

THE COUNCIL OF THE CITY OF NEW YORK

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Report to the Committee on Finance and the Committee on Environmental Protection
on the Fiscal 2022 Executive Budget for the

Department of Environmental Protection

May 21, 2021

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Department of Environmental Protection Overview

This report presents a review of the Department of Environmental Protection's (DEP or the Department) Fiscal 2022 Executive Budget. The section below presents an overview of the Department's budget and how it has changed during the course of Fiscal 2021, followed by a review of the significant budget actions introduced in the Fiscal 2022 Executive Budget. Major issues related to the Department's budget are then discussed. Analysis and highlights of DEP's Fiscal 2022 Executive Capital Budget, and Fiscal 2021-2025 Executive Capital Commitment Plan follows the discussion of the expense budget. Appendix 1 reports the changes made to the Fiscal 2021 and Fiscal 2022 Budgets since Adoption of the Fiscal 2021 Budget. For additional information on the Department's budget and its various programs, please refer to the Fiscal 2022 Preliminary Budget Report for DEP at: <https://council.nyc.gov/budget/wp-content/uploads/sites/54/2021/05/826-DEP.pdf>

Below is a summary of key funding changes by program area and source when comparing DEP's Fiscal 2022 Executive Budget to its Fiscal 2021 Adopted Budget.

Table:1 Department of Environmental Protection Financial Plan Summary

<i>Dollars in Thousands</i>	FY19	FY20	FY21	Executive Plan		*Difference
	Actual	Actual	Adopted	FY21	FY22	FY21-FY22
Spending						
Personal Services	\$583,902	\$608,674	\$610,270	\$619,701	\$613,773	\$3,503
Other Than Personal Services	849,105	774,138	828,541	872,157	906,064	77,523
TOTAL	\$1,433,007	\$1,382,811	\$1,438,811	\$1,491,858	\$1,519,837	\$81,027
Budget by Program Area						
Agency						
Administration & Support	\$113,430	\$118,727	\$113,016	\$120,093	\$115,924	\$2,908
Customer Services & Support						
Water Board	52,286	61,488	64,982	62,995	65,457	475
Engineering Design and Construction	40,799	38,794	43,030	38,187	43,043	13
Environmental Management	30,562	27,838	20,602	24,182	25,539	0
Miscellaneous	132,741	62,292	29,909	75,418	56,067	26,158
Upstate Water Supply	368,611	390,851	427,023	403,844	427,372	349
Wastewater Treatment Operations	499,015	494,452	515,141	550,768	548,633	33,493
Water & Sewer Maintenance & Operations	195,563	188,369	225,108	216,370	237,802	12,694
TOTAL	\$1,433,007	\$1,382,811	\$1,438,811	\$1,491,858	\$1,519,837	\$81,027
Funding						
City Funds			\$1,341,135	\$1,349,497	\$1,434,597	\$93,461
Other Categorical			0	8,783	0	0

Table:1 Department of Environmental Protection Financial Plan Summary

<i>Dollars in Thousands</i>	FY19	FY20	FY21	Executive Plan		*Difference
	Actual	Actual	Adopted	FY21	FY22	FY21-FY22
Capital- IFA			67,487	59,487	67,488	2
State			0	4,763	0	0
Federal - Community Development			29,419	47,332	1,481	(27,938)
Federal - Other			153	19,181	15,649	15,496
Intra City			617	2,815	622	0
TOTAL	\$1,433,007	\$1,382,811	\$1,438,811	\$1,491,858	\$1,519,837	\$81,207
Budgeted Headcount						
Full-Time Positions - Civilian	5,920	5,891	6,233	6,258	6,267	34

**The difference of Fiscal 2021 Adopted Budget compared to Fiscal 2022 Executive Budget.*

The Fiscal 2022 Executive Plan proposes \$1.52 billion for DEP in Fiscal 2022, which represents an increase of \$81.2 million or five and half percent, when compared to the Fiscal 2021 Adopted Budget of \$1.44 billion. DEP's year-over-year comparison reflects increases in Fiscal 2022 funding primarily for miscellaneous costs related to the Build It Back – Choose Your Own Contractor (CYOC) program at \$32.2 million; \$10.3 million for Owls Head Wastewater Treatment Plant contractor dewatering/fire suppression system update costs, as well as \$8.1 million for marine vessel maintenance/ various job order contracts; \$9.6 million in costs for wastewater treatment chemical procurement needs and equipment repairs; and \$2.1 million for fleet maintenance costs.

