fund our Children's First Initiatives. This includes \$700 million for facility enhancements, such as new science labs, libraries, and playgrounds. It also includes \$957 million for technology.

Simply put, if we want our students to be prepared for life after high school in the 21st century, we need to consider technology a basic element of public education. Electronic content and digital interactivity are everywhere - except in most public school classrooms. It is critical that we are able to bridge any existing disconnect between education and technology and provide seamless technology-enhanced learning environments that serve the increasing needs of our students.

Let's breakdown the \$957 million in technology spend to see how we accomplish these goals. A projected \$784 million or 82 percent will go towards equipping every single one of our existing buildings and classrooms, roughly 300-400 each year, with the latest technology. Specifically, these funds will be dedicated to providing schools with improved connectivity and bandwidth capacity, wireless technology upgrades, classroom hardware, and other network infrastructure upgrades.

For example, in about 500 of our school buildings, it currently takes up to 40 minutes for 10 students to load and view a short three minute high-quality video at the same time. The current Amendment proposes to upgrade our buildings to fiber connections that will enable 10 students to load and view the same three minute high-quality video in 90 seconds. It is imperative that the connections in all our school buildings and the connectivity within each classroom are sufficient to



support the administration of new online Math and English language arts assessments — aligned with the Common Core standards — beginning in the 2014-15 school year. The preliminary list of schools and related scope of work with associated estimated costs is outlined in the proposed April Amendment. This list will be regularly appended and updated in subsequent annual Amendments to the Plan.

In addition, \$40 million will be allocated to schools participating in our nationally recognized Innovation Zone (iZone). The iZone is a community of schools committed to personalizing learning to the needs, motivations, and strengths of individual students. These funds provide schools, teachers, and students with the digital content and technology tools required to better personalize instruction to each student's needs. Over 80 schools are participating in the iZone this year and starting this fall, the number of schools in the iZone will double, and eventually scale to 400 schools by the end 2013-2014 school year.

The remaining 14 percent or \$133 million of the total allocation is planned for addressing basic business system needs in schools or central offices such as the development of an integrated financial data warehouse to support transactions and reporting requirements of schools, central administrations, and external stakeholders. Among other initiatives, this includes the expansion of the point-of-sale system for school cafeteria operations.

CONCLUSION

We understand that the public school system as a whole continues to experience pockets of overcrowding and we are working to address these concerns both through new school construction and through more efficient use of existing school facilities.

We remain focused on remedying these issues and will continue to rely on your feedback and support as we do so. We hope that our efforts to focus capital planning on a more local level will allow us to work more effectively toward our shared goal of expanding and enhancing public school facilities across the five boroughs.

Thank you again. I now turn to Lorraine Grillo, who will walk you through the specifics of the proposed April 2011 Amendment, and Jamie Smarr, who will provide an update of on the Education Construction Fund. At the conclusion of those remarks, we will be happy to answer your questions.

Jamie Smarr, Executive Director of the New York City Educational Construction Fund

Good morning, Chair Jackson, Chair Recchia, and Members of the Education and Finance Committees. I am Jamie Smarr, Executive Director of the New York City Educational Construction Fund ("ECF"). I thank you for the opportunity to briefly update you regarding two projects included in the City's Capital Plan that are sponsored by ECF.



As you are likely aware, ECF is a public benefit corporation established in 1966 by the State Legislature to create schools for the New York City Department of Education. ECF shares offices and works closely with the School Construction Authority to create and deliver school facilities according to the priorities and needs established within the Department's Capital Plan.

ECF creates school seats in partnership with private real estate developers and uses revenues produced by this development to cover the cost of school construction. As a result, while the school seats created by ECF are included in the DOE's Capital Plan, the cost of building those seats is not.

I am pleased to report that the first ECF project since 1980, located at 331 East 91st Street in Community School District 2 was opened this school year as the new home of East Side Middle School, adding 500 new seats to the Upper East Side. A second and larger ECF project comprising 2,160 new seats for two schools—PS 59 and the High School for Art & Design—also located on the Upper East Side, is currently under construction. We anticipate that these two new schools will be completed in August 2012 and ready for occupancy by these schools in September 2012.

These two projects represent \$250 million in school construction activity and an additional \$400 million in private construction activity here in New York City.

I am delighted to have been a part of ECF's rebirth as an innovative option to support new school construction in New York City. These new projects are clear evidence that the private sector, which will invest over \$100 million in equity in these development projects, once again have become important partners in contributing to the future of our City through the education of its children.

With two very successful new projects either completed or nearing completion, ECF is now beginning to evaluate other sites that may be appropriate for development using the ECF model. As always, we are guided in this evaluation process by two important principles. First, we look at opportunities where land values make it economically feasible to develop municipal property in partnership with private developers and second and equally important, we look at those areas where we need to add seat capacity.

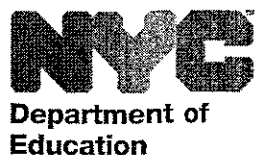
Thank you again for giving us the opportunity to testify here today.



Department of
Education

**APPENDIX 1: New Capacity - Changes from 2010 Adopted Amendment to April 2011
Proposed Amendment**

District	Seats in 2010 Adopted Amendment	Seats Proposed in April 2011 Amendment	Net Change
2	3,666	3,666	0
3	0	480	480
8	318	0	-318
9	389	391	2
10	1,248	1,056	-192
11	1,476	1,476	0
13	360	360	0
14	612	612	0
15	2,214	2,233	19
20	3,046	1,892	-1,154
22	1,154	1,154	0
24	4,302	4,491	189
25	1,154	970	-184
26	416	416	0
27	832	832	0
28	416	757	341
29	738	738	0
30	3,701	2,963	-738
31	1,664	1,704	40
78K	1,202	1,202	0
78Q	1,469	1,473	4
TOTAL	30,377	28,866	-1,511



APPENDIX 2: An Overview of the Capital Planning Process

Under previous Administrations, Capital Plans often ran over budget and behind schedule. To prevent such situations, we introduced an annual Amendment process beginning with the 2005-09 Capital Plan. Reviewing the Plan regularly allows us to catch emerging needs quickly, so we can make changes as necessary.

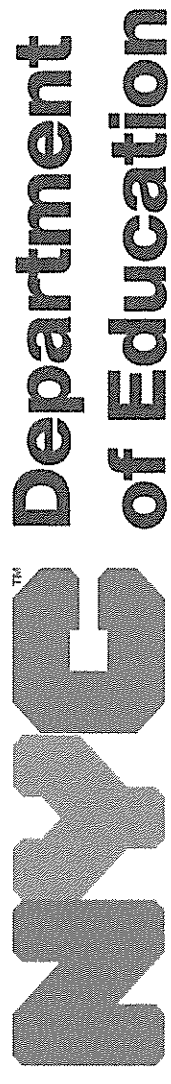
As part of this process, we conduct annual Building Condition Assessment Surveys (BCAS), where we send architects and engineers to technically evaluate each of our 1,200+ school buildings so that current information about our facilities informs the capital planning process.

We also update enrollment projections every year, drawing on data supplied by two leading demographic firms. These projections incorporate data on birth rates, immigration rates, and migration rates from various agencies including the Department of Health and the United States Census. We then overlay information on housing starts and rezoning efforts from the Department of City Planning, Department of Buildings, and the Department of Housing Preservation and Development. Incorporating this broad range of data sources allows us to monitor shifts in enrollment on an ongoing basis, so we can make timely adjustments where there is a sustained increase in student population in one part of the City or a decline in student population in another part of the City.

Finally, we undertake a public review process with Community Education Councils (CECs), the City Council and other elected officials, and community groups. We offer every CEC in the City the opportunity to conduct a public hearing on the Plan, and we make presentations at those meetings whenever we are asked to do so.

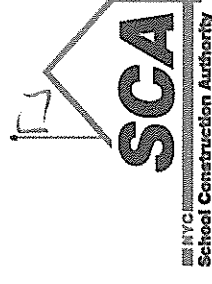
Public feedback plays a crucial role in our capital planning process. For example, we previously heard from members of this Council that planning at the district level was insufficient. Based on that feedback, we changed our methodology to examine elementary/middle school need at the neighborhood-level rather than the district-level for both the current capital plan and this proposed Amendment. One of the small, but important, changes we made last year as result of input from this Committee was the addition of a new chart that clearly breaks out planned capacity changes by neighborhoods within each district, making it easier for local residents and elected officials to keep track of additional capacity planned in their communities.

We also work with individual Council members and CECs to identify local needs and to get feedback when prioritizing projects in their districts. Your insights in this process are very helpful, and we hope you will remain engaged in our efforts to improve public school facilities across the five boroughs.



Building on Success Five Year Capital Plan Fiscal Years 2010 – 2014 April 2011 Amendment

**City Council Hearing
May 17, 2011**



FY2010 – 2014 CAPITAL PLAN

Funding Changes Feb 2011 – April 2011

- **Total Increase: \$1.75 Billion**
- **Total April 2011 Amendment: \$11.1 Billion**
- **Net Capacity Increase: \$1.70 Billion**

FY2010 – 2014 CAPITAL PLAN ADOPTED VS. PROPOSED AMENDMENT

	February 2010 Adopted	April 2011 Proposed
Total Budget	\$11.7 billion	\$11.1 billion
Capacity	\$5.4 billion	\$4.6 billion
Capital Investment	\$6.3 billion	\$6.5 billion
Number of seats	30,377	28,866*

* Includes 2,314 seats funding for design only in this Plan.

