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HEARING ON THE FISCAL YEAR 2014 EXECUTIVE BUDGET FOR THE

DEPARTMENT OF SANITATION

May 30, 2013

EXECUTIVE BUDGET HIGHLIGHTS

- The Department of Sanitation (DSNY, or the Department) has a Fiscal 2014 Expense Budget of \$1.4 billion, an increase of \$71.7 million when compared to the Fiscal 2013 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 mid- and late-2013 respectively. It also reflects the end of a multi-year civilian hiring freeze and the ability of the Department to fill positions made vacant by attrition.
- The \$1.4 billion Fiscal 2014 Executive budget is \$2.4 million more than was anticipated in the Fiscal 2014 Preliminary Budget, or less than a one percent change. This is due to \$8.4 million in new needs and a reduction of \$5.9 million in other budget adjustments.
- The May 2013 Capital Commitment Plan includes \$1.5 billion in Fiscal 2013-2017 for the DSNY. The agency's May Commitment Plan for Fiscal 2013-2017 is less than a one percent change from the January Commitment Plan.
- The Department's Executive Budget included \$5.5 million in Federal Emergency Management Agency (FEMA) expense funding for fiscal 2013 Hurricane Sandy spending. The Executive Capital Commitment Plan added approximately \$3 million for projects related to Hurricane Sandy.
- The cost of waste export including supervision, transport, and disposal by private vendors is anticipated to be \$336.2 million in Fiscal 2014. The estimate has not changed since the Preliminary Budget.
- Headcount numbers for DSNY in Fiscal 2014 are expected to increase by 110 uniformed positions and 133 civilian positions. The additional uniformed positions and 19 of the civilian positions reflect the two MTSs coming online later in 2013. The rest of the new civilian hires reflect the end of the civilian hiring freeze.

FINANCE DIVISION

Preston Niblack, Director
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DEPARTMENT OF SANITATION OVERVIEW

This report provides an overview of the Department of Sanitation's Fiscal 2014 Budget and a summary of the Department's Capital Budget for Fiscal 2013-2017. Appendix 2 reports the changes made to the Fiscal 2013 and Fiscal 2014 Budget since adoption of the Fiscal 2013 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>.

Financial Summary					
<i>Dollars in Thousands</i>	2012 Actual	2013 Adopted	2013 Exec. Plan	2014 Exec. Plan	*Difference 2013 - 2014
Spending					
Personal Services	\$786,130	\$821,584	\$898,304	\$833,367	\$11,784
Other Than Personal Services	495,087	532,321	537,132	592,234	59,913
TOTAL	\$1,281,218	\$1,353,905	\$1,435,436	\$1,425,601	\$71,697
Budget by Program Area					
Civilian Enforcement	\$3,759	\$4,052	\$4,187	\$4,204	\$152
Collection & Street Cleaning	645,749	649,254	745,467	654,347	5,093
Enforcement - General	15,280	17,317	17,273	17,286	(31)
Engineering	5,006	4,268	4,577	4,096	(172)
General Administration	95,302	111,559	108,172	109,983	(1,576)
Legal Services	3,371	3,482	3,525	3,493	11
Long Term Export	3,730	1,686	3,820	1,708	21
Public Information	1,735	2,053	2,096	2,096	43
Snow Removal	29,603	59,905	44,993	57,313	(2,592)
Solid Waste Transfer Stations	6,991	8,281	8,230	13,358	5,077
Support Operations - Motor Equipment	78,433	81,055	90,227	86,498	5,443
Support Operations-Building Management	20,407	19,362	20,388	19,768	406
Waste Disposal - General	13,155	13,674	18,545	13,054	(619)
Waste Disposal - Landfill Closure	30,925	32,130	16,151	65,450	33,320
Waste Export	298,610	309,482	307,639	336,206	26,724
Waste Prevention, Reuse, and Recycling	29,162	36,345	40,145	36,741	396
TOTAL	\$1,281,218	\$1,353,905	\$1,435,436	\$1,425,601	\$71,697
Funding					
City Funds	N/A	\$1,330,264	\$1,292,350	\$1,402,454	\$72,190
Other Categorical	N/A	750	2,454	750	0
Capital- IFA	N/A	5,412	5,116	4,916	(496)
State	N/A	25	39	25	0
Federal - Community Development	N/A	14,843	14,843	14,843	0
Federal - Other	N/A	0	117,008	0	0
Intra City	N/A	2,610	3,625	2,613	3
TOTAL	\$0	\$1,353,905	\$1,435,436	\$1,425,601	\$71,697
Positions					
Full-Time Positions - Civilian	1,854	1,985	2,016	2,095	110
Full-Time Positions - Uniform	6,991	7,178	7,181	7,311	133
TOTAL	8,845	9,163	9,197	9,406	243