Furthermore, the Department's Fiscal 2022 Executive Budget provides for 6,267 full-time positions. The increase of 34 positions in the Department's Fiscal 2022 headcount is primarily attributed to several new budget items included the Fiscal 2022 Executive Plan; details are discussed below.

New in the Executive Plan

Major changes introduced in the Executive Plan include the following actions.

New Needs

- **Bureau of Wastewater Repair Needs.** The Fiscal 2022 Executive Plan includes \$2.7 million in Fiscal 2022 for costs related to wastewater treatment plant job order contracts, as well as interest payments to the New York Power Authority (NYPA) for DEP projects they currently manage at Department facilities.
- **Bureau of Water Supply Upstate Obligations.** The Fiscal 2022 Executive Plan includes \$3.1 million in Fiscal 2022 for upstate watershed property taxes, as well as costs related to rehabilitating the Seven Hills Lake Dam in upstate New York; the City will be transferring its partial ownership of the dam to the Seven Hills Lake property owners.
- **Citywide On-Call Emergency Contracts.** The Fiscal 2022 Executive Plan includes \$900,000 in Fiscal 2022 for citywide on-call emergency contracts. Funding will support environmental testing/remediation contracts.

- **Collective Bargaining – Sewage Treatment Workers.** The Fiscal 2022 Executive Plan includes \$10.3 million in Fiscal 2021 for sewage treatment worker collective bargaining costs.
- **Cybersecurity.** The Fiscal 2022 Executive Plan includes \$707,263 in Fiscal 2022 to hire seven staff for agency cyber security. Funding will aim to improve the security of critical agency operations and resources.
- **Housing Recovery Operations – Build It Back Construction.** The Fiscal 2022 Executive Plan includes \$32.2 million in Fiscal 2022 for the Build It Back – Choose Your Own Contractor program.
- **Housing Recovery Operations – Build It Back Inspections.** The Fiscal 2022 Executive Plan includes \$4 million in Fiscal 2022 for Build It Back construction inspections.
- **Docking Operations.** The Fiscal 2022 Executive Plan includes \$12.3 million in Fiscal 2022 for contractor costs related to dewatering sludge at the Owls Head Wastewater Treatment Plant while the site’s dock is being repaired, as well as costs related to marine vessel maintenance.
- **Drinking Water Supply Chemicals.** The Fiscal 2022 Executive Plan includes \$7.8 million for the procurement of drinking water supply chemicals: sulfuric acid and chlorine dioxide.
- **Fire Protection Systems.** The Fiscal 2022 Executive Plan includes \$2.7 million in Fiscal 2022 for costs related to fire protection upgrades at wastewater treatment plants citywide.
- **Vehicle Fleet Maintenance Contracts.** The Fiscal 2022 Executive Plan includes \$2.1 million in Fiscal 2022 for costs related to vehicle fleet maintenance contracts.
- **Gowanus Canal Remedial Design Costs.** The Fiscal 2022 Executive Plan includes \$14.5 million in Fiscal 2022 for remedial design costs related to Gowanus Canal dredging work.
- **Home Solar Accelerator.** The Fiscal 2022 Executive Plan includes \$5 million in Fiscal 2022 for costs related to the home solar accelerator.
- **Feasibility Studies.** The Fiscal 2022 Executive Plan includes \$725,000 to conduct two studies: 1.) a study on water storage capacity at the Francis E. Walter Dam in Pennsylvania and 2.) a study on consolidating up to four wastewater treatment plants on Riker’s Island following the decommissioning of the correctional facilities.
- **Mayor’s Office of Sustainability.** The Fiscal 2022 Executive Plan includes \$3.4 million in Fiscal 2022 for the Mayor’s Office of Sustainability – Property Assessment Clean Energy (PACE) program, as well as funding to support the development of the City’s Long Term Energy Plan.
- **Reopening for Small Businesses.** The Fiscal 2022 Executive Plan includes \$525,120 in Fiscal 2022 to hire eight engineers to assist with expediting review times of sewer backup plans for small businesses.

