



YONKERS PUBLIC SCHOOLS



2013

The Yonkers Educational Facilities Plan: Update, Expectations and Outlook

P3s and New York State Public Schools

November 22, 2013

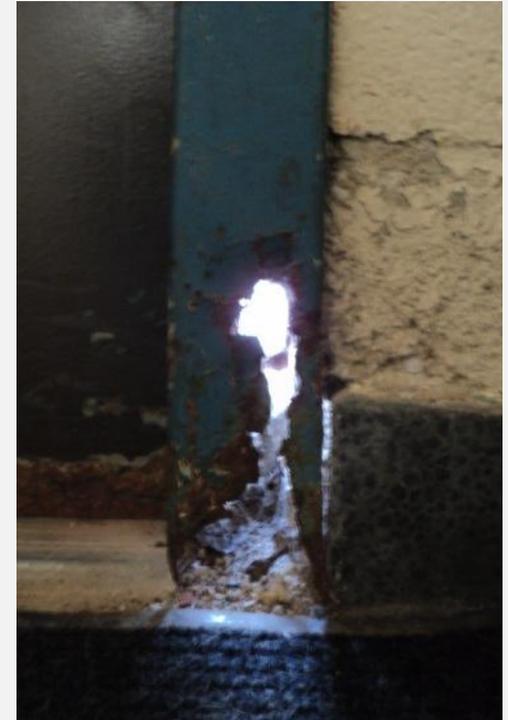
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EXECUTIVE SUMMARY

Building Conditions Survey Findings

- Yonkers Public Schools has 38 instructional buildings, totaling 3.7 Million sf.
 - Average age of the facilities – 75 y.o.
 - Oldest building – 119 y.o.
 - 9 of District’s buildings are over 97 y.o.
 - 36 of 38 instructional buildings rated “Unsatisfactory” per State mandated criteria.
- Among most unsatisfactory
 - Handicapped access or ADA compliance
 - Exterior doors & windows,
 - Adequate heat, ventilation and plumbing systems.
- Projected cost to return existing buildings into “overall good condition” – \$500M
- In 2005 process, budget to return the buildings to overall good condition – \$295M
- Though approx. \$110 Million of this work was completed, the difference is due to continued aging of very old buildings (not inaccurate forecasts).



EXECUTIVE SUMMARY

Capacity Study Key Findings

- In 2010, with 25,000 student enrollment, buildings were overcrowded by 20%.
- Every imaginable space was used for core programs and many class sizes have grown. many schools use art rooms, music rooms, libraries and former storage for instructional space.
- 4,236 additional seats needed in 2011 to accommodate educational programs for students.
- District needs 2,987 additional seats by 2020; 7,223 more than we have today.



Gorton – 146%



Kahlil Gibran – 175%



Paideia 24 – 188%

School Construction Issues

- **Cash flow issues**

- State-mandated controls may lead to delays
- Delays in payment lead to contractor financing
- Risk of contractor financing factored into project cost

- **Change orders**

- Sometimes increase the overall cost of a project by 50-100%
- Change order approvals may cause delays of weeks
- Risk of proceeding with change orders before approval

