

The Council of the City of New York

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Chima Obichere, Unit Head

Kate Seely-Kirk, Senior Legislative
Financial Analyst

Report on the Fiscal Year 2015 Executive Budget for the

Department of Sanitation

May 15, 2014

Executive Budget Highlights

- The Department of Sanitation (DSNY, or the Department) has a Fiscal 2015 Executive Expense Budget of \$1.5 billion, an increase of \$54.5 million when compared to the Fiscal 2014 Adopted Budget. This largely reflects the costs associated with the North Shore Marine Transfer Station (MTS) in Queens and the Hamilton Avenue MTS in Brooklyn beginning operation in Fiscal 2015. It also reflects an increased headcount further detailed below.
- The \$1.5 billion Fiscal 2015 Executive budget is \$5.1 million more than was anticipated in the Fiscal 2015 Preliminary Budget, or less than a one percent change. This is due to net increase of \$3.6 million in new needs and an increase of \$1.6 million in other budget adjustments.
- The May 2014 Capital Commitment Plan includes \$1.3 billion in Fiscal 2014-2018 for the Department. The agency's May Commitment Plan for Fiscal 2014-2018 is \$75.1 million more than its January Commitment Plan, a difference of approximately 6 percent.
- The cost of waste export including supervision, transport, and disposal by private vendors is anticipated to be \$349.8 million in Fiscal 2015. The estimate is \$42 million less than in the Preliminary Budget.
- The Snow Budget for Fiscal 2015 increased \$21.9 million since the Preliminary Budget which reflects the 5-year average being updated to include Fiscal 2013. We can expect a further increase in the Snow Budget when Fiscal 2014 is added into the calculation.
- Budgeted headcount for DSNY in Fiscal 2015 is expected to increase by 98 positions as compared to the Fiscal 2014 Adopted Budget and by 114 positions as compared to the Fiscal 2015 Preliminary Budget. This increase largely reflects the extension of interim contract relay positions previously funded through Fiscal 2014, various increased staffing needs for the MTSs opening including building and equipment maintenance personnel, 30 uniformed supervisor positions for special projects, and 17 civilian and seven uniformed positions for the Sanitation Management, Analysis and Resource Tracking (SMART) system upgrade.

Department of Sanitation Overview

This report provides an overview of the Department of Sanitation's Fiscal 2015 Executive Budget and a summary of the Department's Capital Budget for Fiscal 2014-2018. Appendix 1 shows the changes made to the Fiscal 2014 and Fiscal 2015 Budget since the Fiscal 2015 Preliminary Budget was released. Appendix 2 reports the changes made to the Fiscal 2014 and Fiscal 2015 Budget since the Fiscal 2014 Adopted Budget. For additional information on DSNY's Budget and its various programs, please refer to the Department of Sanitation's Preliminary Budget Hearing Report available at: <http://www.council.nyc.gov>.

DSNY Financial Summary

<i>Dollars in Thousands</i>	FY12 Actual	FY13 Actual	FY14 Adopted	FY14 as of FY15 Exec. Budget	FY15 Exec. Budget	*Change FY14 - FY15
Spending						
Personal Services	\$786,130	\$857,037	\$833,689	\$884,872	\$858,796	\$25,107
Other Than Personal Services	495,087	512,731	595,782	578,181	625,220	29,438
Total	\$1,281,218	\$1,369,768	\$1,429,471	\$1,463,053	\$1,484,016	\$54,545
Budget by Program Area						
Civilian Enforcement	\$3,759	\$4,371	\$4,204	\$4,204	\$4,204	\$0
Collection & Street Cleaning	645,749	711,806	654,431	660,383	665,612	11,181
Enforcement - General	15,280	13,464	17,286	16,780	17,286	0
Engineering	5,006	4,358	4,096	4,673	8,592	4,495
General Administration	95,302	106,444	109,983	111,948	117,094	7,111
Legal Services	3,371	3,238	3,493	3,493	3,493	0
Long Term Export	3,730	3,003	1,708	6,649	1,901	194
Public Information	1,735	1,641	2,096	2,096	2,096	0
Snow Removal	29,603	39,313	57,313	132,027	60,183	2,870
Solid Waste Transfer Stations	6,991	6,798	13,358	8,943	19,459	6,101
Support Operations - Motor Equipment	78,433	89,063	86,498	91,264	88,885	2,387
Support Operations-Building Management	20,407	20,302	19,768	20,745	25,374	5,606
Waste Disposal - General	13,155	17,015	13,054	15,532	11,425	(1,629)
Waste Disposal - Landfill Closure	30,925	13,231	65,450	30,082	72,810	7,360
Waste Export	298,610	298,372	336,206	307,657	349,819	13,613
Waste Prevention, Reuse, and Recycling	29,162	37,348	40,527	46,575	35,784	(4,743)
Total	\$1,281,218	\$1,369,768	\$1,429,471	\$1,463,053	\$1,484,016	\$54,545
Funding						
City Funds			\$1,406,323	\$1,431,767	\$1,461,088	\$54,765
Other Categorical			750	1,751	750	0
Capital- IFA			4,916	4,916	4,346	(570)
State			25	25	25	0
Federal - Community Development			14,843	14,843	14,843	0
Federal - Other			0	6,161	0	0
Intra City			2,613	3,589	2,963	350
Total	\$0	\$0	\$1,429,471	\$1,463,053	\$1,484,016	\$54,545
Budgeted Headcount						
Full-Time Positions - Civilian	1,854	1,880	2,101	2,078	2,162	61
Full-Time Positions - Uniform	6,991	7,121	7,311	7,236	7,348	37
Total	8,845	9,001	9,412	9,314	9,510	98