FY2010 – 2014 CAPITAL PLAN - FUNDING CHANGES

FEBRUARY 2010 – APRIL 2011

Increases:

- \$141 million funding for projects to improve energy efficiency Funding provided in FY12 – FY14. This is the first three years of a total of \$708 million in funding provided over ten years to remove older lighting fixtures containing PCB Ballasts and other energy efficiency projects
- \$177 million additional funding for Technology

Decrease:

- Plan funding decreased by ~ \$700 million due to economic constraints facing the City and State

FY2010 – 2014 Proposed Amendment Details

GRAND TOTAL		FY2010 - 2014 Five Year Total \$11.1B Budget APRIL 2011 AMENDMENT
		11,100.00 Million
CAPACITY		4,600.0 Million
New Capacity (Including Site Acquisition)		3,445.8 Million
Facility Replacement Program (for schools/offices that must vacate current locations)		938.9 Million
Charter/Partnership Schools		210.0 Million
CAPITAL INVESTMENT		6,500.0 Million
Capital Improvement Program		2,309.3 Million
Exterior		1,384.2 M
Interior		793.2 M
Other		132.0 M
Children First Initiative		1,653.8 Million
Technology		956.8 M
Facility Enhancement Program		697.0 M
Mandated Programs		2,149.8 Million
Remediation/Code Programs (Asbestos, Lead, Code Compliance, etc.)		266.9 M
Fixed Programs (Insurance, BCAS, Emergency, etc.)		1,882.9 M
City Council & Borough President & Mayor/Council Program		383.4 Million

FY2010 – 2014 CAPITAL PLAN CAPACITY

- New Capacity: \$3.45 billion
 - (28,866 seats, including 2,314 seats for design only)
 - Charter/Partnership: \$210 million
 - Replacements: \$940 million
- \$4.6 billion total**

FY2010 – 2014 CAPITAL PLAN CAPACITY (cont.)

NEW CAPACITY

Total FY2010 - 2014 Plan new seat creation:

- 28,866 (includes 2,314 funded for design)
 - PS/IS seats: 26,191
 - ✓ Manhattan
 - ✓ Bronx
 - ✓ Brooklyn
 - ✓ Queens
 - ✓ Staten Island
 - IS/HS seats: 2,675

FY2010 – 2014 CAPITAL PLAN

CAPITAL INVESTMENT

A. Capital Improvement Program: <ul style="list-style-type: none">▪ Addresses only the most urgent conditions (primarily projects rated 5 under BCAS)	\$ 2.3 billion
B. Children’s First Initiative: <ul style="list-style-type: none">▪ Technology & Facility Enhancement Programs	\$ 1.7 billion
C. Mandated Programs <ul style="list-style-type: none">▪ Remediation/Code and Fixed Programs	\$ 2.1* billion
	<hr/>
	\$ 6.5 billion total

**Plus an additional approximately \$400M in Council, Borough President and Mayor/Council funding*

FY2010 – 2014 CAPITAL PLAN

CAPITAL INVESTMENT (cont.)

A. Capital Improvement Program: \$ 2.3 billion total

Addresses only the most urgent conditions (primarily projects rated 5 under BCAS)

▪ Exterior	\$1.38 billion
▪ Interior	\$793 million
▪ Other	\$132 million

FY2010 – 2014 Capital Plan Capital Investment (cont.)

Children First Initiatives: \$ 1.7 billion total

- Technology \$957 million

All DOE buildings will receive some type of upgrade

- 498 school buildings will receive a high bandwidth circuit to the building
- 823 school buildings will receive an upgrade to their existing wireless infrastructure
- 692 school buildings will receive an upgrade to the network infrastructure
- 1,166 building targeted to have their data/voice cabling upgraded from Cat5 to Cat6

Sample of Actual Workscope and Cost - 2011

Register	Work scope	Equipment		Installation and Intergration Services		TOTALS
		Switches, Routers, Servers and Other Hardware	Wireless Equipment	Switches, Routers, Servers and Other Hardware	Wireless Cabling and Access Points	
1109	Data/Voice Retrofit/MDF Upgrade	\$29,751	\$0	\$394,106	\$5,177	\$429,034
784	Wireless Upgrade	\$65,072	\$89,650	\$20,724	\$160,485	\$335,931
190	MDF Upgrade	\$7,440	\$0	\$2,840	\$0	\$10,280
320	Wireless Common Area/ MDF	\$18,132	\$0	\$14,546	\$98,422	\$131,100



**Department of
Education**

Dennis M. Walcott, Chancellor

FY2010 – 2014 CAPITAL PLAN

CAPITAL INVESTMENT (cont.)

B. Children First Initiatives: \$ 1.7 billion total

▪ **Facility Enhancements**

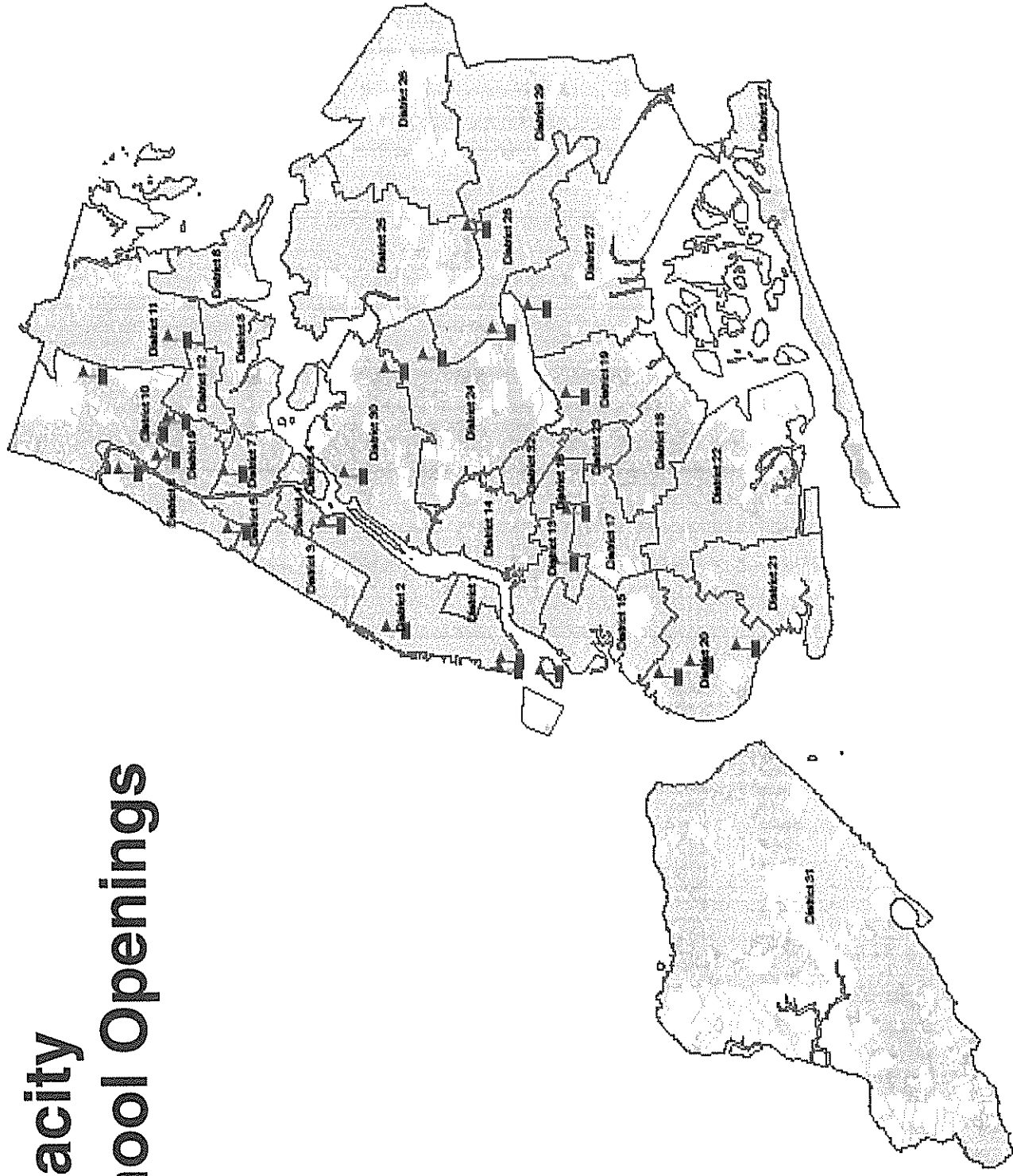
• <i>Facility Restructuring</i>	<i>\$205 million</i>
• <i>Science Labs</i>	<i>\$95 million</i>
• <i>Safety & Security</i>	<i>\$80 million</i>
• <i>Accessibility</i>	<i>\$75 million</i>
• <i>Physical Fitness</i>	<i>\$211 million</i>
• <i>Libraries & Auditoriums</i>	<i>\$31 million</i>