- **Targeted Sewer Inspection Program.** The Fiscal 2022 Executive Plan includes \$1.98 million in Fiscal 2022 to hire 10 staff, as well as to procure equipment for inspecting, cleaning and flushing sewer segments in problematic areas citywide.
- **Water Main Break Reduction.** The Fiscal 2022 Executive Plan includes \$1.02 million in Fiscal 2022 to hire five staff, as well as to procure equipment to inspect and repair water main shutoff valves/complete leak detection surveys.

Council Fiscal 2022 Budget Response

DEP spends approximately \$4.7 million on average per fiscal year for arterial highway catch basin cleaning; however, the Fiscal 2022 budget for highway catch basin cleaning is \$4.94 million. The Council called on DEP to re-estimate its arterial highway catch basin budget, to \$4.7 million, to reflect actual spending for Fiscal 2022; however, the adjustment was not included in the Executive Plan.

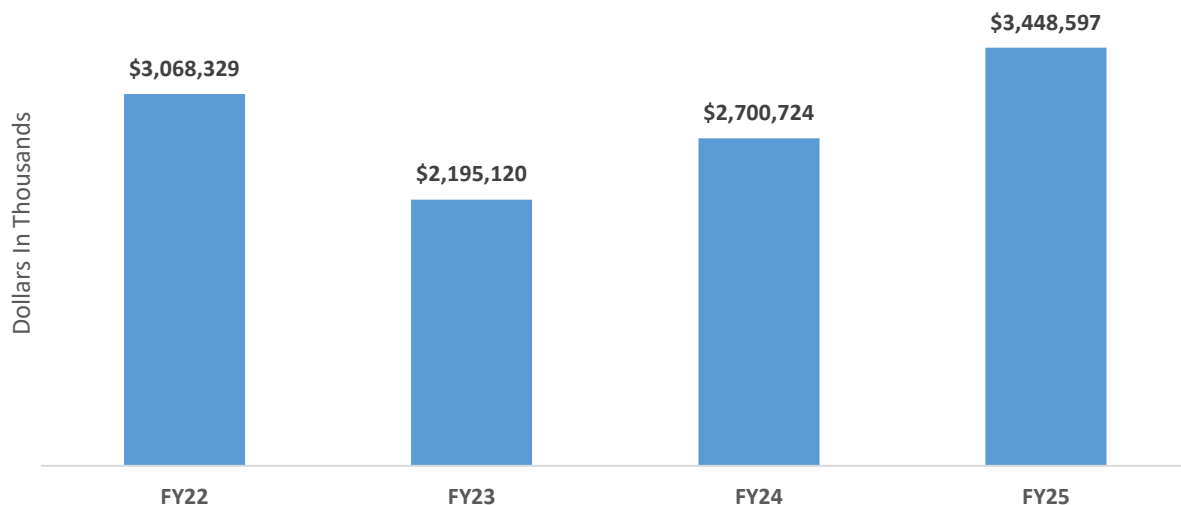
Capital Plan Overview

The following section will provide an overview of the Executive Capital Budget, Capital Commitment Plan, and the Ten-Year Capital Strategy for DEP. Each one of these documents should support and be well integrated with one another to properly execute the City’s capital projects as well as meet its infrastructure goals.

