

# **Fiscal 2009 Executive Budget Hearings**

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## **Department of Sanitation (Capital)**

*May 2008*

*Hon. Christine C. Quinn  
Speaker of the Council*

*Hon. David I. Weprin, Chair  
Committee on Finance*

*Hon. Michael McMahon, Chair  
Committee on Sanitation &  
Solid Waste Management*

*Preston Niblack, Director  
Finance Division*

New York City Council Finance Division

Preston Niblack  
Director

Jeffrey Rodus  
Deputy Director

Jonathan Rosenberg  
Deputy Director

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Department of Sanitation (Capital)

Walter Pitts  
Analyst

### *Agency Overview*

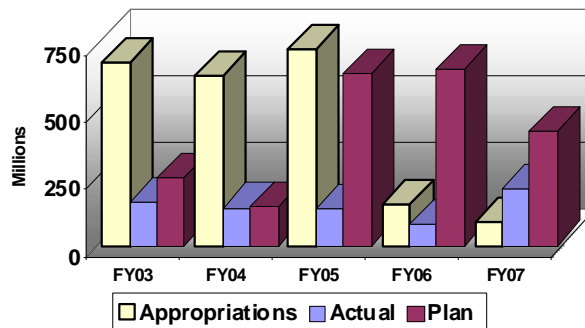
The Department of Sanitation (DSNY) manages the City's solid waste stream by collecting, disposing and recycling residential, institutional and government waste. DSNY also cleans the City's approximately 6,000 miles of streams, its sidewalks and vacant lots, and removes abandoned vehicles. In the winter, DSNY clear ice and snow from the street. DSNY also prevents illegal dumping and disposal of hazardous, medical and asbestos waste by ensuring compliance with the City's Health and Administrative Codes.

DSNY has five primary operating divisions: The Bureau of Cleaning and Collection, the Bureau of Waste Disposal, the Bureau of Motor Equipment, the Bureau of Long Term Export and the Bureau of Building Management. Cleaning and Collection is responsible for collecting residential garbage, recovering recyclable materials, cleaning streets and sidewalks and removing abandoned vehicles. The Bureau of Waste Disposal manages the disposal of refuse collected by the Department and private carters. The Bureau of Motor Equipment services DSNY's approximately 5,500 motor vehicles, which includes its fleet of 2,040 rear-loading collection trucks and 450 mechanical brooms. Building Management maintains the various DSNY buildings including the 60 local garages, repaints departmental vehicles, and tests underground fuel tanks. The Bureau of Long Term Export is responsible for implementing the Solid Waste Management Plan.

A major component of DSNY's mission is management of the City's waste disposal system. In response to the Solid Waste Management Act of 1988, the Agency has a Comprehensive Solid Waste Management Plan (SWMP), which sets out strategies for addressing the City's future waste disposal needs. The SWMP Update includes detailed descriptions of any proposed modifications, reasons for the proposed modifications, revised implementation schedules, updates on the City's solid waste management system, discussions of the City's recycling program and responsive summaries of public comment on the plan. The City Council approved the SWMP in July of 2006 and the State DEC authorized the Plan in the fall of 2006. The Department's long-term plan for disposing of the City's solid waste focuses on the exportation of 90 percent of waste by barge and rail through a combination of privately owned and DSNY transfer stations.

#### **DEPARTMENT OF SANITATION**

Appropriations vs. Actual & Planned Commitments  
(City funds)



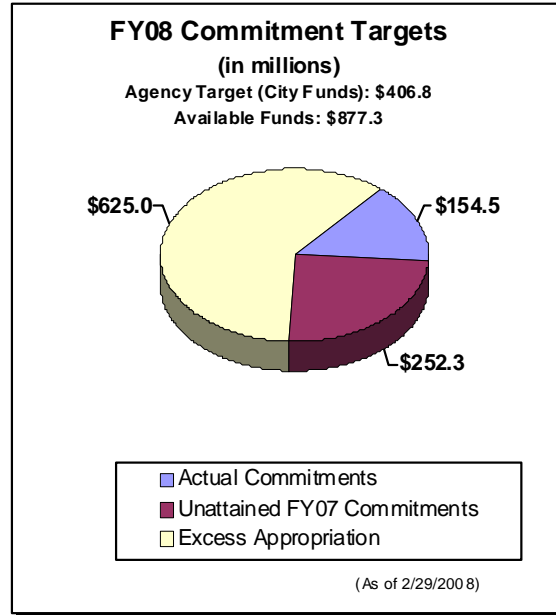
## Fiscal 2009 Executive Capital Budget

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### *Current Budget Summary*

The May 2008 Capital Commitment Plan includes \$1.81 billion in Fiscal 2009-2012 for the Department of Sanitation. This represents 4.2 percent of the City's total \$43.1 billion Executive Plan for Fiscal 2009-2012. The agency's current commitment plan for Fiscal Years 2009-2012 is 15.6 percent greater than the \$1.57 billion scheduled to be committed in the January Commitment Plan, an increase of \$244.2 million.

As of February 29, 2008, the Department of Sanitation has only committed \$154.5 million, or 64.2 percent, of its \$240.6 million Fiscal 2008 Plan. Over the past five years the Department of Sanitation has only committed an average of 34.1 percent of its annual capital plan. Therefore, it is assumed that a large portion of the agency's Fiscal 2008 capital plan will be rolled into Fiscal 2009 thus greatly increasing the size of the Fiscal 2009-2012 capital plan. Since Adoption, the Capital Commitment Plan for Fiscal 2008 has decreased to \$240.6 million, a reduction of \$166.2 million. This reduction is due to the rolling of funds from Fiscal 2008 to Fiscal 2009 in the Executive Budget.