\$697 million

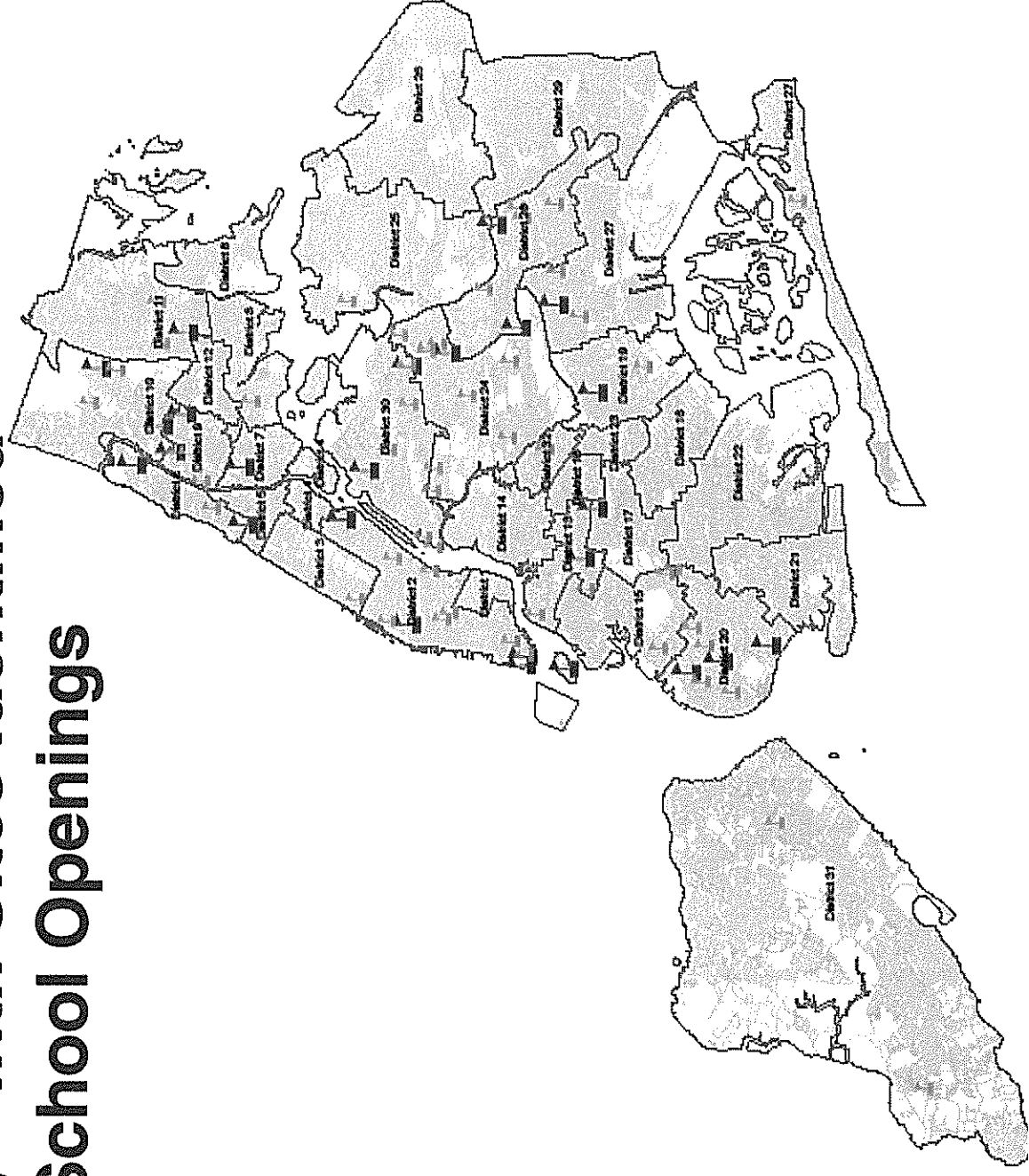
C. Mandated Programs \$ 2.1 billion total

- **Remediation/Code & Fixed Programs**
(Including Insurance, Emergency, Completion Costs)

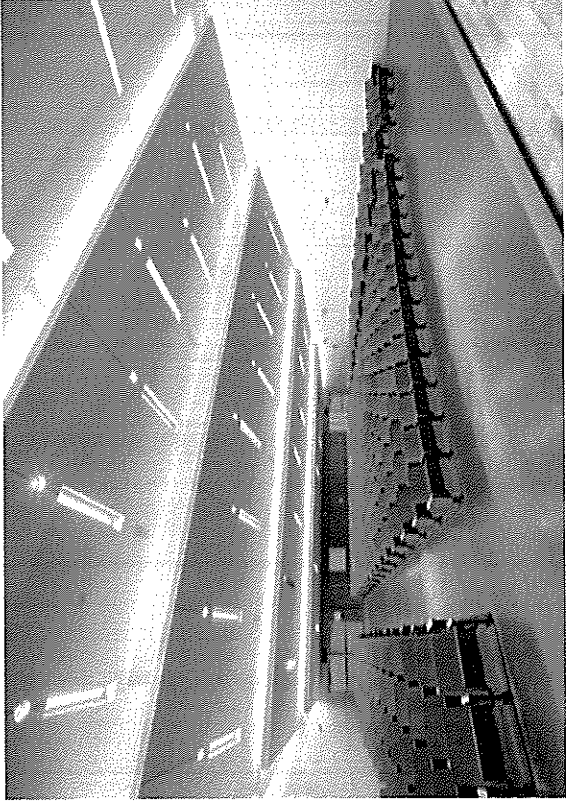
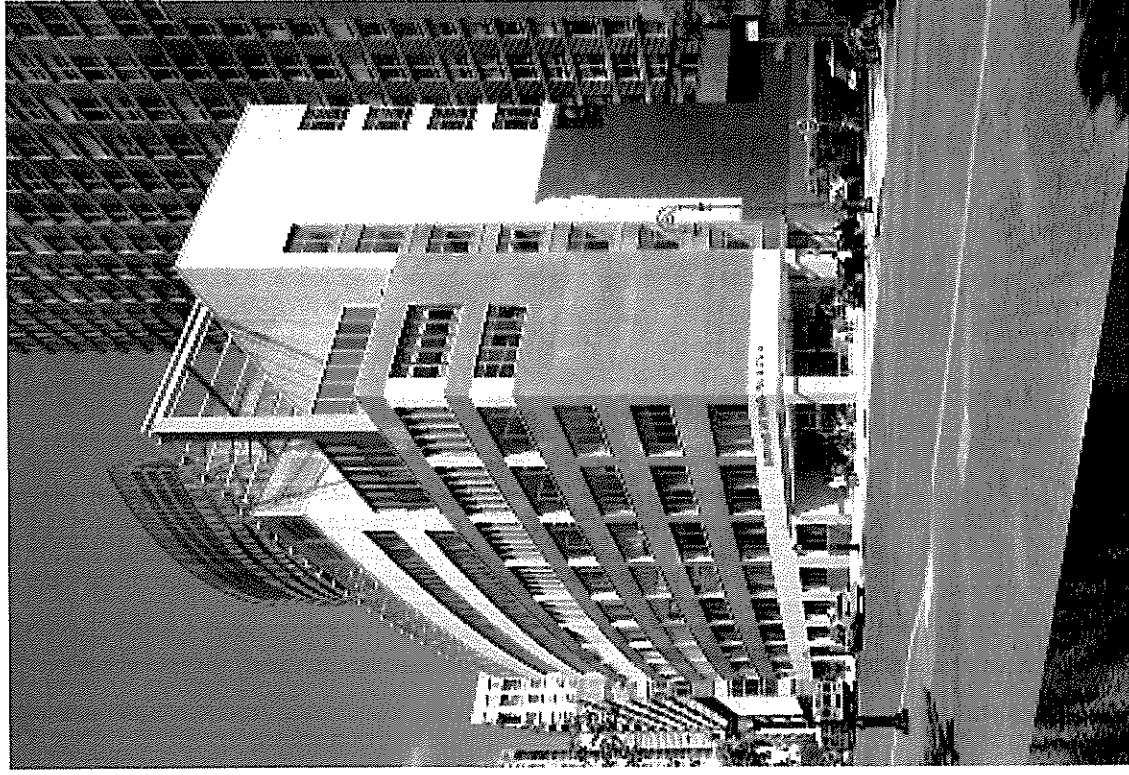
New Capacity 2010 School Openings