*Change from Fiscal 2014 Adopted to Fiscal 2015 Executive Budget.

New in the Executive Budget

The Fiscal 2015 Executive Plan increased the Department's budget by \$54.5 million compared to the Fiscal 2014 Adopted Budget. A series of new needs totaling \$45.3 million and other adjustments of \$1.6 million are offset by \$41.8 million in savings listed in the new needs category making the Executive Budget \$5.1 million more than was anticipated in the Fiscal 2015 Preliminary Budget. Following are some highlights of the changes in the Executive Budget.

- **Waste Export Surplus.** There are \$41.8 million in savings in Fiscal 2015 which largely reflect the delay in opening the North Shore Marine Transfer Station (MTS) and the Hamilton Avenue MTS. The interim contracts are less costly than the long-term contracts.
- **Snow Budget Adjustment.** In the Fiscal 2015 Executive Budget \$39.7 million was added to Fiscal 2014 to reflect overtime costs from the past winter's heavy snow season. The Fiscal 2015 Snow Budget was increased by \$21.9 million which reflects Fiscal 2013 being included into the five year average which is how the snow budget is calculated as per the City Charter. The City can expect a further increase when the costs of the 2014 winter are added to the calculation.
- **Facility Repairs.** The Department has numerous facilities that require significant maintenance. For various facility upgrades including masonry, roof, and ramp repairs, \$4.7 million has been added to the Fiscal 2015 Budget. This work is not eligible to be paid for out of the capital budget. The repair projects cannot be handled within the agency and will be put out to bid.
- **Brooklyn Interim Export Contract Relay Headcount.** Due to delays in the Hamilton Avenue MTS opening \$2.7 million was added to Fiscal 2015 to continue funding for 40 uniformed positions for relay shifts needed for the Brooklyn interim export contract.
- **Building Management.** In an effort to better maintain agency assets \$2.5 million was added to the Fiscal 2015 budget for twelve new positions to deal with a backorder of plumbing and electrical work order repairs.
- **IT Support and Maintenance Costs.** Due to delays in the SMART system upgrade, \$1.9 million was added to Fiscal 2015 for a one-year extension of the Sanitation Control and Analysis Network (SCAN) system to cover maintenance and licensing agreement extensions for various software.
- **Operations Assistance Unit.** Funding of \$1.8 million was added to Fiscal 2015 for 13 Sanitation Workers and three supervisor positions for additional work related to developing snow routes, organic pilot evaluation, public space recycling placement and evaluation, and GPS testing.
- **School Organics Pilot.** Funding for the school organics pilot was only included in the budget through Fiscal 2014. To continue the pilot through Fiscal 2015, in keeping with Local Law 77 of 2013, \$1.4 million was added to the Executive Budget.
- **Vision Zero – Driver Training.** As part of Vision Zero, DSNY staff will be trained every three years in driver safety. To fund overtime costs to cover shifts while staff is in training \$1.2 million is allocated in Fiscal 2015.

Department of Sanitation Capital Program

The Executive 2015 Capital Commitment Plan includes \$1.3 billion in Fiscal 2014-2018 for the Department of Sanitation (including City and Non-City funds). This represents approximately 2.6 percent of the City's total \$48.9 billion Executive Plan for Fiscal 2014-2018. The agency's Executive Commitment Plan for Fiscal 2014-2018 is approximately 6 percent greater than the \$1.3 billion scheduled in the Preliminary Commitment Plan, an increase of \$75.1 million.