Executive Capital Budget for Fiscal 2022-2025

The Capital Budget provides the required appropriations for Fiscal 2022 and planned appropriations for the subsequent three-years. Appropriations represent the legal authority to spend capital dollars and are what the Council votes on at budget adoption. As shown in the chart below, DEP’s Fiscal 2022 Executive Capital Budget includes \$11.4 billion in Fiscal 2022-2025.

Figure 1: Capital Budget for Fiscal 2022-2025



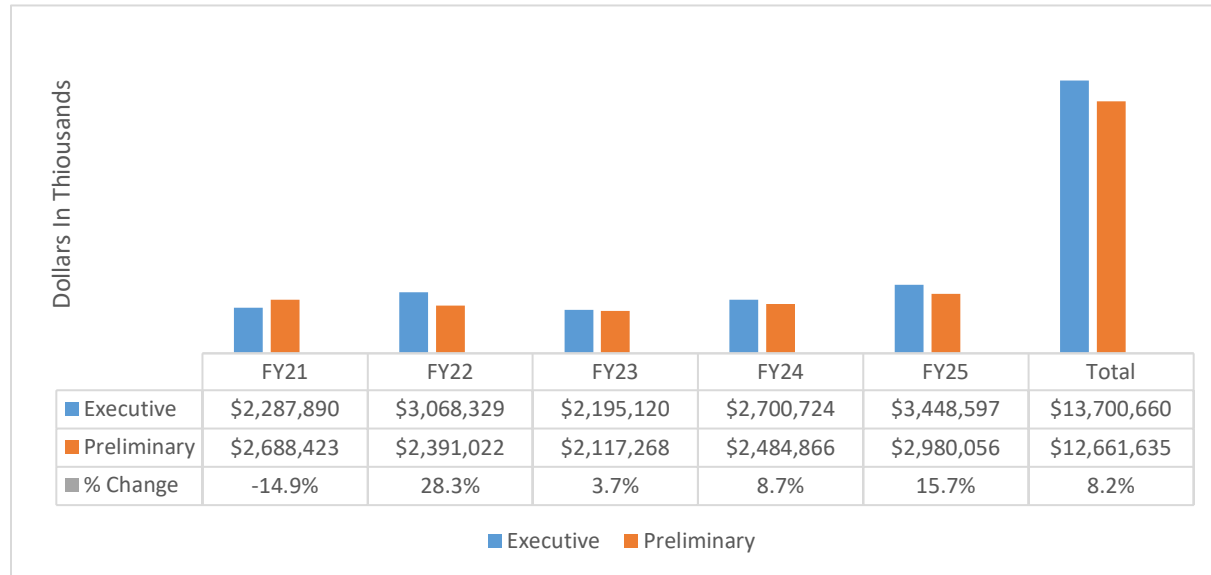
Executive Capital Commitment Plan for Fiscal 2021-2025

The City’s Capital Commitment Plan details the Administration’s plan to spend the appropriations voted on by the City Council at Adoption. The Commitment Plan provides project-level funding

details as well as an estimate of expenditure dates. It is through this document that we gain insight into a project’s estimated cost, start date and time to completion.

DEP’s Executive Capital Commitment Plan includes \$13.7 billion in Fiscal 2021-2025, with \$2.3 billion in Fiscal 2021. This represents 14.7 percent of the City’s total \$93 billion Executive Capital Commitment Plan.

Figure 2: DEP’s Commitment Plan



Fiscal 2022 Executive Capital Commitment Plan Highlights

Across DEP’s five key capital project areas - (1) Equipment, (2) Sewers, (3) Water Mains, (4) Water Pollution Control, (5) Water Supply – a total of \$1.04 billion was added in the Executive Capital Commitment Plan for various projects. Of the \$1.04 billion, \$687.9 million was added for Water Pollution Control; \$237.8 million for Water Mains; \$117.2 million for sewers; \$5.3 million for Water Supply; and \$9.1 million for Equipment needs was re-appropriated to the outyears.

Major capital projects included in the Executive Capital Commitment Plan are outlined below.