*Difference between Fiscal 2013 Adopted Budget and Fiscal 2014 Executive Budget.

NEW IN THE EXECUTIVE BUDGET

The Fiscal 2013 Executive Plan increased the Department's budget by \$71.7 million compared to the Fiscal 2013 Adopted Budget. However, the \$1.4 billion Fiscal 2014 Executive Budget is \$2.4 million more than was anticipated in the Fiscal 2014 Preliminary Budget. This is due to \$8.4 million in new needs that is partially offset by savings of \$5.9 million in other adjustments.

- **Brooklyn Interim Export Contract Relay Headcount.** Fiscal 2014 includes a projected increase of \$2.7 million to extend 40 uniformed positions already filled to cover relay shifts that are needed until the Hamilton Avenue MTS is opened.
- **Fresh Kills Landfill.** An additional \$5.7 million is needed for the Fresh Kills Landfill in Fiscal 2014 which is due to delays that lead to contracts not being completed in Fiscal 2013. There was a decrease of \$11 million in Fiscal 2013 due to these same delays.
- **Fuel and Utility Savings.** The Department has adjusted its estimates and anticipates spending \$3.1 million less in Fuel in Fiscal 2014 than previously planned for. Adjusted estimates also led to \$4.7 million less being budgeted for heat, light and power costs.

CAPITAL PROGRAM

The May 2013 Capital Commitment Plan includes \$1.5 billion in Fiscal 2013-2017 for the Department of Sanitation (including City and Non-City funds). This represents 3.4-percent of the City's total \$44.5 billion May Plan for Fiscal 2013-2017. The agency's May Commitment Plan for Fiscal 2013-2017 is less than a one percent change from the January Commitment Plan.

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 2012 the Department of Sanitation committed \$221.9 million or 77.9 percent of its annual capital plan. Therefore, it is assumed that a significant portion of the agency's Fiscal 2013 Capital Plan will be rolled into Fiscal 2014. Since adoption last June, the City's total Capital Commitment Plan for Fiscal 2013 has decreased from \$17.9 billion in the September Capital Commitment Plan to \$16.6 billion in the May Capital Commitment Plan, a decrease of \$1.3 billion or 7.3 percent.

2013-2017 Commitment Plan: Executive Budget and Preliminary Budget

Dollars in Thousands

	FY13	FY14	FY15	FY16	FY17	Total FY13 – FY17
Executive						
Total Capital Plan	\$582,859	\$537,117	\$132,967	\$104,510	\$104,059	\$1,461,512
Preliminary						
Total Capital Plan	\$845,408	\$278,628	\$132,967	\$104,510	\$104,059	\$1,465,572
Change						
Level	(\$262,549)	\$258,489	\$0	\$0	\$0	(\$4,060)
Percentage	-31.1%	92.8%	0%	0%	0%	-0.3%