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 year 2013, the Department of Sanitation committed \$399.9 million or 67 percent of its annual capital plan. Therefore, it is assumed that a significant portion of the agency's Fiscal 2014 Capital Plan will be rolled into Fiscal 2015, increasing the size of the Fiscal 2015-2018 Capital Plan as reflected in the chart below.

Since adoption last June, the City-wide total Capital Commitment Plan for Fiscal 2014 has decreased from \$20.9 billion in the Adopted Capital Commitment Plan to \$14.2 billion in the Executive Capital Commitment Plan, a decrease of \$6.7 billion or 32.1 percent.

DSNY 2014-2018 Commitment Plan: Preliminary and Executive Budget

<i>Dollars in Thousands</i>	FY14	FY15	FY16	FY17	FY18	Total
Preliminary						
Total Capital Plan	\$818,751	\$119,378	\$104,510	\$104,059	\$108,000	\$1,254,698
Executive						
Total Capital Plan	\$309,966	\$423,287	\$184,517	\$304,059	\$108,000	\$1,329,829
Change						
Level	(\$508,785)	\$303,909	\$80,007	\$200,000	\$0	\$75,131
Percentage	-62.14%	254.58%	76.55%	192.20%	0.00%	5.99%

Major Capital Projects & Executive Budget Highlights

The Department's capital program supports construction of Marine Transfer Stations (MTSs) required as part of the 2006 Solid Waste Management Plan (SWMP), the construction of the South Brooklyn Marine Terminal Recyclables Processing Facility which began operation in January, and the construction and upkeep of Sanitation Garages and facilities throughout the five boroughs. The capital program also supports the purchase and upkeep of equipment for garbage and recycling pickup and snow removal. DSNY is also currently going through a large information technology and telecommunications upgrade. The Department's capital priority is to meet the required export infrastructure requirements of the SWMP, none of which could be removed without requiring a new Solid Waste Management Plan.

Construction and Renovation of Marine Transfer Stations. Funding for the construction and reconstruction of MTSs in accordance with the requirements of the SWMP is as follows:

- The North Shore Queens MTS is currently under construction and operations are expected to begin in Fiscal 2015. This project has \$1.9 million allocated in Fiscal 2014 in

the Executive Capital Commitment Plan. The full cost of the North Shore MTS is anticipated to be approximately \$197.3 million.

- The MTS at Hamilton Avenue in Brooklyn is currently under construction and expected to be completed in early Fiscal 2015. The Executive Capital Commitment Plan allots \$2.3 million to the completion of the project in Fiscal 2014. Since the Preliminary Plan \$1 million is being rolled to Fiscal 2015. The projected full cost of the Hamilton Avenue MTS is \$175.1 million.
- Contracts are registered for work on the East 91st Street MTS and demolition began in March 2013. Approximately \$16.8 million that will not be spent in Fiscal 2014 is being rolled to Fiscal 2015. The estimated project completion date is March 2016 and the projected full cost is \$215.1 million.
- The Southwest Brooklyn MTS currently has \$147 million allocated in Fiscal 2014 with \$11 million budgeted in Fiscal 2015 that was budgeted in Fiscal 2014 in the Preliminary Plan. The project is fully permitted and given that the contract has been awarded and contract registration is now pending, the MTS is expected to be completed sometime in July 2017 at a total cost of about \$167 million.
- Since the Preliminary Plan the West 59th Street MTS refurbishment has had \$65.4 million apportioned to it in Fiscal 2015. This represents a net increase of \$28.3 million with \$37.4 million being rolled from Fiscal 2014. Work for Phase 1 began in September 2013 and is expected to be completed in mid-November 2014. The use of this facility to transfer Manhattan commercial waste is contingent on the Gansevoort MTS being built to transfer the borough's recyclables.
- The Gansevoort MTS for recyclables had \$85.9 million from Fiscal 2014 rolled to the outyears including \$29.4 million to Fiscal 2015 and \$56.5 million to Fiscal 2016. An RFP for the design of the demolition was awarded in August 2012 and design is ongoing. The earliest that demolition could begin is June 2014 but is dependent on the Manhattan 1/2/5 Garage being completed so that temporary garages housed on the Gansevoort Peninsula could be dismantled. Before the Gansevoort MTS could be built a Memorandum of Understanding (MOU) between the City and State needs to be signed, as required by the amended Hudson River Park Act. The most recent draft stipulates that the City and State each allocate \$25 million to the budget of the Hudson River Park. There is \$25 million in the City's Department of Parks and Recreation budget but the state has not yet included the necessary funds.

