

2015 Portable Condition Visual & Documented Inspection Report

HEMPSTEAD SCHOOL DISTRICT AUDIT COMMITTEE

October 1, 2015

Authored by: Audit Committee

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Accounting and Reporting Policy Definitions and Standards

For purposes of this policy, *Classroom Portable Trailers are District Assets* (tangible or intangible property) meeting all of the following requirements:

- The asset is used in the operation of the school district.
- The asset has a useful life beyond the fiscal year in which the asset was acquired.
- The asset has a significant value.

All costs incurred in purchasing, leasing or constructing a portable building and to prepare it for operation, including legal fees, shall be included in the building's cost.

Constructed buildings shall be capitalized upon completion of the construction project. The single capitalized cost shall include all component costs such as HVAC, plumbing, sprinkler systems, and the like.

Capitalized Fixed Assets

Capitalized fixed assets shall be identified as such on the Fixed Asset Inventory. The following data shall be recorded for each capitalized fixed asset, excepting depreciation values for land:

- Date of capitalization
- Capitalized value
- Estimated useful life
- Annual depreciation
- Accumulated depreciation

Capitalized fixed assets shall be accounted for and, with the exception of land, depreciated on the school district's general ledger as specified by the Governmental Accounting Standards Board (GASB). At the end of each fiscal year, depreciation shall be posted from the Inventory to the general ledger, and accumulated/year-to-date values shall be reconciled between the inventory and general ledger.

Depreciation Policy

The *straight-line* method of depreciation shall be used to depreciate fixed assets other than land. Depreciation will be applied as follows and/or over the estimated useful lives of the asset:

- Land Improvements: 15-99 years
- Portable Buildings 25 years

Visual Findings:

Middle School –Students have to walk through the parking lot in order to get to their portable trailers. This presents a very hazardous situation since cars are also coming in while students are walking. The portables have no “overhangs” to protect students from inclement weather. Evidence of water penetration found. There are signs of wall weakness which lends no supporting structure to secure portables’ windows. Portable has inadequate acoustics from noisy ventilation system. Some computers were not working.

* **Barack Obama** – Vermin have infiltrated the portables. An opossum was reported in one the portables. Portables have evidence of Rot/Decay/Corrosion and cracked unlevelled floors due to major water damage. Portable has inadequate acoustics from loud ventilation. Bathrooms are utilized for storage space. There is no intercom available.

***David Paterson** –The walls and ceilings have mold, and extensive water damage to walls and floors. The portables’ plywood, particle board, and insulating foams have all but disintegrated on outer walls. The west wall of this portable is caving in. The floors also have deteriorated underneath the floor tiles and sink-in when walked upon. Water enters through windows when it rains. Bathrooms are utilized for storage space.

Jackson Annex – Jackson Annex has interior and exterior rotted wood, damaged walls, ceilings, and mold, due to extensive water damage. Storage space is needed. Portable has inadequate acoustics from loud ventilation. Some computers do not work when it rains.

***Jackson Main** – Jackson Main has rotted wood both on the inside and outside. Wall is caving in due to extensive water damage. Water has created mold and leaky windows. Poor acoustics from loud ventilation Storage space is needed.

***Marshall** – Vermin have infiltrated the portables. There is a stench from urine and feces which emanates from two portables. Families of raccoons are living in the roof of another portable. Water “pours” off the building due to lack of gutters. Rains have flooded classrooms, ruined teaching materials, and cracked the foundation. Floors have sunken in. No “overhang” to protect students from inclement weather. Portables too close to streets, parking lots and other traffic areas.

***Franklin** – Franklin has extensive damage due to water damage. Water leaks into the classroom, damaging instructional materials. Floors and walls are weak, unable to support the slightest bit of pressure.

All Districts’ Owned/Leased Portables – Are unidentifiable as District Assets. There are no Bar codes on the portables; The District possess no original photos of our portables; There are no Original Contracts listing the Terms , Conditions and Provisions of the Districts’ Lease Agreements to identify the Districts’ role and responsibility to any

lease or any purchase agreement. There are no Grant names (if purchased by grant); or other identifying information to identify the portables.