MAJOR CAPITAL PROJECTS

- **Construction and Rehabilitation of Garages and Other Facilities.** In Fiscal 2014 – 2017 DSNY has planned for \$263.2 million for the construction or reconstruction of its facilities including \$232.2 million for garages citywide, \$20 million for site acquisition, \$10 million for construction of salt storage buildings, and \$1 million for repairing facilities damaged by Hurricane Sandy.
 - There are \$200 million allocated in Fiscal 2014 for a Manhattan 6/6A/8 garage planned for 25th Street between 1st Avenue and Franklin D. Roosevelt East River Drive (FDR Drive). The siting of the 6/6A/8 Garage would require Uniform Land Use Review Procedure (ULURP) approval. A Public Scoping meeting could be held as soon as June with ULURP certification possible in autumn.
 - The construction of the Manhattan 1/2/5 Garage is being managed by the NYC Department of Design and Construction (DDC). The May Capital Commitment Plan includes \$10.9 million for the construction of the Manhattan 1/2/5 Garage in Fiscal 2014. Construction should be completed in January 2015.
 - The garage for Manhattan District 4 and its street sweepers is anticipated to be completed by July 2013. Funding in the amount of \$1.3 million was added to its Fiscal 2013 budget,

and \$924,000 was added to its Fiscal 2014 budget for pending construction change orders, initial outfitting contracts, and consultant services.

- **Construction and Renovation of Transfer Stations.** The Department has allocated \$161.7 million in Fiscal 2014 – 2017 for the construction of transfer stations to comply with the city's Solid Waste Management Plan. An additional \$1.2 million is allotted for flood mitigation design.
 - The North Shore Queens MTS is currently under construction and work is expected to be completed in August of 2013. A portion of its Fiscal 2013 budget of \$4.6 million will likely be rolled to Fiscal 2014 at Budget Adoption pending construction change orders that are being processed. The full cost of the North Shore MTS is anticipated to be \$191.9 million.
 - The MTS at Hamilton Avenue in Brooklyn is currently under construction and should be completed in late 2013. There is no funding currently allocated in Fiscal 2014 so some portion of its \$1.9 million Fiscal 2013 budget will likely be rolled to Fiscal 2014 at Budget Adoption pending construction change orders that are underway. The projected full cost of the Hamilton Avenue MTS is \$171 million.
 - The East 91st Street MTS currently has \$188.2 million budgeted for construction in Fiscal 2013 and \$17.9 million allocated in Fiscal 2014. Construction has not yet begun so it is assumed that the funding will be rolled from Fiscal 2013 to Fiscal 2014 pending further construction change orders being completed. The East 91st Street MTS is scheduled to come online sometime in 2016.
 - The Southwest Brooklyn MTS currently has \$163.8 million allocated in Fiscal 2013, with nothing allotted for Fiscal 2014, because the Department may be able to register the construction contract and consultant work before the end of the fiscal year. Construction is scheduled to begin in calendar year 2013, although permits are still needed from the U.S. Army Corps of Engineers. The construction contracts still need to be finalized, which makes the projected start-date challenging to meet. The Southwest Brooklyn MTS is scheduled to come on-line sometime in 2017.
 - The West 59th Street MTS refurbishment has approximately \$41 million apportioned to it in Fiscal 2014 that was rolled from Fiscal 2013. Work for phase 1 began in and is expected to be completed in April of 2014. The use of this facility to transfer Manhattan's commercial waste is contingent on the Gansevoort MTS being built to transfer the borough's recyclables.
 - The Gansevoort MTS for recyclables has \$86.4 million allocated to it in Fiscal 2014 that was rolled from Fiscal 2013. An RFP for the design of the demolition was awarded in August of 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 between the City and State needs to be signed, as required by the amended Hudson River Park Act.

EXECUTIVE BUDGET HIGHLIGHTS

- **Replacement of Vehicles.** There is \$412.6 million planned for replacement of vehicles in Fiscal 2014 – 2017 including mechanical brooms, collection trucks, salt spreaders, and others. Of that, \$87.7 million is for replacements in Fiscal 2014.

- **Spring Street Salt Shed Enclosure.** The budget for the Manhattan 1/2/5 Garage salt storage shed has been increased by \$16 million which reflects the updated design for fully enclosing the facility. The design is currently being finalized by DDC.
- **Sandy Reimbursement Adjustments.** The Office of Management and Budget (OMB) anticipates that the FEMA will reimburse Sandy damages at 90-percent of costs. It is expected that Federal Community Development Block Grant Disaster Relief (CDBG-DR) funding will cover the 10-percent of remaining costs. Until the higher reimbursement rate and CDBG-DR funding is made official OMB is showing 75-percent reimbursement rates by FEMA.

