

## CAPITAL BUDGET

### Summary

The capital budget reflects the amount needed for large construction, renovation, or investment projects with value that lasts for multiple years and are outside the scope of the district's day-to-day operations. CPS is currently developing a 10-year Facility Master Plan to better align the district's school construction and renovation projects with the district's long-term educational goals. The FY2012 capital budget is broken down into project categories with specific project decisions pending the upcoming completion of the Facility Master Plan. The FY2012 capital budget totals \$391.1 million.

### Capital Budget Overview

The FY2012 capital budget appropriates \$391.1 million for projects beginning in FY2012. The budget includes improvement to school facilities as part of the Capital Improvement Plan (CIP) as well as support for technology upgrades, major equipment replacement in schools and elsewhere. The budget also includes a new Early Childhood Construction Program, as well as other capital programs recently funded by the State.

### Summary by Project Type

#### Capital Improvement Plan

Exterior Envelope	\$3,200,000
Major Renovations	\$158,100,000
Mechanical & Electrical	\$10,000,000
Building Interior	\$36,140,000
Facility Additions	\$30,000,000
Facility Site Improvements	\$4,600,000
Supplemental Facility Renovation	\$12,000,000
Contingency and Change Orders	\$30,500,000
Management	\$28,600,000
<b>CIP Total</b>	<b>\$313,140,000</b>

Departmental Projects	\$35,000,000
Early Childhood Construction Program	\$9,000,000
CPS Vocational Schools	\$30,000,000
Energy Efficiency Program	\$4,000,000
	<b>\$391,140,000</b>

### Project Detail by Type

#### Exterior Envelope \$3,200,000

These projects are performed on schools which currently have active leaking through masonry, roofs, or windows, displaced and hazardous masonry conditions, and or inoperable windows.

#### Major Renovations \$158,100,000

Schools in need of Exterior Envelope repairs that also have boiler or mechanical systems which lack controls, are deteriorated to the point of failing, or have deteriorated piping receive Major

Renovations. In those projects where the mechanical system is replaced cooling is included in the new system as a standard. Major Renovations also address deteriorated interior finishes and life safety issues present at the facility to ensure that the end result is a complete project.

**Mechanical & Electrical** **\$10,000,000**

Mechanical & Electrical projects are performed on schools with mechanical systems which lack controls, are deteriorated to the point of failing, or have deteriorated piping which results in the inability to consistently provide heat to all spaces in the facility.

**Building Interior** **\$36,140,000**

The Building Interior category is comprised mostly of ADA Improvements, but also includes projects that address programmatic deficits based on current enrollment or Board of Education approved programmatic expansions.

**Facility Additions** **\$30,000,000**

In an effort to relieve overcrowding, Annexes are constructed and linked to the main school building. Annexes are typically comprised of a lunchroom/multipurpose room and 8 to 12 classrooms.

**Facility Site Improvements** **\$4,600,000**

Includes new playgrounds constructed by a CPS student run business that provides CPS HS students with employment, job training, and leadership skills while also designing and building all playgrounds for elementary schools. This category also contains projects to build/upgrade sports stadiums and parks.

**Supplemental Facility Renovation** **\$12,000,000**

These renovations are smaller capital renovations that are targeted responses to specific school needs.

**Contingency and Change Orders** **\$30,500,000**

Provides funding for modifications of scope and/or costs of prior year projects, as well as funding for emergency envelope and mechanical needs.

**Management** **\$28,600,000**

Costs associated with construction and project management, bi-annual assessments, and project management software.

**Departmental Projects** **\$35,000,000**

Projects included in the Departmental Project category consist of IT networking upgrades which CPS only pays a small portion of the costs, security cameras, food service equipment and software implementation.

**Early Childhood Construction Program** **\$9,000,000**

For the first time, the Illinois Capital Development Board is providing grants to early childhood centers and early childhood providers in order to increase early childhood services in underserved neighborhoods. The funds may go toward building additions, purchase or construction of new facilities, new equipment, safety improvements and/or classroom conversions.

**CPS Vocational Schools** **\$30,000,000**

Funds provided by the CDB for the Chicago Board of Education for costs associated with school renovation and construction for the purposes of providing vocational education.

**Energy Efficiency Program****\$4,000,000**

The Illinois Department of Economic Opportunity provides energy efficiency grants each year for lighting retrofits at CPS schools.

**Total FY2012 Capital Budget****\$391,140,000****Capital Planning Process for Identifying Projects**

In developing and maintaining the Facility Master Plan, CPS dispatches assessment teams of technical professionals to survey and inspect 350 buildings annually and rank the building in order of severity. The laddering effect of this assessment ensures that each building receives a complete assessment every other year.

Senate Bill 630, pending gubernatorial action, will alter the capital planning process that CPS has traditionally followed. Some of the relevant implications include:

- **Facilities Master Plan:** A 10-year educational facility master plan is required, with updates every 5 years. This plan will encompass both community level plans and school-specific plans with options for addressing needs faced by each district-operated facility over a 10-year period. CPS has already begun work on this Facility Master Plan.
- **Bi-Annual Assessments:** An increase in facility assessments to bi-annually from tri-annually. CPS will inspect 350 schools annually going forward, up from the 230 schools when using tri-annual assessments. CPS has already implemented this requirement for FY2012.
- **Capital Plan Release Date:** The public dissemination of one year capital plans at least 60 days prior to the end of each fiscal year. CPS has traditionally introduced the capital budget at the same time as the operating budget.
- **Annual Report:** An annual capital report detailing differences between the projected 10-year Facility Master Plan and the projects actually included in the one-year budget.