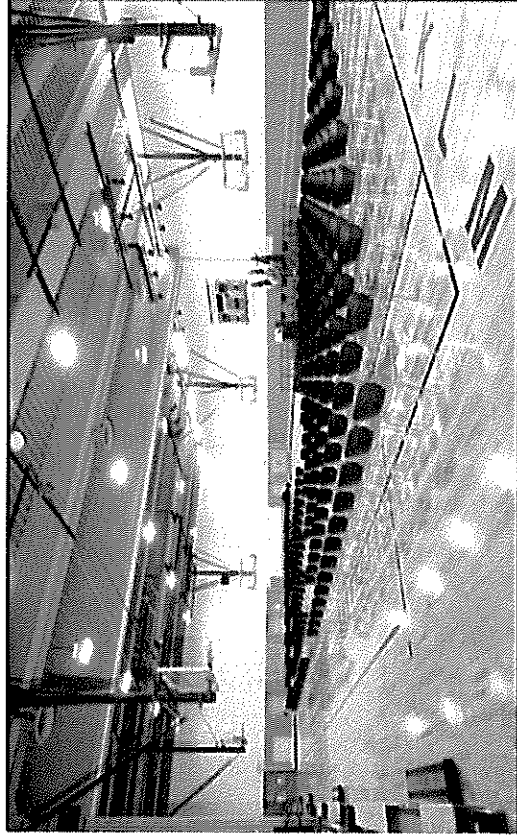
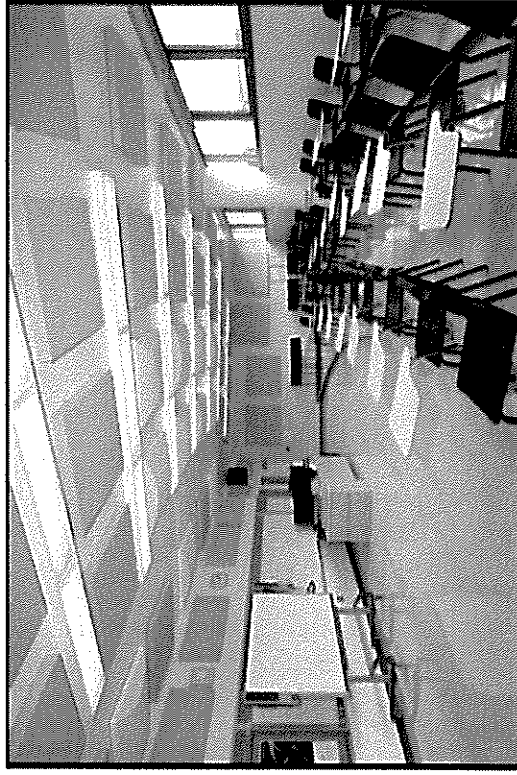
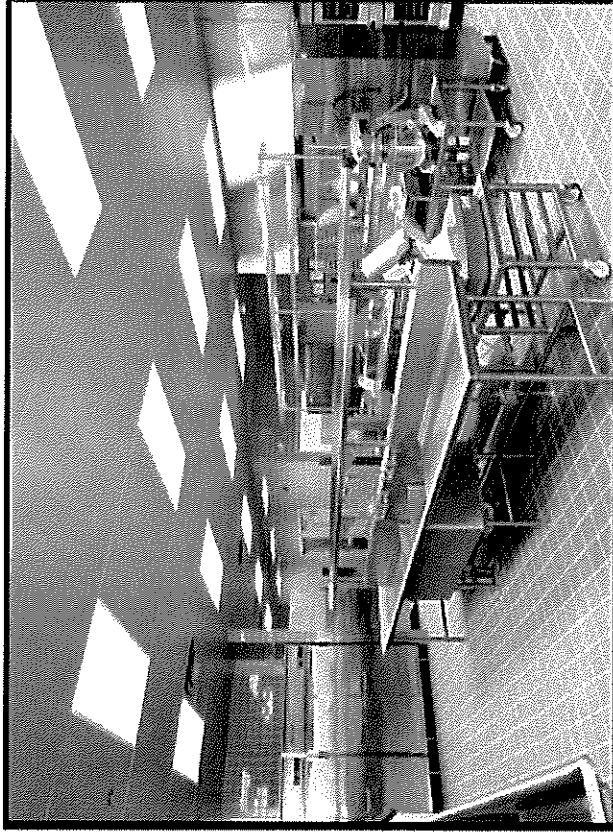
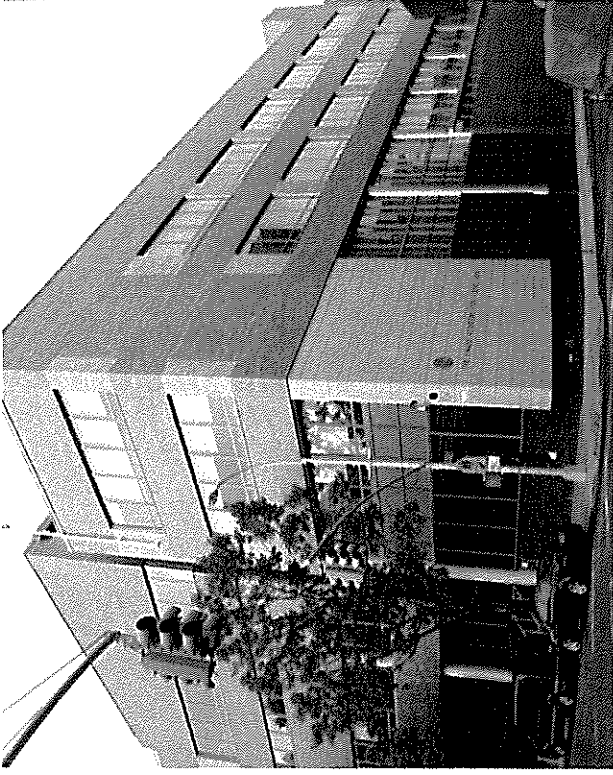
New Capacity— with Sites Identified 2010 – 2016 School Openings



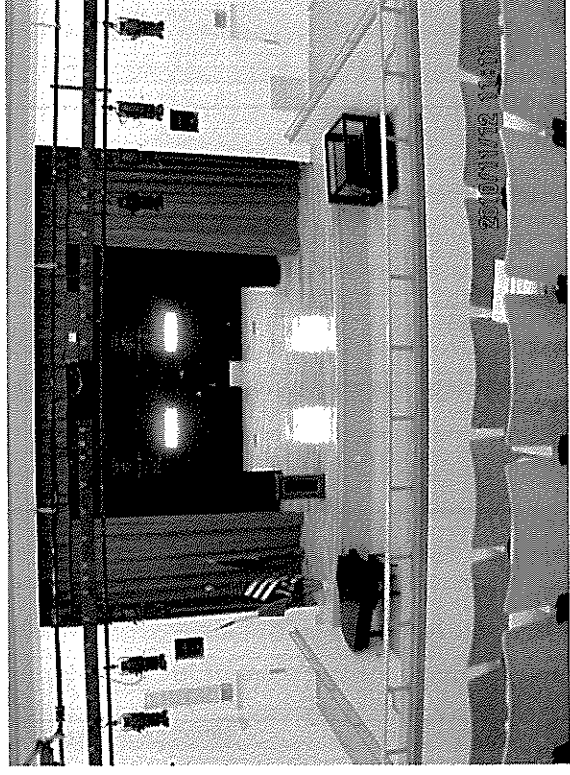
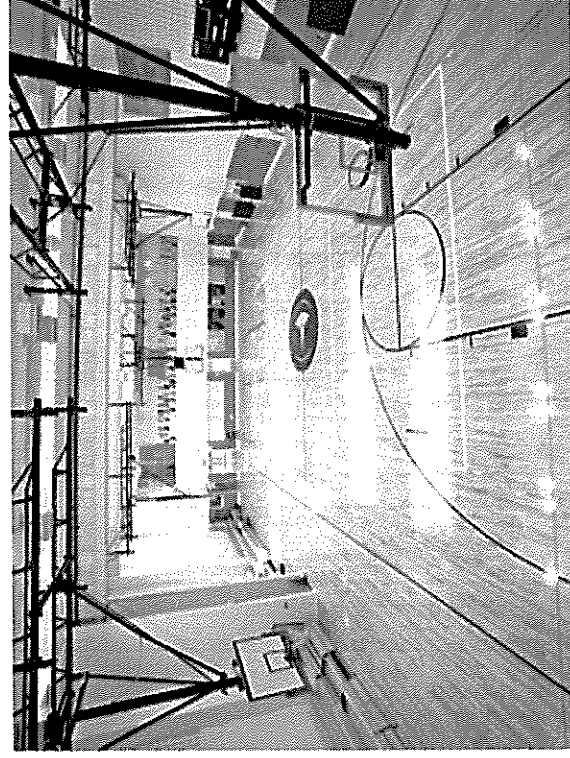
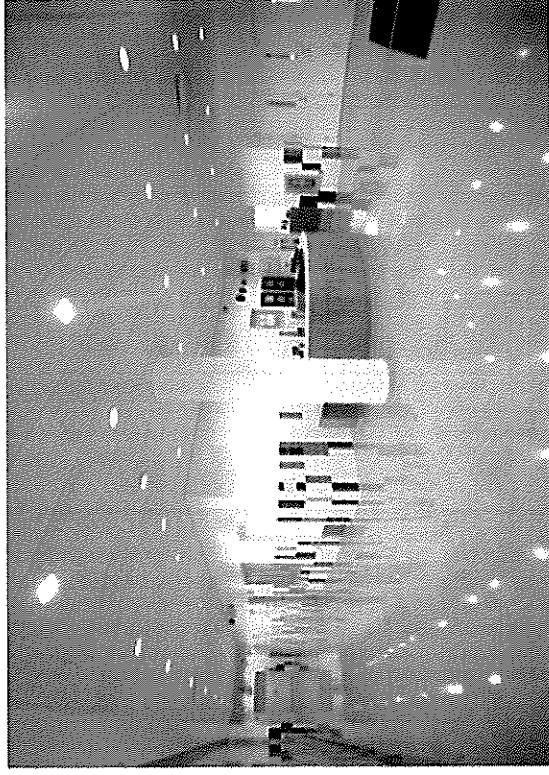
PS/IS 276 – Battery Park City - Manhattan