Kensico-Eastview Connection. The Executive Capital Commitment Plan includes \$831.9 million for the Kensico- Eastview Connection (KEC). The KEC will be a 2-mile-long tunnel between Kensico Reservoir and the Catskill-Delaware Ultraviolet Light Disinfection Facility in Eastview. The new aqueduct will provide additional conveyance between these vital components of the water supply, allowing DEP to take other facilities out of service for periodic maintenance and inspection.

Gowanus Canal – Combined Sewer Overflow Tank. The Executive Capital Commitment Plan includes \$946.3 million to build combined sewer overflow tanks at two locations on the Gowanus Canal. These two locations are referred to as outfall OH-007 and RH-034. The RH-034 outfall is located at the head end of the canal and the OH-007 outfall is located on the west side of the canal near the 4th Street turning basin.

Ashokan Reservoir and Olive Bridge Dam. The Executive Capital Commitment Plan includes \$190.3 million to rehabilitate the water supply infrastructure at the reservoir. The comprehensive, multi-year capital program will include upgrades to the dam, dikes, chambers

and other facilities at Ashokan Reservoir, which provides clean drinking water to all five boroughs of New York City.

City Tunnel No.3, Stage. 2. The Executive Capital Commitment Plan includes \$610.1 million to complete the Brooklyn-Queens leg of City Tunnel No.3. Two new shafts will be constructed; equipment in the existing shafts will be rehabilitated; tunnel corrosion will be addressed; and new electrical, telecommunication, and security systems will be installed.

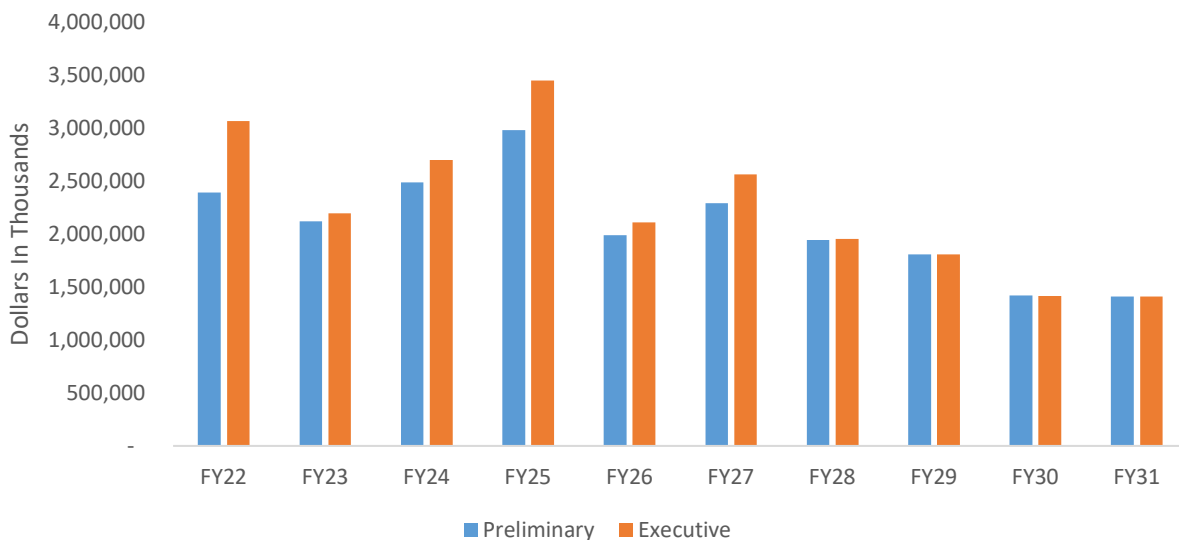
Chambers at the Hillview Reservoir. The Executive Capital Commitment Plan includes \$349.5 million for rehabilitation of the Hillview Reservoir Chambers to ensure it continues to perform the critical function of regulating pressure in the City’s water distribution system. The Reservoir is located just outside of the Bronx in Yonkers., it was originally constructed between 1909 and 1915, and is the last stop for the water before it enters City’s water supply network.