Currently DSNY's appropriations for Fiscal 2008 total \$877.3 million in City-funds. The appropriations are to be used to finance DSNY's \$86.1 million City-funded Fiscal 2008 capital commitment program. The Department has \$877.2 million or ten times more funding than it needs to meet its entire capital commitment program for the current fiscal year.

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The Department of Sanitation's capital commitments for the last five years are shown below:

<b>FIVE YEAR HISTORY - CAPITAL BUDGET</b> (\$ in millions)					
	FY03	FY04	FY05	FY06	FY07
CITY	159	140	137	77	209
NON-CITY	0	0	0	0	0
TOTAL	159	140	137	77	209

The Preliminary Four-Year Capital Plan is shown below:

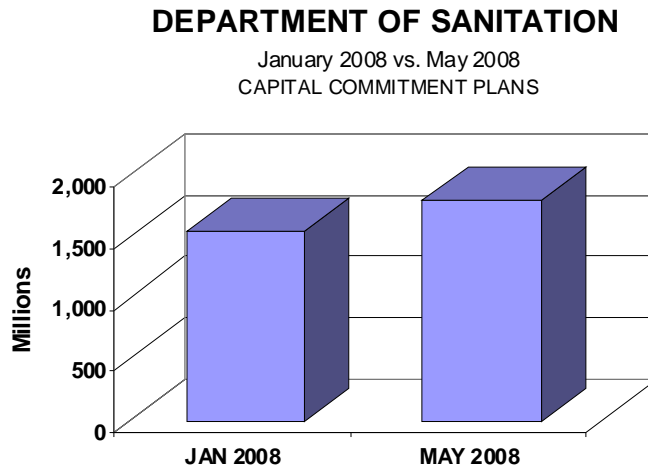
<b>PRELIMINARY CAPITAL BUDGET – JANUARY 2008</b> (\$ in millions)					
	FY09	FY10	FY11	FY12	FY's 09-12
CITY	796.6	375.9	258.1	133.8	1,564.3
NON-CITY	0	0	0	0	0
TOTAL	796.6	375.9	258.1	133.8	1,564.3

The Executive Four-Year Capital Plan is shown below:

<b>EXECUTIVE CAPITAL PLAN – MAY 2008</b> (\$ in millions)					
	FY09	FY10	FY11	FY12	FY's 09-12
CITY	1,044.8	376.6	253.4	133.7	1,808.5
NON-CITY	0	0	0	0	0
TOTAL	1,044.8	376.6	253.4	133.7	1,808.5

### EXECUTIVE BUDGET ISSUES/HIGHLIGHTS:

- In the Executive Plan, \$194.3 million rolls from Fiscal 2008 to Fiscal 2009. When this roll is taken out of the equation, funding for the Fiscal 2009 to Fiscal 2012 period increases only \$50 million.
- The conversions of four marine transfer stations (MTS's) are the most significant projects in DSNY's capital plan. Over 26 percent, or \$470.5 million, of DSNY's Four Year Commitment Plan is slated for the reconstruction of existing, DSNY-owned marine transfer stations. Although the cost for reconstructing the four MTS's has not increased since the January Capital Commitment Plan, \$4.6 million for MTS Retrofitting has been advanced from Fiscal 2011 to Fiscal 2008.



The Department has completed the design of the four MTS's. DSNY has received City Council and State approval for its plan, and is now in the process of obtaining permits for the stations. OMB recently approved the Certificate to Proceed for the North Shore, Queens MTS. The project should be awarded in June.

The four rebuilt MTS's will accept putrescible residential waste from designated districts. The waste will be loaded into large containers, which will then be loaded onto barges or trains for export from the City. DSNY also hopes to use its new MTS's to dispose commercial garbage. The four MTS's scheduled for construction in the Plan are the following:

- East 91<sup>st</sup> Street, Manhattan - Conversion of this MTS is estimated to cost \$121.8 million, DSNY proposes to dump an average of 720 tons per day (tpd) of residential waste at this station, and an additional 780 tpd of commercial waste.
- Hamilton Avenue, Brooklyn - DSNY anticipates that this MTS would handle about two-thirds of Brooklyn's residential waste, approximately 1,900 tpd, and an additional 1,274 tpd of commercial garbage. DSNY estimates the cost of the Hamilton Avenue MTS at \$116.5 million.
- Southwest Brooklyn - The second MTS for Brooklyn's garbage is planned for the site of DSNY's former incinerator and MTS in Bensonhurst. The estimated cost of this station is \$105.3 million.

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- North Shore, Queens - DSNY proposes to convert this MTS to handle an average of 2,200 tpd of residential waste and 1,000 tpd of commercial garbage. Its cost is estimated to be \$112.2 million.
- Garages and Facilities – DSNY has an extensive capital program for the construction and maintenance of garages, salt sheds, and other facilities. Planned commitments for a garage in District 1 in Staten Island decreased by \$43.5 million during the January Plan, bringing planned commitments for this project down to zero. This project has been postponed indefinitely in order to fully fund the MTS's and other higher priority garages. However, \$2 million has been added back into the plan in Fiscal 2012 for project design. Planned commitments for the Manhattan 1/2/5 Garage have increased again, this time by an additional \$26.2 million. Total planned commitments for this garage are now \$268 million based on a new cost estimate. Similarly, planned commitments for the Manhattan 6/8/8A Garage have increased \$37.9 million to \$217.6 million, up from the January estimates of \$179.7 million, an increase of 21.1 percent. This increase occurred because certain recommendations from a value engineering session, upon which the previous cost estimate was based, were unable to be implemented.
- Facility Sitings – DSNY needs to acquire additional sites for the continuation and expansion of its operations. Planned commitments for these acquisitions increase \$7.9 million in the Executive Capital Plan to \$94 million, reflecting cost increases for the Spring Street garage acquisition.