Manhattan 6/6A/8 Garage. Since the Preliminary Plan \$200 million was rolled from Fiscal 2014 to Fiscal 2017. This project was previously planned as a District 6/8/8A Garage to be built at East 73rd Street at the Franklin D. Roosevelt East River Drive (FDR Drive). The Department had been forced to cut the budget for this multi-district garage in Fiscal 2009 and the trucks and vehicles were temporarily located at West 30th Street and 12th Avenue, 9th Avenue and 216th Street, and East 132nd Street and Bruckner Expressway in the Bronx respectively.

In order to raise funds for a new garage an RFP was issued by NYC Economic Development Corporation (EDC) for DSNY's East 73rd Street site. The winning bid was made by Memorial Sloane-Kettering (MSK) Cancer Center to build a 730,000 square-foot cancer care facility in partnership with City University of New York Hunter College (Hunter) that would build a

403,000 square-foot Science and Health Professions building. Announced in September 2010, MSK would pay a purchase price of \$215 million and a city-owned site currently occupied by Hunter's nursing school would be vacated at 25th Street between 1st Avenue and FDR Drive that could be used for the new 3-district garage.

In summary, the sale of the site on East 73rd Street would procure the money needed to build the 3-district garage and would return to City ownership a site on East 25th Street that is larger than needed for the garage. Both the sale of the East 73rd Street land and the siting of the 6/6A/8 Garage would require Uniform Land Use Review Procedure approvals.

Manhattan 1/2/5 Garage. The construction of the Manhattan 1/2/5 Garage is being managed by the NYC Department of Design and Construction. The Executive Capital Commitment Plan decreases the budget for construction of the Manhattan 1/2/5 Garage in Fiscal 2014 and 2015 by \$1.8 million. Construction is approximately 84 percent complete and should be completed in early December 2014. The total cost of the project is estimated to be \$230.9 million.

Appendix 1: DSNY Fiscal 2015 Executive Budget Actions

	FY 2014			FY 2015		
	City	Non-City	Total	City	Non-City	Total
<i>Dollars in Thousands</i>						
DSNY Preliminary Fiscal 2015 Budget	\$1,392,537	\$27,801	\$1,420,338	\$1,456,317	\$22,578	\$1,478,895
Program to Eliminate the Gap (PEGs)						
N/A	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal PEGs	\$0	\$0	\$0	\$0	\$0	\$0
New Needs						
Brooklyn Interim Export Contract Relay Headcount	\$0	\$0	\$0	\$2,744	\$0	\$2,744
Building Management	593	0	593	2,533	0	2,533
Bureau of Motor Equipment OTPS	0	0	0	1,052	0	1,052
Document Scanning	0	0	0	100	0	100
Energy Efficiency - Facilities Staff	0	0	0	2,445	0	2,445
Facilities Survey	0	0	0	1,000	0	1,000
Facility Repairs	0	0	0	4,707	0	4,707
GPS Phone Management/ SMART	0	0	0	653	0	653
IT Support & Maintenance Costs	0	0	0	1,948	0	1,948
Lease Adjustment	8	0	8	534	0	534
Manhattan 4/4a/7 Cleaning	56	0	56	223	0	223
Operations Assistance Unit	0	0	0	1,772	0	1,772
Prevailing Wages - Security	241	0	241	308	0	308
School Organics Pilot	0	0	0	1,412	0	1,412
SMART System Support Positions	0	0	0	800	0	800
Snow Budget Adjustment	39,710	0	39,710	21,862	0	21,862
Vision Zero - Driver Training	0	0	0	1,232	0	1,232
Waste Export Surplus	(750)	0	(750)	(41,753)	0	(41,753)
Subtotal New Needs	\$39,859	\$0	\$39,859	\$3,572	\$0	\$3,572
Other Adjustments						
Various Revenue	\$0	\$683	\$683	\$0	\$0	\$0
Fuel	(1,350)	0	(1,350)	(1,435)	0	(1,435)
Fuel – Sanitation	0	390	390	0	350	350
Funds for diesel retrofits	0	2,337	2,337	0	0	0
Heat, Light and Power	718	0	718	1,243	0	1,243
Intra-City Agreement	0	75	75	0	0	0
Lease Adjustment	0	0	0	1,391	0	1,391
Local Initiatives	4	0	4	0	0	0
Subtotal Other Adjustments	(\$629)	\$3,486	\$2,857	\$1,200	\$350	\$1,550
Total All Changes	\$39,230	\$3,486	\$42,715	\$4,771	\$350	\$5,121
DSNY Executive Fiscal 2015 Budget	\$1,431,767	\$31,287	\$1,463,053	\$1,461,088	\$22,928	\$1,484,016