In addition to the above capital related implications, Senate Bill 630 imposes additional requirements related to school actions, school transition plans, and the creation of a Chicago Educational Facilities Task Force.

**Impact of Capital Projects on Operating Budget**

All projects considered for inclusion in the annual capital budget are analyzed for projected impact on the district's operating budget. Due to fiscal constraints, CPS asks departments to reallocate operating funds in order to accommodate any additional operating need resulting from the award of a capital project. The operating impact from FY2012 Departmental Projects is estimated at \$300,000, while the CIP operating impact will vary depending on results from the Facility Master Plan.

CPS' new buildings and annexes are more energy efficient, and in some cases have green roofs, but they also have increased usage such as air conditioning, larger public areas, and more up-to-date air circulation technology, and therefore do not necessarily have lower energy consumption than existing buildings. New buildings with non-traditional landscaping needs increase the exterior maintenance costs. New buildings that increase our seating capacity also increase our operating costs by adding administrative and support personnel, including a principal, school clerk, engineer and custodians. Operating expenses for

utilities, landscaping, pest control, snow removal, and operating and maintenance activities also impact the operating budget. For replacement schools, the operating costs should be less than the existing older buildings due to their age and condition.

As part of the CIP, CPS allocates funds for energy efficiency projects such as lighting retrofits, electrical upgrades, boiler replacements, new windows, and other improvements that do reduce energy consumption for individual projects. As our schools move to new school calendars that allow for extended days, Saturday classes, more community involvement, and year-round schedules, these savings offset the increased costs of operating our buildings. CPS is undertaking an extensive energy assessment of all of our buildings to help mitigate increasing energy consumption and target our improvements to the worst performing schools.

## CAPITAL PROJECTS FUNDS

### FY2010 - FY2012 Summary of Capital Projects Funds (In Millions)

	FY2010 Actual	FY2011 Estimate	FY2012 Budget
<b>Appropriations</b>	\$382.1	\$490.0	\$391.1
<b>Beginning-Year Fund Balance</b>	\$100.7	\$263.4	\$208.5
<b>Revenues:</b>			
Local Revenue	83.1	88.4	50.0
State Revenue	0.0	0.0	115.0
Federal Revenue	12.3	2.4	0.0
Interest Earnings	2.0	2.5	2.0
Total Revenue	97.4	93.3	167.0
<b>Expenditures:</b>			
Capital Outlay	691.8	530.3	567.0
<b>Bond Issuance</b>	757.0	382.1	400.0
<b>End-of-Year Fund Balance</b>	\$263.4	\$208.5	\$208.5

Modern Schools Across Chicago (MSAC) is a partnership between the City and CPS begun in 2006 to provide \$1.3 billion for construction of 24 schools and three major renovations over 8 years. The City reimburses CPS for its share as CPS completes these projects. To date, 22 projects have been complete or are under construction, with the final two projects anticipated in FY2013. The FY2012 budget assumes that the City of Chicago will provide \$50.0 million to continue to support ongoing MSAC projects.

CPS is also working with the Public Building Commission to construct a new building for Jones High School, funded through a Tax Increment Financing district that is not reflected in this budget.

For the first time since FY2004, the state of Illinois issued school construction grants for school construction, maintenance, and repair. CPS received \$29.7 million of reimbursement from these construction grants in FY2011 and expects to receive \$72.0 million in FY2012.

CPS expects to receive an additional \$43.0 million from the State in the form of a new \$9.0 million Early Childhood Construction grant, a \$30 million grant for vocational schools, and \$4 million to be used towards energy efficient projects.

Expected FY2012 capital expenditures totaling \$567 million represent outlays for projects included in the FY2009 through FY2012 budgets, as well as the MSAC program. The following table summarizes the estimated breakdown of FY2012 spend by project year.

**Capital Spend by Year  
FY2009-FY2012**

	Total Appropriations	Spending by Year				Remaining Spend
		FY2009A	FY2010A	FY2011A	FY2012E	
Prior Year/Other Expenditures		414,196,293	248,083,596	10,930,371	-	-
FY2009 Capital Budget	757,036,030	671,000	309,630,882	339,854,161	85,000,000	21,879,987
FY2010 Capital Budget	382,125,000	-	2,871,293	99,889,487	141,000,000	138,364,220
FY2011 Capital Budget	490,000,000	-	-	49,751,016	146,927,279	293,321,705
FY2012 Capital Budget	391,140,000	-	-	-	78,594,622	312,545,378
Modern Schools Across Chicago	542,000,000	233,432,707	131,214,229	29,874,965	115,478,099	32,000,000
Total Spend by Year		<b>\$ 648,300,000</b>	<b>\$ 691,800,000</b>	<b>\$ 530,300,000</b>	<b>\$ 567,000,000</b>	<b>\$ 798,111,289</b>