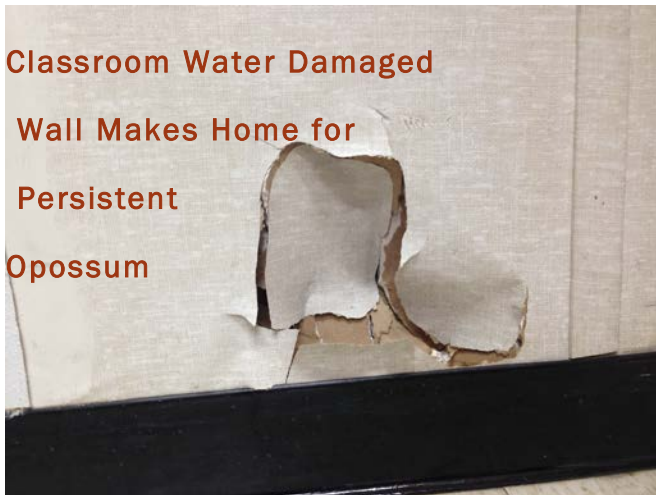
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Typical Water & Mold Damage



Water Logged Fire Alarm



Classroom Water Damaged
Wall Makes Home for
Persistent
Opossum



Bathroom used for storage



Window loose from Rotted Wall



Status of Portables' Outer Walls



**All Photos Were taken
September 14 -September 22,
2015**

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Documented Findings

Fire Department Violation

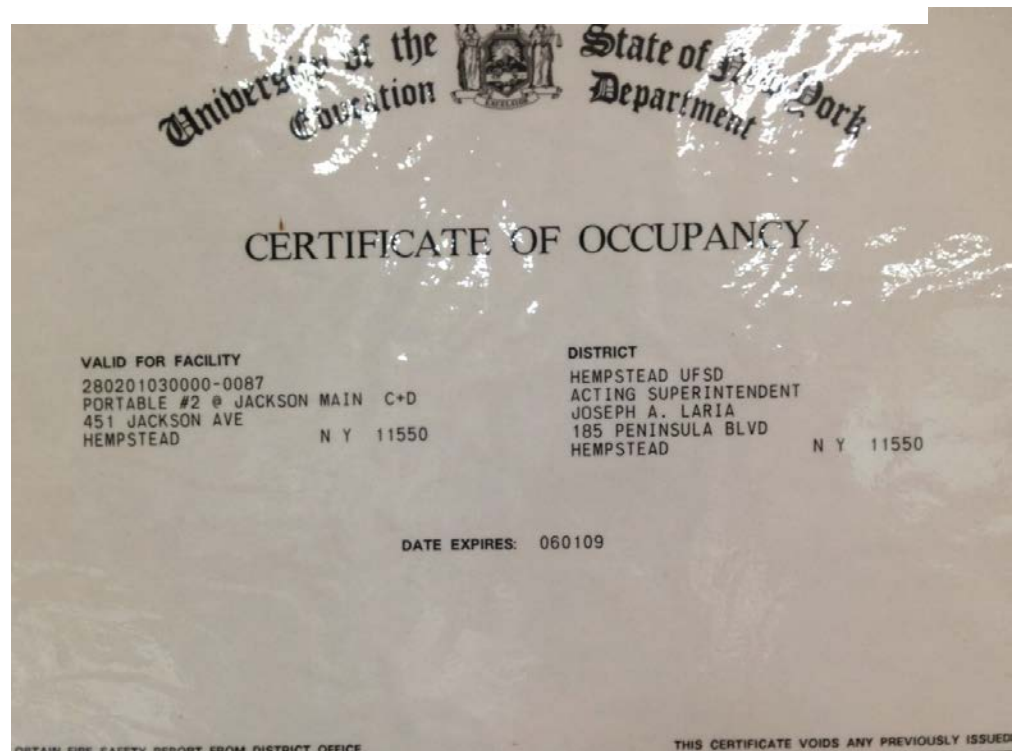
"No building which is owned, operated or leased by a board of education or a board of cooperative educational services shall be occupied or otherwise used unless the building has a valid certificate of occupancy issued by the commissioner". (Section 155.4.c of the Regulations of the Commissioner of Education.) The Certificate of Occupancy (CO) must be issued by the Department and posted in a prominent place in the building prior to occupancy or use of the building. If a school district is occupying or using a building which has never received a Certificate of Occupancy (CO), the district is in violation of Section 155.4.

A district using a building which does not have a valid CO should stop using the building until a CO is received. The procedures for obtaining a CO for a building which does not have one, are listed below.

Please Note:

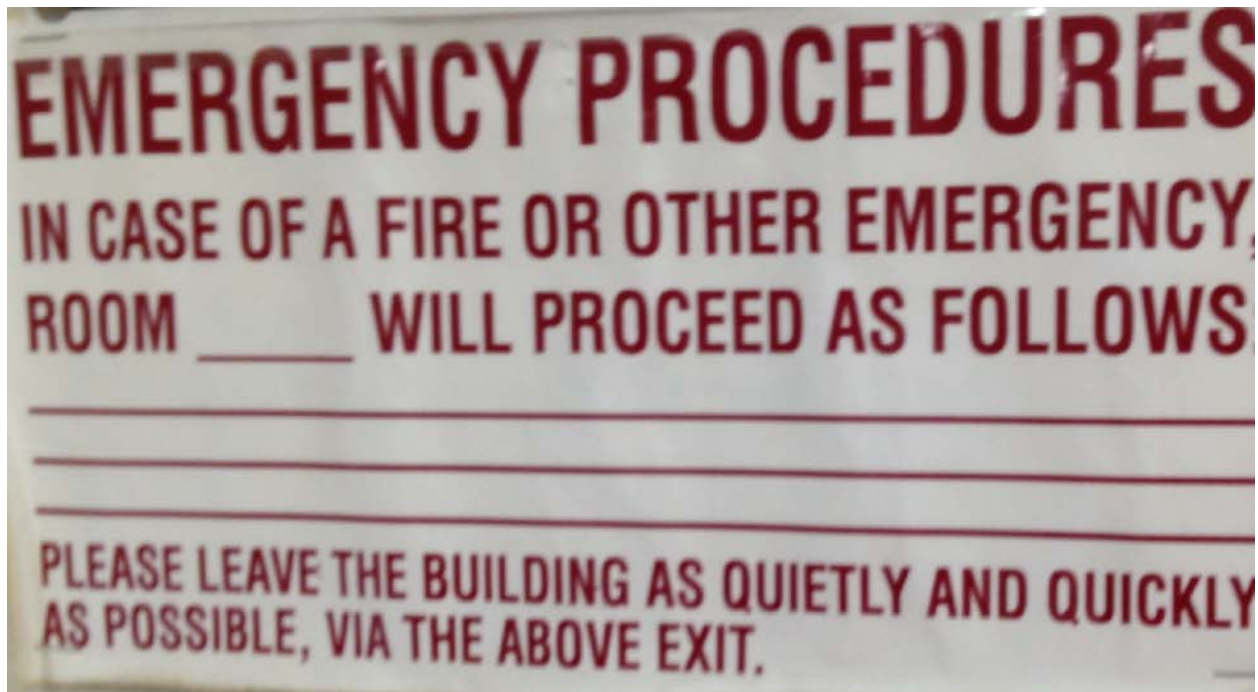
*Portable #2
Jackson Main
Classrooms C &
D has an
expired
Certificate of
Occupancy.

06/01/2009*



Emergency Evacuation Posting

In order to assure the safety of students, faculty, and staff, the procedure for the posting of written evacuation routes from a school building has been changed. Previously, schools were required to post written evacuation routes from a building. In some cases, evacuation procedures included posting the location where students were to be sheltered. Questions may be directed to David Clapp, Fire Safety Coordinator, at (518) 474-4738 or dclapp@mail.nysed.gov



Please Note: ABOVE Picture

*Portable #2 Jackson Main Classrooms C & D Students were left with a
BLANK EMERGENCY PROCEDURE GUIDELINES*

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We currently lease 46 Portable Trailer Classrooms as follows:

Middle School – The District makes lease payments for 5 (five) Portables. The Years in Service are 14. Within the portables each classroom size is **462 sq. ft.** Classroom portables, cost the District: **\$79,236 per year** to Modular Space Corporation.

***Barack Obama** – The District makes lease payments for 2 (two) portables. The Years in Service are 27. Within the portables each classroom size is **490 sq. ft.** Classroom portables, cost the District: **\$33,288 per year** to Williams Scotsman company.

***David Paterson** –

Jackson Annex – The District makes lease payments for 2 (two) portables. The Years in Service are 27. Within the portables each classroom size is **462 sq. ft.** Classroom portables, cost the District: **\$32,644 per year** to Modular Space Corporation.

***Jackson Main** – The District makes lease payments for 4 (four) portables. The Years in Service are 27. Within the portables each classroom size is **490 sq. ft.** Classroom portables, cost the District: **\$66,576 per year** to Williams Scotsman company.

***Marshall** – The District makes lease payments for 4 (four) portables. The Years in Service are 17-19. Within the portables each classroom size is **462 sq. ft.** Classroom portables, cost the District **\$87,240 per year** to Modular Space Corporation.

Remainder of Leased Portables - The District makes lease payments for 9 (nine) portables. These portables are distributed amongst Jackson Main, David Paterson, Franklin, Barack Obama, and Marshall. Within the portables each classroom size is **462sq. ft.** Classroom portables, cost the District **\$195,264 per year.**

The District –

- Paid **\$494,248** for the term July 1, 2014 – June 30, 2015 to lease portables.
- Paid **\$1,482,744** to lease portables from 8/8/12 - 6/30/15 (the last three years).
- Makes monthly lease payments for portables based on 12 Month TERM OPTION Addendums, re-newed annually.
- Leased Portables:
 - 14 - 28 Years of Age.
 - Are charged residential electricity rates because they are separate from the rest of the school building. (25 to 30 percent higher than the rest of the school's rate for electricity).
 - An asset that has an expired useful life.
 - The asset has a no significant value.
 - An asset that is no longer depreciable.