Appendix 2: DSNY Budget Actions since Fiscal 2014 Adoption

<i>Dollars in Thousands</i>	FY 2014			FY 2015		
	City	Non-City	Total	City	Non-City	Total
DSNY Adopted Fiscal 2014 Budget	\$1,406,324	\$23,148	\$1,429,472	\$1,440,482	\$22,578	\$1,463,060
Program to Eliminate the Gap (PEGs)						
N/A	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal PEGs	\$0	\$0	\$0	\$0	\$0	\$0
New Needs						
Curbside Organics Pilot	\$8,322	\$0	\$8,322	\$7,574	\$0	\$7,574
MTS Crane Warranties	281	0	281	612	0	612
MTS Start-up and Training	1,979	0	1,979	0	0	0
SMART Long-Term Staffing	90	0	90	90	0	90
Supervisor Positions	2,443	0	2,443	2,467	0	2,467
Fresh Kills Landfill Closure	(33,803)	0	(33,803)	13,065	0	13,065
Leased Space for M6 Parking	175	0	175	350	0	350
Snow Budget Adjustment	35,000	0	35,000	0	0	0
Brooklyn Interim Export Contract Relay Headcount	0	0	0	2,744	0	2,744
Building Management	593	0	593	2,533	0	2,533
Bureau of Motor Equipment OTPS	0	0	0	1,052	0	1,052
Document Scanning	0	0	0	100	0	100
Energy Efficiency - Facilities Staff	0	0	0	2,445	0	2,445
Facilities Survey	0	0	0	1,000	0	1,000
Facility Repairs	0	0	0	4,707	0	4,707
GPS Phone Management/ SMART	0	0	0	653	0	653
IT Support & Maintenance Costs	0	0	0	1,948	0	1,948
Lease Adjustment	8	0	8	534	0	534
Manhattan 4/4a/7 Cleaning	56	0	56	223	0	223
Operations Assistance Unit	0	0	0	1,772	0	1,772
Prevailing Wages - Security	241	0	241	308	0	308
School Organics Pilot	0	0	0	1,412	0	1,412
SMART System Support Positions	0	0	0	800	0	800
Snow Budget Adjustment	39,710	0	39,710	21,862	0	21,862
Vision Zero - Driver Training	0	0	0	1,232	0	1,232
Waste Export Surplus	(750)	0	(750)	(41,753)	0	(41,753)
Subtotal New Needs	\$54,345	\$0	\$54,345	\$27,730	\$0	\$27,730
Other Adjustments						
Congestion Mitigation Air Quality Grant	\$0	\$2,307	\$2,307	\$0	\$0	\$0
DOS Fuel	0	229	229	0	0	0
Member Item Reallocation	(3)	0	(3)	0	0	0
MTS Staffing	(5,575)	0	(5,575)	(7,894)	0	(7,894)
NEG DSNY - Sandy Expenses	0	68	68	0	0	0

<i>Dollars in Thousands</i>	FY14			FY15		
	City	Non-City	Total	City	Non-City	Total
PlaNYC Energy Manager	\$0	\$85	\$85	\$0	\$0	\$0
FEMA Reimbursements - Hurricane Sandy	0	650	650	0	0	0
Waste Export Surplus	(22,500)	0	(22,500)	0	0	0
DSNY Work Experience Program I/C	0	127	127	0	0	0
Emerg. Install Feeders/Wires	0	127	127	0	0	0
Hazard Mitigation Design for MTSs	0	398	398	0	0	0
MTS Crane Maintenance	(195)	0	(195)	(430)	0	(430)
Muni On-Road Diesel Reduction	0	341	341	0	0	0
PlaNYC ExCEL Program	0	122	122	0	0	0
Street Fair Revenue	0	199	199	0	0	0
Various Revenue	\$0	\$683	683	\$0	\$0	0
Fuel	(1,350)	0	(1,350)	(1,435)	0	(1,435)
Fuel - Sanitation	0	390	390	0	350	350
Funds for diesel retrofits	0	2,337	2,337	0	0	0
Heat, Light and Power	718	0	718	1,243	0	1,243
I/C with Dept. of Sanitation	0	75	75	0	0	0
Lease Adjustment	0	0	0	1,391	0	1,391
Local Initiatives	4	0	4	0	0	0
Subtotal Other Adjustments	(\$28,902)	\$8,138	(\$20,764)	(\$7,124)	\$350	(\$6,774)
Total All Changes	\$25,443	\$8,138	\$33,581	\$20,606	\$350	\$20,956
DSNY Executive Fiscal 2015 Budget	\$1,431,767	\$31,286	\$1,463,053	\$1,461,088	\$22,928	\$1,484,016

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