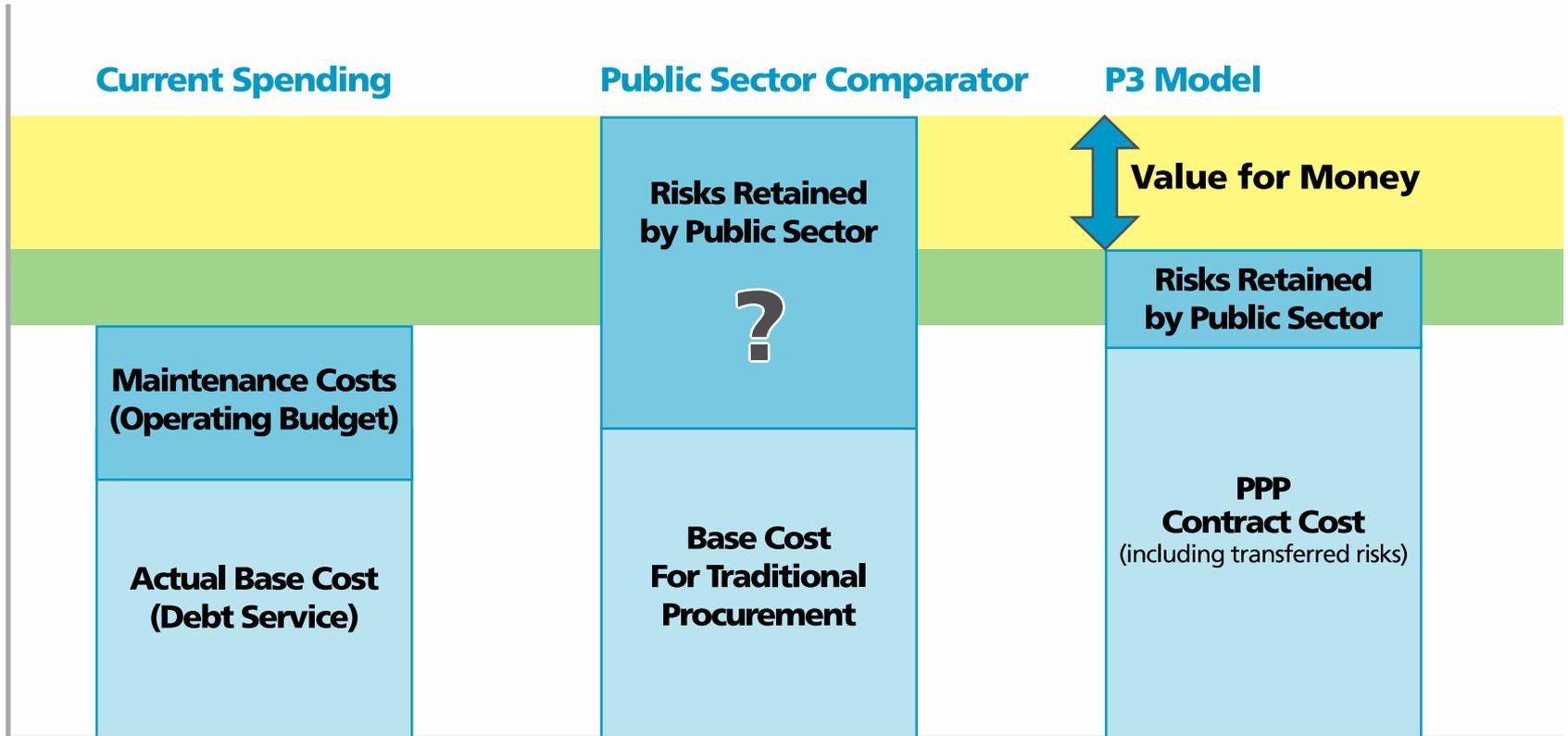
- **Paperwork and time**

- Districts are in a year-round audit cycle
- Contracts, change orders move on a monthly cycle