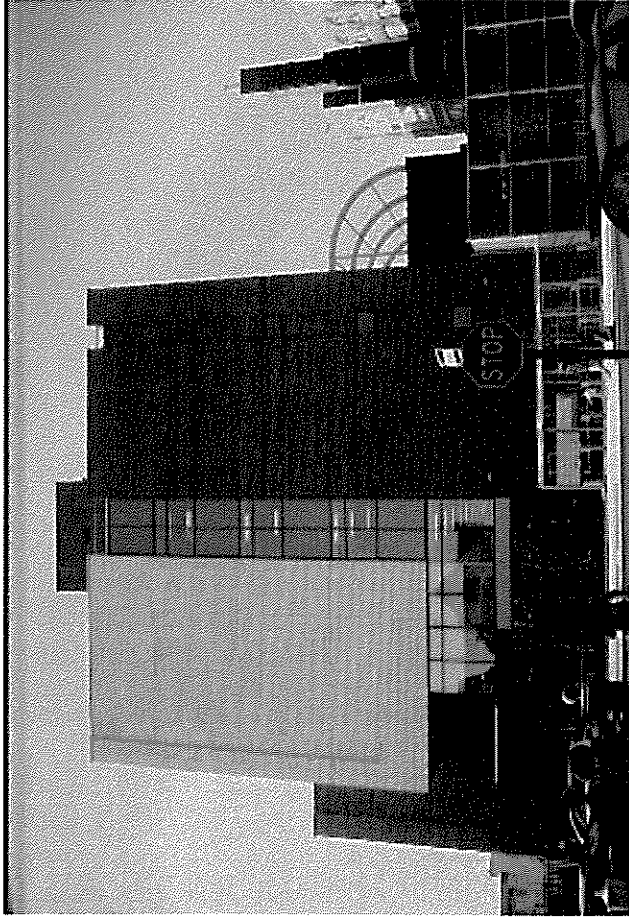
Eagle Academy for Young Men - Bronx



Queens Gateway to Health Sciences Secondary School



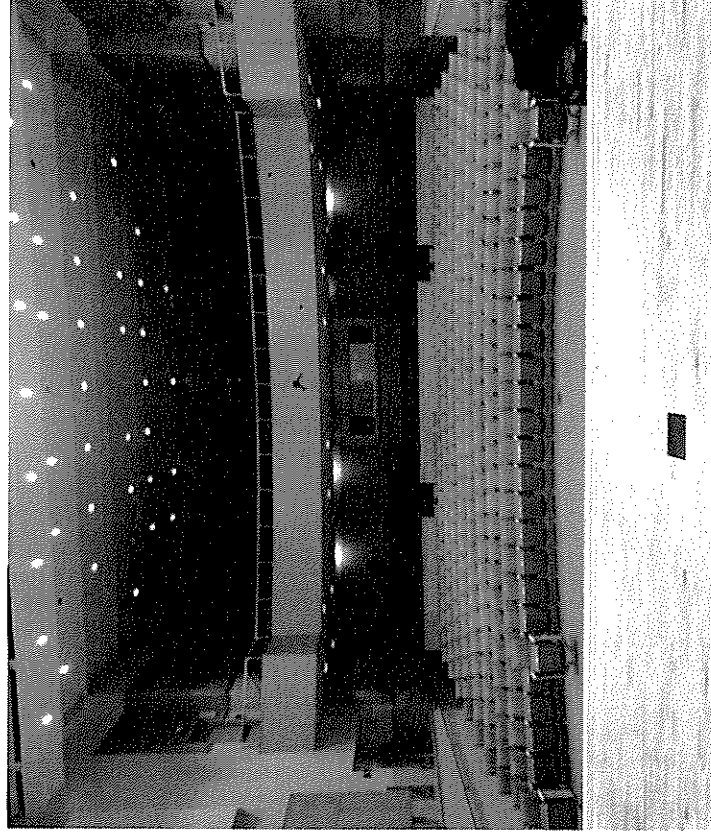
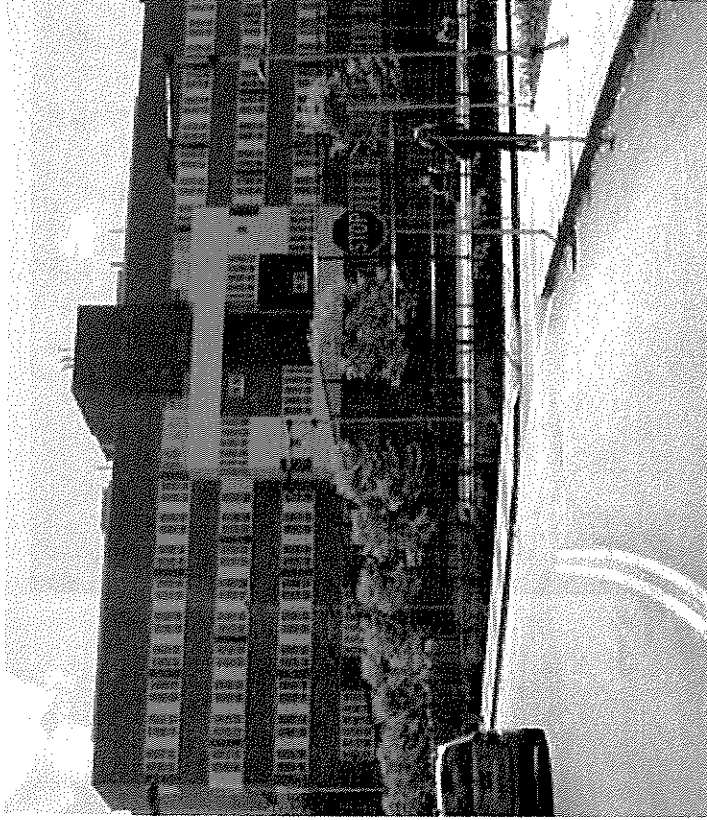
PS 163 - Brooklyn



Harbor School - Governors Island



Metropolitan Avenue Campus - Queens

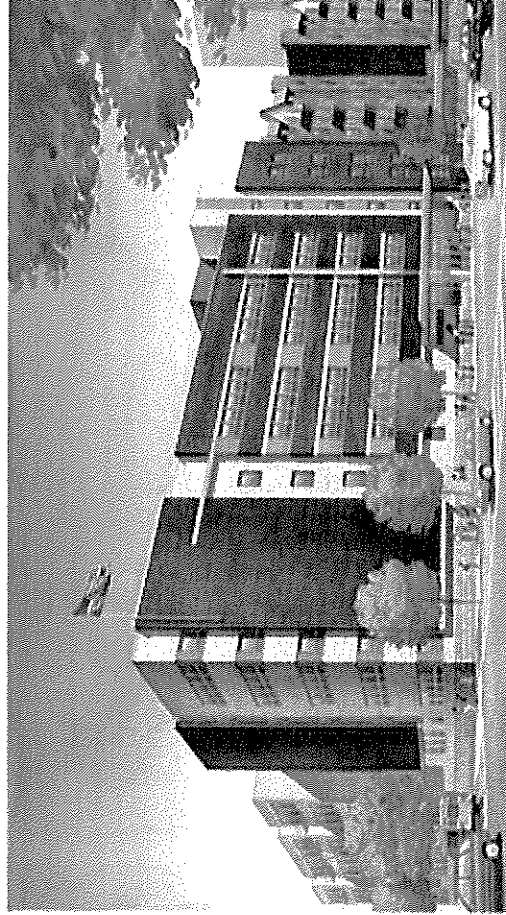
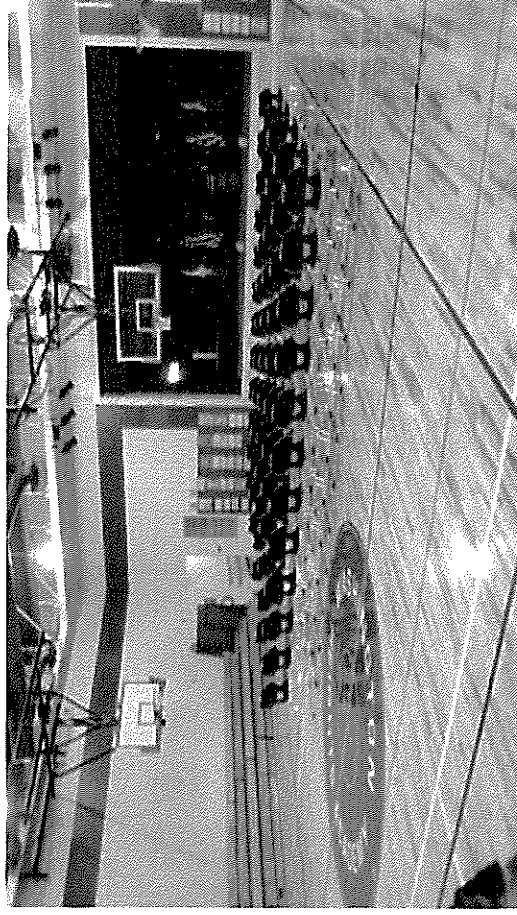