Conclusions from Visual and Documented Findings

Serious health and safety conditions

exist in our Districts' portable classrooms. Because they are designed to be temporary, portable classrooms & tend to develop structural problems such as water leaks or cracks faster than permanent school buildings and are more likely to be outfitted with pressed-wood or vinyl walls which put out unhealthy fumes. *(Above-Jackson Annex Portable Trailer, Google Earth Aug, 2012.)*



out unhealthy fumes. *(Above-Jackson Annex Portable Trailer, Google Earth Aug, 2012.)*

Those short-term portables have led to chronic problems. They burden our schools with high energy costs and frequent maintenance needs. They expose our students and teachers to mold and mildew, poor ventilation and the potential for volatile gases from cheap building materials. A noisy ventilation system can be a particular problem in portable classrooms. Teachers may turn the ceiling fans off to silence the noise, but then the environment can become uncomfortable.

Inadequate Classroom Space as evidenced by classroom content being stored in the bathrooms. Our Current Portable Trailer Classrooms are almost at maximum capacity with 27 students per 462 sq. ft. As per New York State Department of Health, Bureau of Emergency Medical Services, square footage range must be between 17 and 22 square feet per student.

Key Administrative Business and Operations Contact, lacks quality Accounting and Reporting procedures, Fiscal Management Skills and Knowledge required to:

- Understanding basic contract components and various contract types
- Understanding institutional liability and risk management policies and procedures

Portables' Condition Ratings and Definitions

Condition Ratings – After visual inspection of all portables utilized within the District, a rating given of: **Critical Failure (CF)** received.

Condition Rating Definition – Asset/Portable classroom is non-functioning, not functioning as designed, or is unreliable in ways that could endanger occupant health and/or safety with the condition of at least one component is so poor that at least part of the portable should not be occupied pending replacement.

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Recommendations:

Replace on an Emergency Basis, the structurally hazardous portables with new portables until suitable permanent structures can be built. District's portables have exceeded their useable life and are no longer cost effective. **Note:** Replace leases with contractors other than ModSpace, ReSun Leasing, Scottsman, or any other Calera portfolio Company as these are the companies that manufacture and repair the District's current portable classroom trailers. Advise to also rethink portable replacement by planning to utilize green Building Alternatives. Triumph Modular Inc. is recognized for pioneering the production of first LEED green Portable Classrooms known as Sprout Space. (*LEED is an acronym for Leadership in Energy and Environmental Design*).

Sprout Space classrooms provide superior solutions that challenge all preconceived notions of what a temporary educational space can offer in terms of a cost, design and functionality. Sprout Space combines affordable cost with state of the art architectural



design, Eco-friendly construction, flexible and functional learning environment and the highest health, safety and energy conservation standards.

Advise Board to Request – Disposition of Assets (Portables). When capitalized fixed assets are disposed of, the Inventory shall be relieved of the cost of the asset and the associated accumulated depreciation.

Request School Board implement Board Policies as found in Section 7000 – Facilities Development, of the Hempstead, UFSD Policy Manual, as our oldest portables are 50

years old. In the past our District, to save on costs, has settled on having a standardized design for our trailer classrooms with low quality construction materials. This design ignores specific climate, architectural, location, and learning needs, while inadequate materials lead to costly maintenance problems down the line. We must plan for the future as required.

Assist School Board in Understanding the benefits of hiring competent Contracting and Contract Negotiation Personnel. Current personnel did not make sound, transparent financial decisions regarding payments to District's Contractors, nor were account reconciliation documents kept.

Knowledge required:

- Understanding basic contract components and various contract types
- Understanding institutional liability and risk management policies and procedures
- Understanding the benefits and downfalls of self-operation versus outsourcing

Skills and abilities required:

- Ability to review and understand contracts within the institutional context of liability and risk management
- Ability to create and negotiate contracts within the institutional context of liability and risk management
- Ability to evaluate and understand outsourcing proposals
- Ability to read and create requests for proposal as appropriate

Advise Board to Assure all of the student/teacher computers are properly working or expediently repaired.

The mission of the Hempstead Union Free School District (UFSD), a suburban-urban culturally diverse public school system is to ensure that students achieve personal growth, academic success enabling them to compete and perform in a technological global society. Students, staff, family and community will be engaged in a comprehensive, challenging curriculum and effective instructional programs that respond to each student's needs and aspirations in a safe and nurturing environment.

Digitally signed and Submitted by the Hempstead, UFSD Audit Committee.