The Executive Budget shows capital variances that reflect the 75-percent FEMA reimbursements for various projects added in the January Commitment Plan for IT equipment and cabling replacement, additional equipment replacement, Brooklyn Garage 1/4 electrical replacement, schematic design for damaged facilities, and repairs to the Manhattan 1/2/5 Garage. The May Capital Commitment Plan includes approximately \$3 million of new Sandy funding for truck lifts and construction contract bid documents for restoration of DSNY facilities.

APPENDIX 1: BUDGET ACTIONS IN THE EXECUTIVE PLAN

<i>Dollars in Thousands</i>	FY 2013			FY 2014		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as of February 2013 Plan	\$1,338,771	\$137,185	\$1,475,956	\$1,400,012	\$23,148	\$1,423,160
New Needs						
Brooklyn Interim Export Contract Relay Headcount	\$0	\$0	\$0	\$2,658	\$0	\$2,658
Fresh Kills Landfill Surplus	(11,000)	0	(11,000)	5,705	0	5,705
FY13 PS Surplus	(10,500)	0	(10,500)	0	0	0
FY13 Snow Surplus	(15,000)	0	(15,000)	0	0	0
TOTAL, New Needs	(\$36,500)	\$0	(\$36,500)	\$8,363	\$0	\$8,363
Other Adjustments						
Misc. Revenue Adjustments	\$0	\$615	\$615	\$0	\$0	\$0
Civic Center - DSNY Relocation	0	102	102	0	0	0
DEP Crain Training	0	13	13	0	0	0
Diesel Fuel	0	3	3	0	0	0
DSNY Sandy Fringe	0	(1,167)	(1,167)	0	0	0
DSNY WEP Intra City	0	98	98	0	0	0
Fleet Consolidation - Parks	0	0	0	201	0	201
Fuel	(633)	0	(633)	(381)	0	(381)
Fuel - Sanitation	0	464	464	0	0	0
Gasoline	(4,294)	0	(4,294)	(3,123)	0	(3,123)
Heat, Light and Power	(4,548)	0	(4,548)	(4,702)	0	(4,702)
Hepatitis B Vaccine	(445)	0	(445)	445	0	445
Lease Adjustment	0	0	0	1,640	0	1,640
Hurricane Sandy Lump Sum Mod	0	1,232	1,232	0	0	0
PlaNYC Outreach Program	0	51	51	0	0	0
Hurricane Sandy Set Modified Budget	0	4,269	4,269	0	0	0
Street Fair Revenue	0	220	220	0	0	0
TOTAL, Other Adjustments	(\$9,920)	\$5,900	(\$4,020)	(\$5,921)	\$0	(\$5,921)
TOTAL, All Changes	(\$46,420)	\$5,900	(\$40,520)	\$2,442	\$0	\$2,442
Agency Budget as of May 2013 Plan	\$1,292,351	\$143,085	\$1,435,436	\$1,402,453	\$23,148	\$1,425,602