Hunts Points Digester. The Executive Capital Commitment Plan includes \$395.5 million for construction of four new anaerobic digesters; a new digester control building; four new waste gas burners; and a thickened sludge distribution/anaerobic digester feed well at the Hunts Point Wastewater Treatment Plant.

Ten-Year Capital Strategy Fiscal 2022-2031

The City’s Ten-Year Capital Strategy totals \$133.7 billion (all funds), which is \$15 billion larger than the \$118.8 billion Fiscal 2022-2031 Preliminary Ten-Year Capital Strategy. DEP’s Ten-Year Capital Strategy totals \$22.7 billion, a \$1.83 billion increase or nine percent change from the Preliminary Ten-Year Capital Strategy of \$20.8 billion. The increase is primarily due to \$649.9 million added for Water Pollution Control; \$767.1 million added for Water Mains; and \$352.2 million added for Sewers.

Figure 3: Ten-Year Capital Strategy



Appendix 1: Fiscal 2022 Budget Actions since Fiscal 2021 Adoption

<i>Dollars in Thousands</i>	FY21			FY22		
	City	Non-City	Total	City	Non-City	Total
DEP Budget as of the Fiscal 2021 Adopted Budget	\$1,341,135	\$97,675	\$1,438,111	\$1,319,382	\$68,965	\$1,388,347
Other Adjustments - Prelim. 2021						
80x50 Study	\$0	\$621	\$621	\$0	\$0	\$0
Biowatch	0	2,260	2,260	0	0	0
Brownfield	0	81	81	0	0	0
Community Development Funding	0	(156)	(156)	0	0	0
COVID-19 Funding	0	5,792	5,792	0	0	0
Disaster Recovery	0	6,846	6,846	0	0	0
Excel Projects	0	1,956	1,956	0	0	0
Reallocation to BC 5300	0	235	235	0	0	0
FY21 Build It Back	18,681	0	18,681	0	0	0
FY21 Navigation Rollover	0	2,700	2,700	0	0	0
Housing Recovery Operations	0	12,921	12,921	0	0	0
Labor Adjustment (non-utility)	(64)	(6)	(70)	0	0	0
Labor Adjustment (utility)	(984)	0	(984)	0	0	0
Lefrak Carpet	0	979	979	0	0	0
Long Island Sound	0	3,100	3,100	0	0	0
Grant Rollover	0	4,686	4,686	0	0	0
Managerial Savings	(20)	0	(20)	0	0	0
Hazard Mitigation Funding Rollover	0	2,194	2,194	0	0	0
Service Program Transfer	20	0	20	0	0	0
Sandy Meters	0	8	8	0	0	0
Vehicle Purchase Freeze	(2,033)	0	(2,033)	(3,318)	0	(3,318)
Disaster Recovery Sandy	0	337	337	0	0	0
Housing Recovery Operations Consultants	0	1,760	1,760	0	774	774
Retrofit Program	0	77	77	0	0	0
Office Supplies	(116)	0	(116)	0	0	0
Printing Reduction	(191)	0	(191)	0	0	0
RNAV Reduction	0	(18)	(18)	0	0	0
Subtotal, Other Adjustments	\$15,293	\$46,373	\$61,666	(\$3,318)	\$774	(\$2,544)
Savings - Prelim. 2021						
Contract Savings	(\$1,291)	\$0	(\$1,291)	\$0	\$0	\$0
Personnel Service Savings	(309)	0	(309)	(509)	0	(509)
Water Fountain Installations	(115)	0	(115)	(199)	0	(199)
Subtotal, Savings	(\$1,715)	\$0	(\$1,715)	(\$708)	\$0	(\$708)
TOTAL, All Changes	\$13,578	\$46,373	\$59,951	(\$4,026)	\$774	(\$3,252)
DEP Budget as of the Fiscal 2022 Preliminary Budget	\$1,354,712	\$144,045	\$1,498,758	\$1,315,001	\$69,739	\$1,384,740
New Needs - Exec. 2021						
Bureau of Wastewater Treatment Repair Needs	\$3,653	0	\$3,653	\$2,703	\$0	\$2,703
Bureau of Water Supply Upstate Obligations	0	0	0	3,050	0	3,050