2010

Cypress Hills Community School - Brooklyn

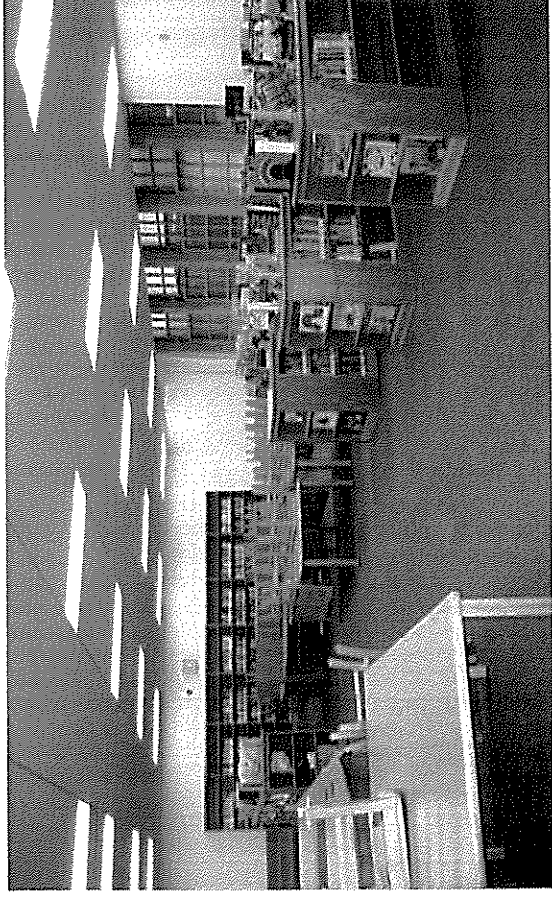
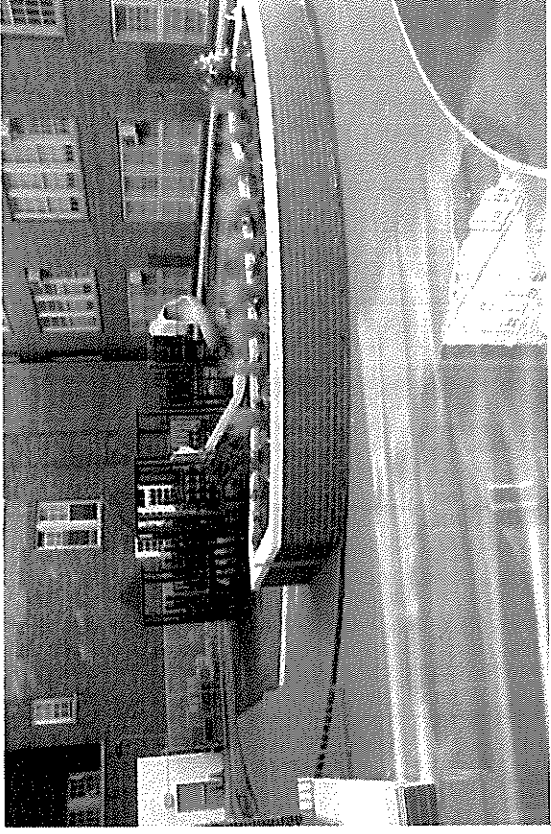
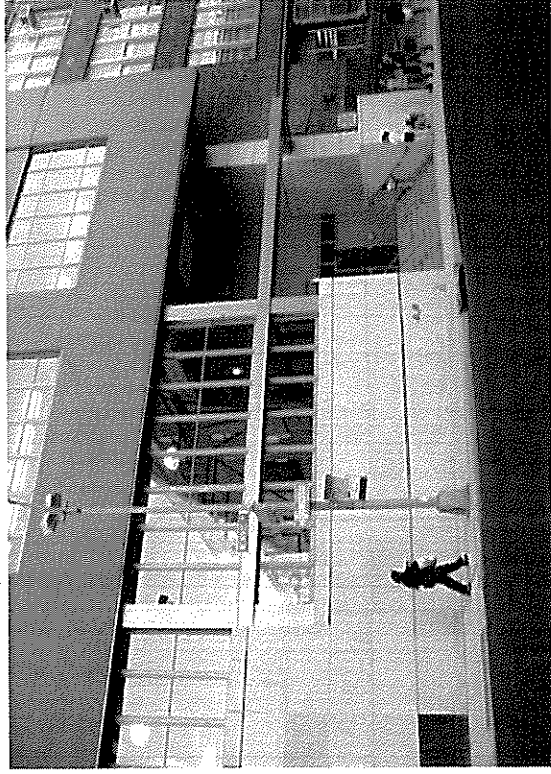


PS/IS 263 - Manhattan

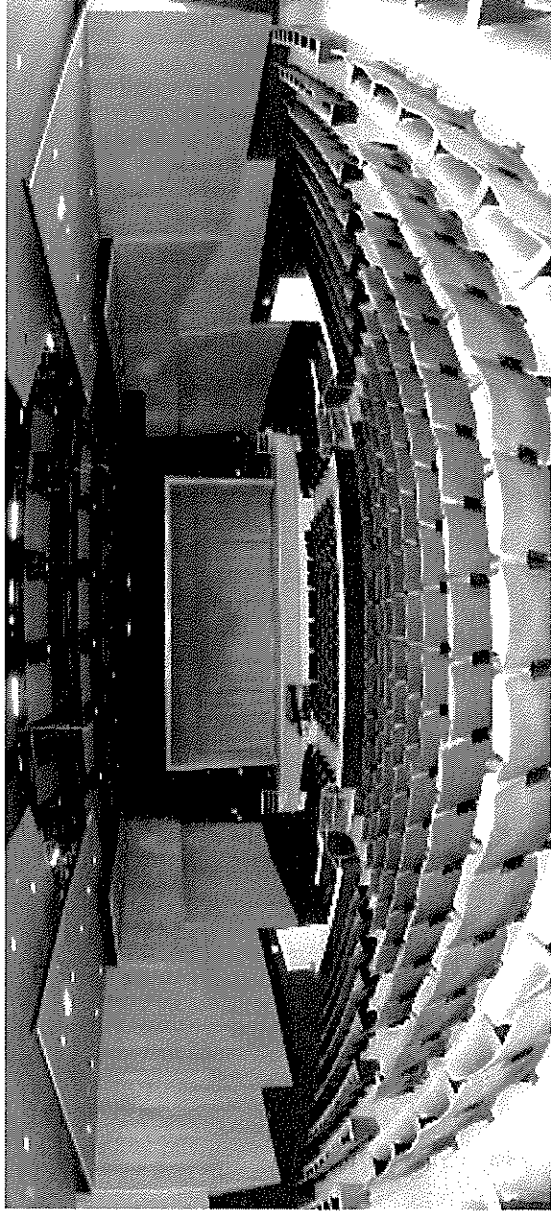
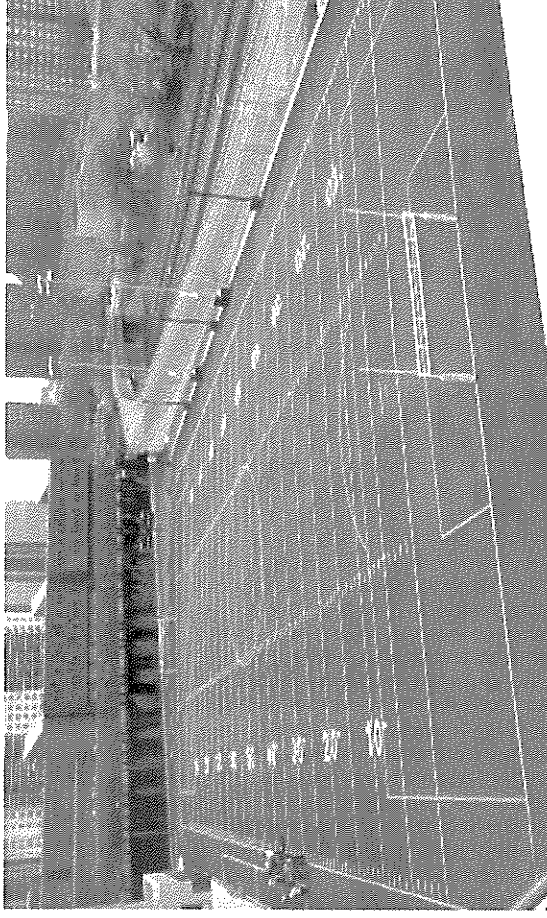