APPENDIX 2: BUDGET ACTIONS IN THE NOVEMBER, FEBRUARY AND EXECUTIVE PLANS

<i>Dollars in Thousands</i>	FY 2013			FY 2014		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as of June 2012 Plan	\$1,330,264	\$23,641	\$1,353,905	\$1,436,115	\$23,441	\$1,459,556
Program to Eliminate the Gap (PEGs)						
Energy Savings	(\$910)	\$0	(\$910)	\$0	\$0	\$0
Marine Transfer Station (MTS) Staffing	0	0	0	(18,550)	0	(18,550)
Waste Export Surplus	0	0	0	(57,174)	0	(57,174)
TOTAL, PEGs	(\$910)	\$0	(\$910)	(\$75,724)	\$0	(\$75,724)
New Needs						
Class 3 Safety Vests	\$89	\$0	\$89	\$250	\$0	\$250
HDR & HDW Contracts	2,351	0	2,351	0	0	0
Manhattan 11 Garage Lease	850	0	850	2,550	0	2,550
Public School Organics Pilot	1,330	0	1,330	1,660	0	1,660
Public Space Recycling	0	0	0	3,999	0	3,999
Recycling New Headcount	200	0	200	227	0	227
Recycling Outreach	400	0	400	800	0	800
Residential Organics Pilot	498	0	498	0	0	0
SMART Software Maintenance	0	0	0	1,127	0	1,127
Waste Characterization Study	688	0	688	0	0	0
Snow Budget Adjustment	0	0	0	18,993	0	18,993
Street Baskets	0	0	0	1,210	0	1,210
Brooklyn Interim Export Contract Relay Headcount	0	0	0	2,658	0	2,658
Fresh Kills Landfill Surplus	(11,000)	0	(11,000)	5,705	0	5,705
FY13 PS Surplus	(10,500)	0	(10,500)	0	0	0
FY13 Snow Surplus	(15,000)	0	(15,000)	0	0	0
TOTAL, New Needs	(\$30,094)	\$0	(\$30,094)	\$39,179	\$0	\$39,179
Other Adjustments						
Collective Bargaining Adjustment	\$1,080	\$1	\$1,080	\$1,102	\$1	\$1,103
IFA Adjustments	289	(297)	(8)	289	(297)	(8)
Fuel Adjustment	0	2	2	0	1	1
Fleet Consolidation - DEP	2,029	0	2,029	3,276	0	3,276
Fringe Associated with the MTS Staffing PEG	0	0	0	4,139	0	4,139
Lease Adjustment	(400)	0	(400)	0	0	0
Intra-city mod with Sanitation	0	207	207	0	0	0
PlaNYC - Energy Manager	0	85	85	0	0	0
Revenue Reimbursement	14	873	887	0	3	3
Superstorm Sandy - Supplies & Equipment	0	15,309	15,309	0	0	0
Superstorm Sandy - Uniform PS Costs: Debris Removal	0	55,964	55,964	0	0	0
Superstorm Sandy - Anticipated Uniform PS	0	31,401	31,401	0	0	0
Superstorm Sandy - Waste Disposal	0	10,000	10,000	0	0	0
Misc. Revenue Adjustments	0	615	615	0	0	0
Civic Center - DSNY Relocation	0	102	102	0	0	0
DEP Crain Training	0	13	13	0	0	0
Diesel Fuel	0	3	3	0	0	0
DSNY Sandy Fringe	0	(1,167)	(1,167)	0	0	0
DSNY WEP Intra City	0	98	98	0	0	0
Fleet Consolidation - Parks	0	0	0	201	0	201
Fuel	(633)	0	(633)	(381)	0	(381)
Fuel - Sanitation	0	464	464	0	0	0
Gasoline	(4,294)	0	(4,294)	(3,123)	0	(3,123)
Heat, Light and Power	(4,548)	0	(4,548)	(4,702)	0	(4,702)

<i>Dollars in Thousands</i>	FY 2013			FY 2014		
	City	Non-City	Total	City	Non-City	Total
Hepatitis B Vaccine	(\$445)	\$0	(\$445)	\$445	\$0	\$445
Lease Adjustment	0	0	0	1,640	0	1,640
Hurricane Sandy Lump Sum Mod	0	1,232	1,232	0	0	0
PlaNYC Outreach Program	0	51	51	0	0	0
Hurricane Sandy Set Modified Budget	0	4,269	4,269	0	0	0
Street Fair Revenue	0	220	220	0	0	0
TOTAL, Other Adjustments	(\$6,910)	\$119,444	\$112,535	\$2,884	(\$293)	\$2,592
TOTAL, All Changes	(\$37,913)	\$119,444	\$81,531	(\$33,662)	(\$293)	(\$33,954)
Agency Budget as of May 2013 Plan	\$1,292,351	\$143,085	\$1,435,436	\$1,402,453	\$23,148	\$1,425,602

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