<i>Dollars in Thousands</i>	FY21			FY22		
	City	Non-City	Total	City	Non-City	Total
Citywide On-call Emergency Contracts	0	0	0	900	0	900
Collective Bargaining - Sewage Workers	10,332	0	10,332	0	0	0
Cyber Security Improvements	0	0	0	707	0	707
DEP - HRO BIB Construction	0	0	0	32,200	0	32,200
DEP - HRO BIB Inspections	0	0	0	4,000	0	4,000
Docking Operations	1,232	0	1,232	12,285	0	12,285
Drinking Water Supply Chemicals	0	0	0	7,763	0	7,763
Fire Protection Systems	0	0	0	2,727	0	2,727
Fleet Maintenance Contract	0	0	0	2,100	0	2,100
Gowanus Canal Remedial Design Costs	10,500	0	10,500	10,500	0	10,500
Home Solar Accelerator	0	0	0	5,000	0	5,000
IT Services Extension for New Billing System	0	0	0	7,530	0	7,530
Legally Mandated Feasibility Study	0	0	0	725	0	725
Mayor's Office of Sustainability Mandates	0	0	0	3,420	0	3,420
Reopening for Small Business			0			0
Targeted Sewer Inspection Program	0	0	0	1,982	0	1,982
Water Main Break Reduction	0	0	0	1,021	0	1,021
Subtotal, New Needs	\$25,717	\$0	\$25,717	\$98,613	\$0	\$98,613
Other Adjustments - Exec. 2021						
Agency Mandated Programs	(\$11,323)	\$0	(\$11,323)	\$7,794	\$0	\$7,794
Supervisory Maintenance Funding	3	0	3	3	0	3
Delays in Upstate Watershed Contracts	(5,153)	0	(5,153)	1,554	0	1,554
DEP HRO Staffing	0	1,600	1,600	0	4,700	4,700
Eat Well, Eat Local Program	0	0	0	0	6,796	6,796
Enhanced Space Management	(87)	0	(87)	(262)	0	(262)
Gowanus Canal Remedial Design Costs	0	4,000	4,000	0	4,000	4,000
Heat, Light, and Power	(5,083)	0	(5,083)	3,411	0	3,411
Heating Fuel Adjustment	(2,215)	0	(2,215)	127	0	127
HRO Administration	0	23	23	0	0	0
HRO ICC	0	685	685	0	0	0
IFA Surplus Adjustment	0	(8,000)	(8,000)	0	0	0
Inflow Contract Deferral	(990)	0	(990)	990	0	990
Lease Adjustment	0	0	0	1,324	5	1,329
Motor Fuel	320	0	320	530	0	530
MOU Workwell	0	7	7	0	0	0
Enterprise Licensing Agreement	1,243	0	1,243	0	0	0
MS4 Contract Delays and Reflows	(900)	0	(900)	900	0	900
NYC Service Bureau	5	0	5	0	0	0
Funding Adjustment	225	0	225	370	0	370

<i>Dollars in Thousands</i>	FY21			FY22		
	City	Non-City	Total	City	Non-City	Total
Water For the Future Realignment	(6,974)	0	(6,974)	3,717	0	3,717
Subtotal, Other Adjustments	(\$30,929)	(\$1,685)	(\$32,614)	\$20,458	\$15,501	\$35,959
TOTAL, All Changes - Exec. 2021	(\$5,212)	(\$1,685)	(\$6,897)	\$119,071	\$15,501	\$134,572
DEP Budget as of the Fiscal 2022 Executive Budget	\$1,349,497	\$142,361	\$1,491,858	\$1,434,597	\$85,240	\$1,519,837