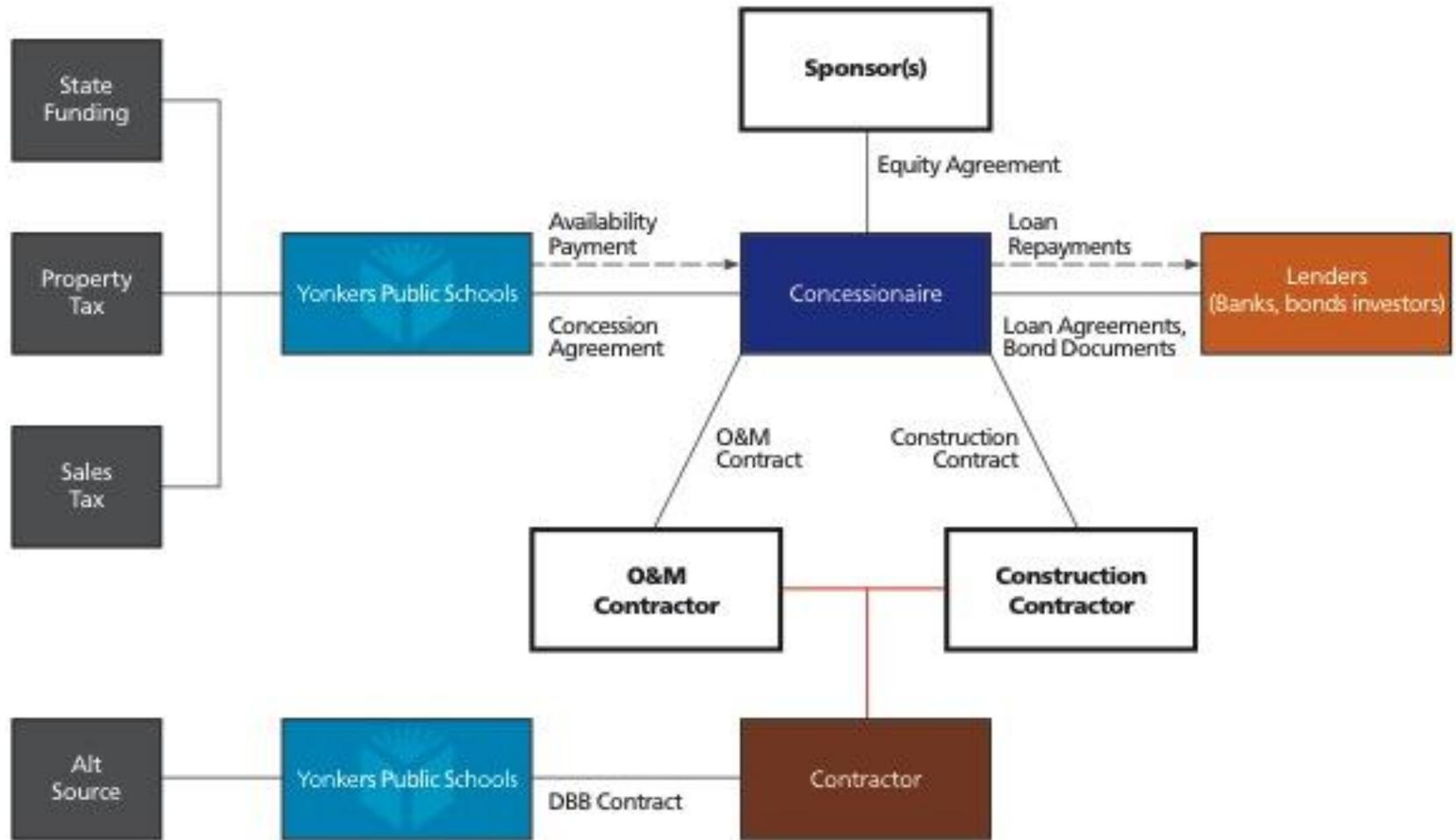
- **Typical timeline**

- Inception to building permit – One year
 - 6-10% of cost required for design and permit fees
- Contract approval (scope of work, bid, background check, BOE approval) – Three months
 - District won't bid a job without having bonding in place

The Value for Money Problem



Hybrid P3/DBB Structure



NEXT STEPS

- **BOE adopted Educational Facilities Plan**
- **Explore feasibility of Public-Private Partnership**
 - Project screening
 - Risk analysis
 - Value for Money
 - Affordability
 - Legislative options
- **Public Communications Plan to inform the public of the needs and proposed remedies**
- **Commence design on key projects in Phase 1**
 - Design and approvals could take up to 2-3 years on major projects
- **Determine future phasing**

Legislative Action Required

- **YECF exists but may require amendment**
- **Statutory authorization of P3s**
 - Allow for the creation of a special purpose vehicle to contract with the design/build contractors, funding providers and maintenance contractors.
- **Backstop availability payments to give some comfort to private partners**
 - Give private equity partner priority over operational costs
 - NYS guarantee of payment
 - Infrastructure bank
- **State aid intercepts**
 - Statute speaks in terms of bondholders and debt service
- **Treatment of availability payments for state aid purposes**
 - Confusion over the nature of availability payments

Lessons Learned 1

- **“To good to be true...”**
 - Partnership vs. Privatization
 - Transfer of control vs. transfer of risk
 - Performance-based/Availability Payment model
 - NYS building aid
 - Similar objectives, different contexts
 - Whole life costing principles vs. project-by-project planning
 - Budget certainty vs. budget “flexibility”
- **Why is the private partner interested?”**
 - No demand risk and no fee or toll associated with demand
- **Feared loss of municipal/state control**
 - Special purpose vehicle
 - No bonding

Lessons Learned 2

•Labor issues

- 8,484 new jobs
- Project labor agreement
 - Standardized work week/day
 - Adjustments for second/night shifts
 - Standardize holidays
 - Protect existing benefit programs
 - Apprenticeship training and hiring of minority, women and low-income workers

But, the unit may lose members...

Lessons Learned 3

- **Too expensive for most individual districts**

- A solution for larger, urban districts

but...

- **Opportunities for aggregation of smaller and/or rural districts**

- State-wide procurements

if...

- **Role for NYS**

- Advising
 - Stuttgart
- Financial backstop

School Construction Issues Solved by P3

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The Bottom Line

*An educational facilities plan, an innovative capital plan and
a local economic stimulus plan*

- **Our children will study in safe schools designed for 21st Century Education**
- **State and local budgets will no longer be burdened by unexpected capital outlays**
- **Real jobs will be created and sustained in New York and Yonkers**
- **Schools designed to double as community centers will stand as a lasting investment in our neighborhoods**
- **Good schools, good jobs and strong communities will attract more people willing to live, work and invest in Yonkers and New York State**