2010

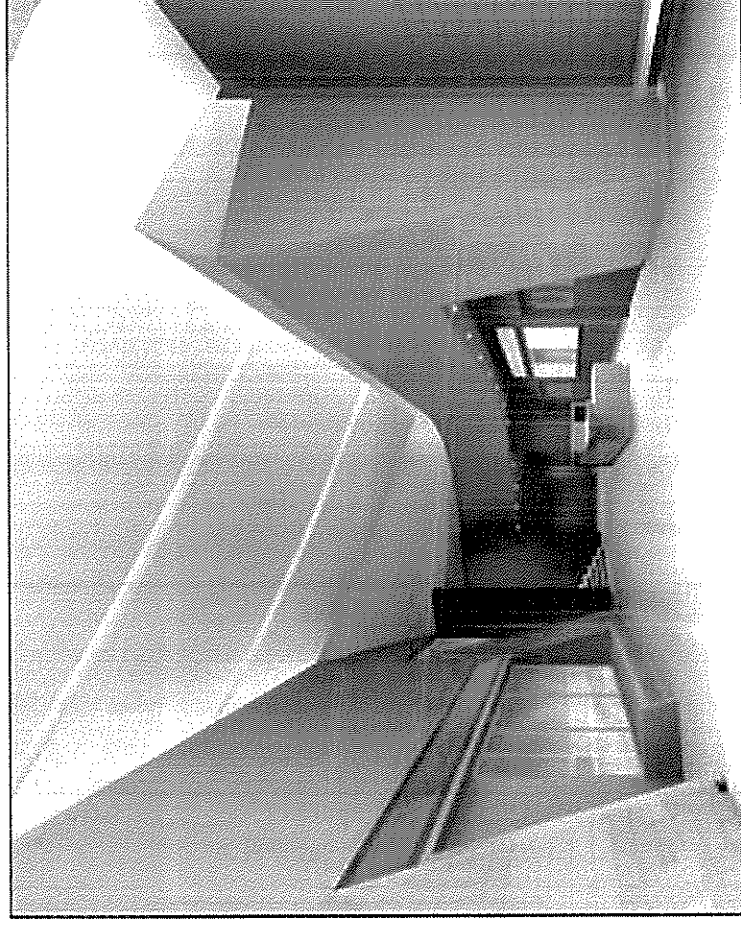
PS/IS 79 Addition - Bronx



Mott Haven Educational Campus - Bronx

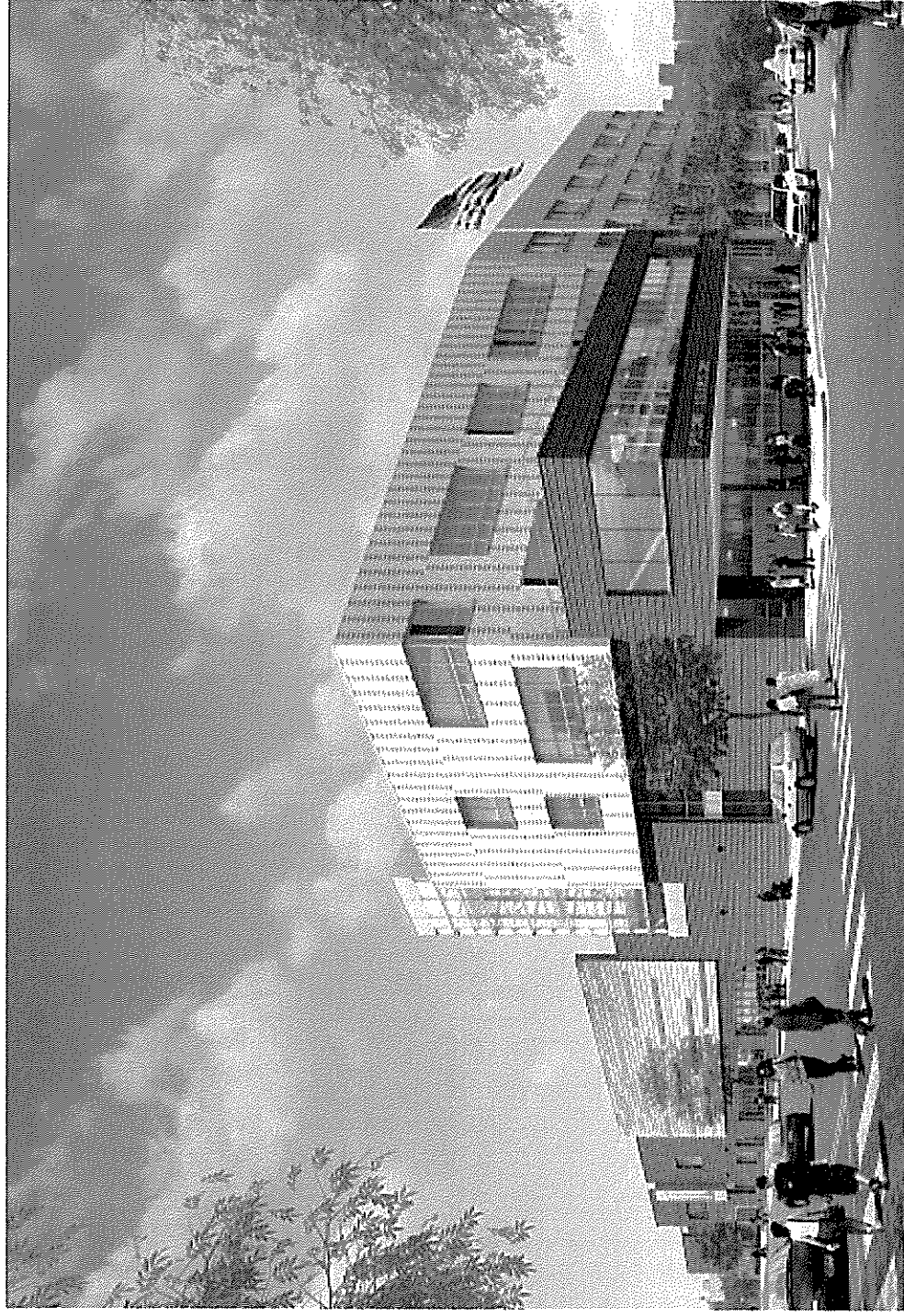


The Spruce Street Educational Campus - Manhattan



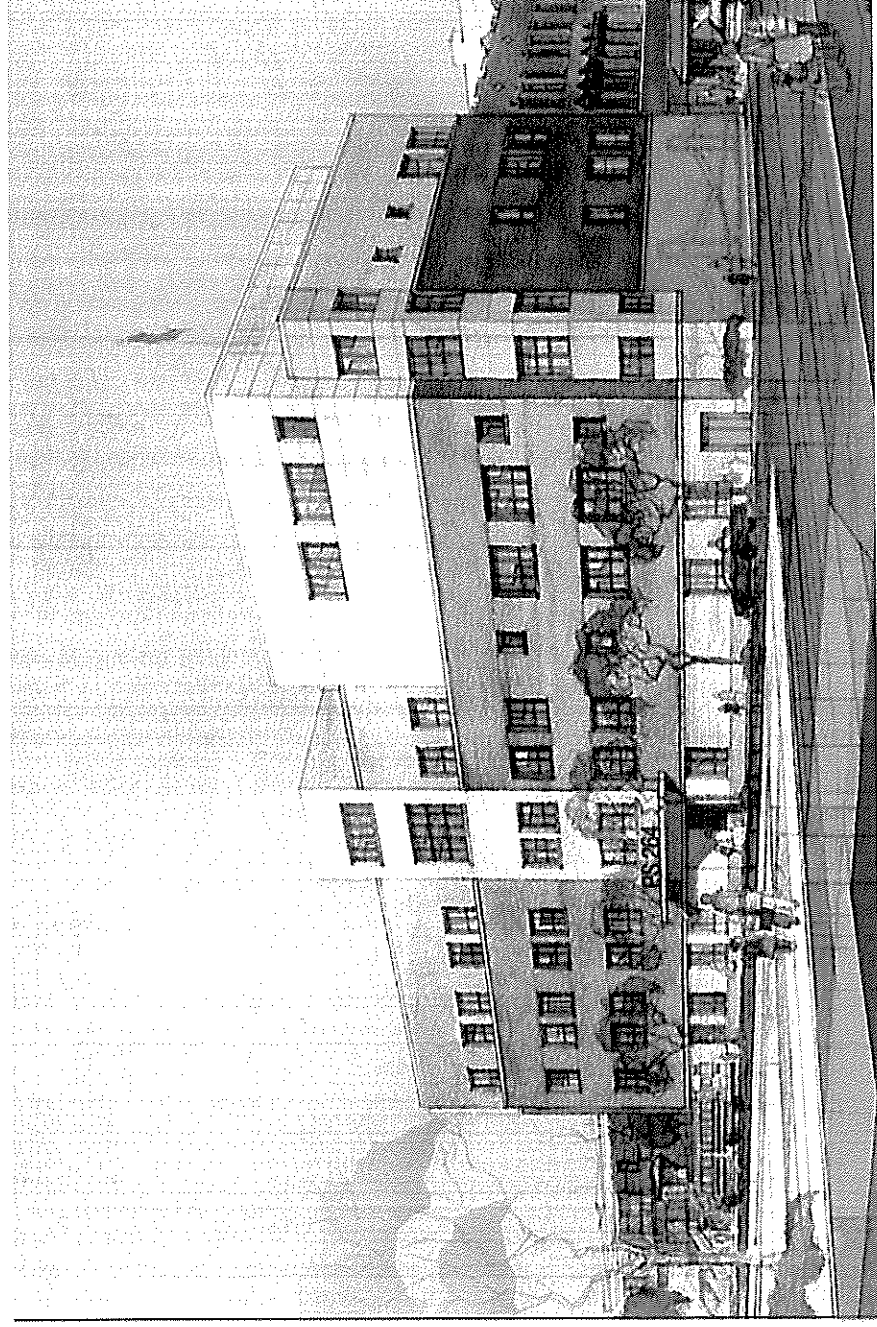
Anticipated Occupancy: 2011

New Settlement Community Campus - Bronx

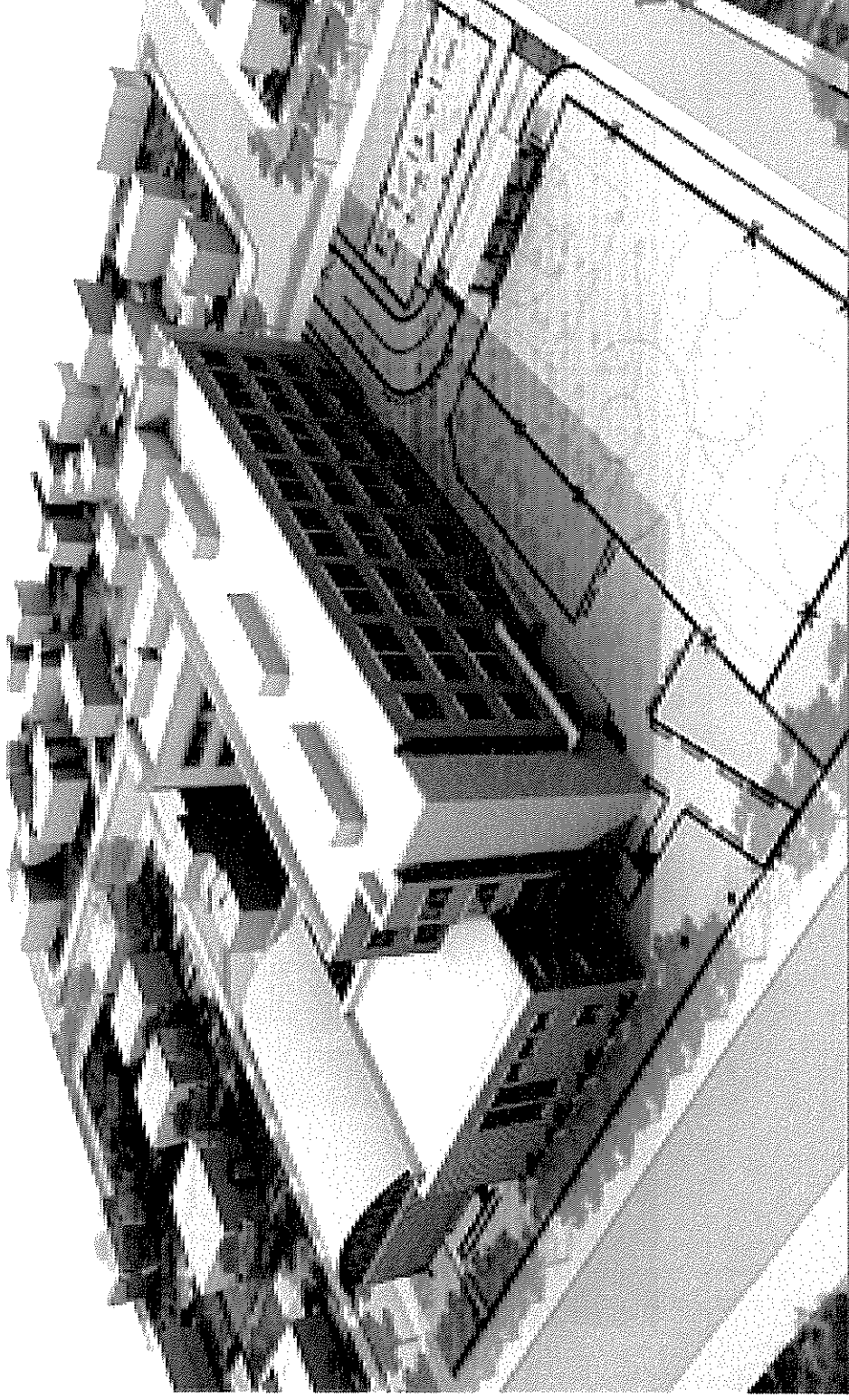


Anticipated Occupancy: September 2012

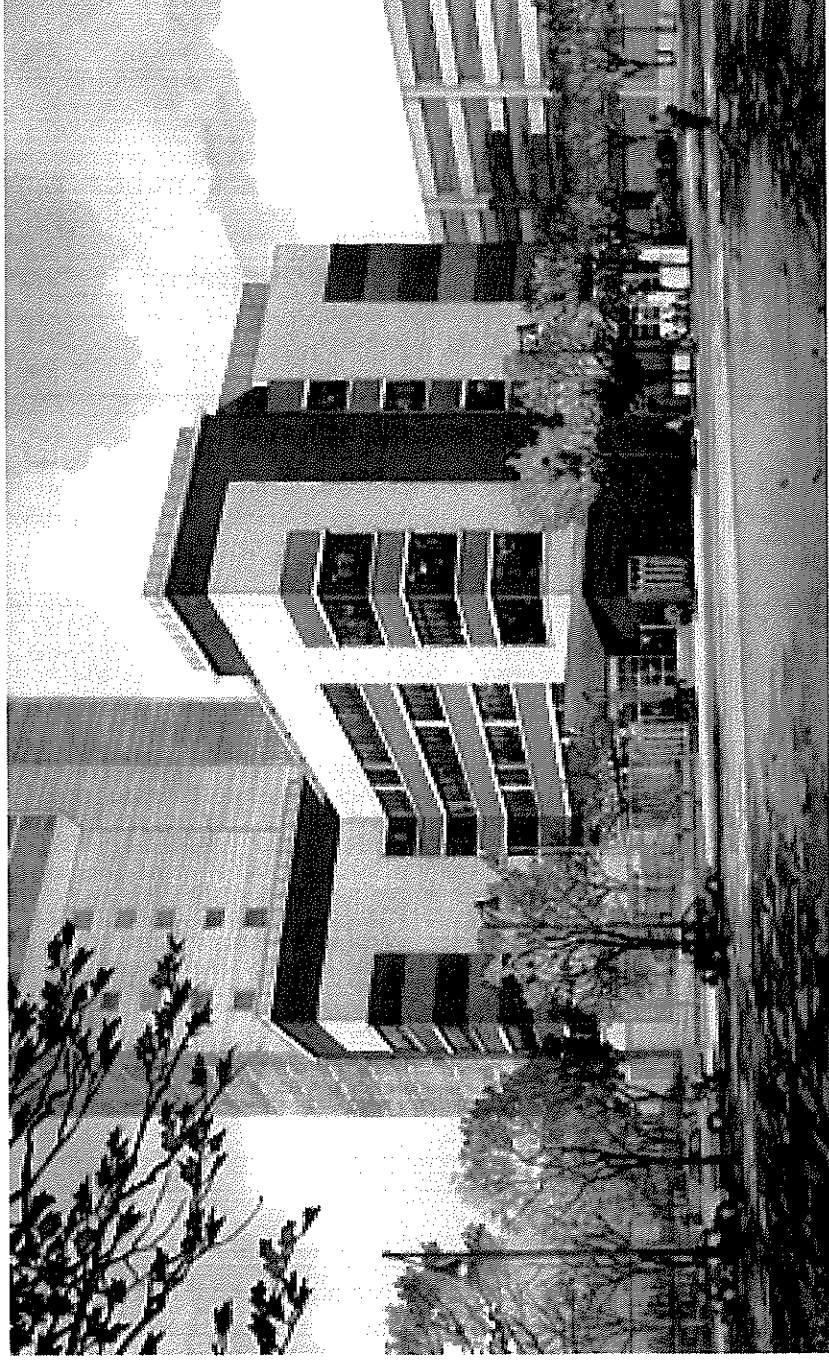
PS 264 - Brooklyn



PS 71 (PS 48) – Staten Island



PS 312 - Queens



**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: 5/17

(PLEASE PRINT)

Name: Kathleen Grimm

Address: Deputy Chancellor

I represent: Division of Operations

Address: DOZ

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: LING TAN, DIRECTOR, FINANCE

Address: _____

I represent: _____

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: ARTHUR VANDERVEEN

Address: CEO, OFFICE OF INNOVATION

I represent: DIV. TALENT, LABOR, & INNOVATION

Address: _____

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: 5/17

(PLEASE PRINT)

Name: Koukainen, G. V. (Gordon)

Address: 1 Presbiterian St. E. 18

I represent: Urban Development Authority

Address: Authority

◆ Please complete this card and return to the Sergeant-at-Arms ◆

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Jamie Smarr

Address: Executive Director

I represent: Education Construction

Address: Fund,

◆ Please complete this card and return to the Sergeant-at-Arms ◆