

Hearing on Restarting the City's Capital Program in Program in Light of COVID- 19

February
17,
2021

Department of Design and Construction
Jamie Torres-Springer, First Deputy Commissioner

New York City
Council
Subcommittee
on the Capital
Budget

Good morning Chair Rosenthal and other members of the Subcommittee. I am Jamie Torres-Springer, First Deputy Commissioner of the NYC Department of Design and Construction, and I am happy to appear before you today to discuss the impacts of the COVID-19 pandemic on DDC's capital program. I am joined by Rachel Laiserin, DDC's Chief Financial Officer.

I want to begin my testimony on this subject by describing DDC's role in the City's capital construction process: we are the City's design and construction manager for much of its portfolio. We collaborate with more than twenty sponsor agencies and the Office of Management and Budget to help ensure the constructability and scope of projects presented to us through our Front-End Planning Unit. Once a sponsor agency project is approved to move forward, we then use the budget allocation and proceed with design and construction, while working to ensure this is done as efficiently and cost effectively as possible.

To give you a sense of the scope of our overall portfolio, the total value of active projects is approximately \$22 billion across nearly 700 active projects.

The pandemic has been a challenging time for DDC, as it has for the city as a whole; there have also been some positive impacts, which I will explain. But first I

would like to take this opportunity to publicly thank the DDC staff who have continued to work through very difficult conditions to keep our projects on track, and who have played an outsized role in creating the field hospitals, testing and vaccination sites and other facilities the City needs for an effective pandemic response. I have personally witnessed the dedication and tireless effort of these frontline professionals, and they deserve a tremendous amount of credit.

Early Pandemic

On March 7, 2020, Governor Cuomo issued New York State's Executive Order #202 declaring a disaster emergency throughout the state because of COVID-19.

The Governor's order led to an executive order by the Mayor enforcing the state's mandate at a local level. DDC then worked with our partner agencies to determine the best way to proceed in the earliest and darkest days of the pandemic, in a manner that would protect our employees, our contractors and vendors and the general public while still carrying out our duty to the public at the highest level possible.

The agency's infrastructure construction projects, which by their nature affect the critical delivery of drinking water as well as the proper functioning of the sewer

and transportation systems, continued without significant delay. Projects were periodically paused when there were health issues on the work site, but then restarted safely.

Within days of the declaration, most of our public buildings portfolio in construction, with the exception of a handful of projects essential to life safety, were paused.

Our Division of Site and Safety Support worked closely with our Infrastructure Division and our Public Buildings Division during this time to develop protocols, checklists and educational materials that would allow projects to continue with the smallest amount of risk.

Subsequently, consultant design work paused as much of the City locked down, and the impacts of the crisis widened. Exceptions were made for critical programs such as East Side Coastal Resiliency, for projects with outside deadlines such as for a consent decree or for significant federal or state funding and for a small number of projects deemed critical by the Department of Environmental Protection for the performance of the water and sewer systems.

Restarting Our Work

Last June, DDC began restarting the public buildings construction projects in consultation with OMB and our sponsor agencies. We have since returned all projects to construction, and over the last several months we have gradually restarted most design consultant contracts for both public buildings and infrastructure projects, again, in consultation with our partner agencies. We expect to resume all outstanding work over the next few months, although I must note that this timeline is subject to change based on the City's cashflow needs. We also remain ready to assist OMB and our sponsor agencies in navigating their future capital plan prioritizations.

Future Work

DDC looks forward to outlining our capital plan at our upcoming hearing on the preliminary budget. In short, the preliminary budget reflects continued strong investment in both our infrastructure and public buildings divisions.

COVID Construction

Though DDC was impacted by the pandemic, staff were responsible for truly heroic work. Working closely with New York City Emergency Management, Health +

Hospitals, the Department of Health and Mental Hygiene, and others, we built the facilities the City has relied upon to manage the pandemic.

Briefly, since the pandemic began, the agency has:

- **Designed and built two field hospitals totaling 1,100 patient beds, including for those in intensive care;**
- **Designed and built 28 COVID testing sites, with many that include space for on-site contact tracing;**
- **Procured for NYC Health + Hospitals eight mobile testing trucks, which are weatherproofed and able to be deployed at COVID hotspots outdoors in the winter;**
- **Expanded four NYC Health Department laboratories and upgraded them with negative air pressure handling;**
- **And finally, we have substantially completed – from start to finish – three large COVID Centers of Excellence, which NYC Health + Hospitals will operate as community clinics specially designed to manage the long-term healthcare needs of New Yorkers recovering from COVID.**

We are also now deeply engaged in creating vaccination centers, and recently completed the large vaccination sites at Yankee Stadium and at the Empire Outlets on the north shore of Staten Island.

This has been a remarkable effort by DDC staff and it has placed them on the front lines of the pandemic, with much of the risk and urgency experienced by other frontline personnel, and we are very proud of them.

The COVID work I have described was performed under procurement rules allowed by the State's and City's emergency declarations and the fact that we were able to deliver hundreds of millions of dollars of construction, from start to finish, in mere months, shows what the agency is capable of when working outside the typical procurement, administrative and oversight regime. What's more, the work was emblematic of the foundational goals of DDC's Blueprint for construction excellence: efficiency, process improvement and quality project delivery.

Our COVID work is ongoing but we are already reviewing these successes and will make future recommendations for how to improve the capital construction process based on our experiences since March. That will likely include changes to

Local Law 63, which currently requires a 60-day waiting period before any type of consultant contracts can be advertised to begin the procurement process.

It is worth noting that many of our infrastructure projects, which remained in construction through the pandemic, also saw remarkable progress and were able to be finished well ahead of schedule. We attribute this to decreased vehicle and pedestrian traffic, which allowed our staff and contractors to get more generous work permits and work much more quickly in the field.

Indeed I was there in June when we celebrated, with the Department of Transportation, the completion of Phase 2 of the rebuilding of Atlantic Avenue in Brooklyn, a \$48 million project that finished six months ahead of schedule and brought traffic calming and other safety enhancements to a 1.2-mile stretch of this very busy thoroughfare.

Thank you for the opportunity to testify today. I am happy to answer any questions you and your colleagues may have.

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February 17, 2021

Chair Rosenthal and members of the City Council Subcommittee on Capital Budget, thank you for the opportunity to provide testimony regarding restarting the City's Capital Program in light of COVID-19.

The New York Building Congress' membership consists of more than 550 constituent organizations and 250,000 skilled tradespeople and professionals, including architects, engineers, contractors and labor, many of whom design and build the projects that improve our city. As such, we urge the City to restart its projects and fund the Capital Budget at pre-COVID-19 levels in the forthcoming FY22 Capital Commitment Plan.

New York City's Capital Budget is a testament to our collective investment in the future of this great metropolis. The Capital Budget is the mechanism to invest in schools, parks, water and sewage infrastructure, roads and bridges and all the equipment that supports various departments and critical staff. In short, while the Expense Budget helps keep the lights on, the Capital Budget is how we ensure that our city is in a state of good repair. It provides critical services to all New Yorkers and affects the livelihoods of many thousands of workers and businesses. The Capital Program is fundamental to the region's economic well-being and must be an essential component of economic recovery.

While we understand the extraordinary circumstances that led to the PAUSE orders in the spring of 2020, today, with many sectors of the building industry able to restart work, the City is fully in control of the investments in capital projects that remain paused. Extended pauses today will only make projects more expensive over time. As a City on the cusp of recovery, we must remain optimistic in our recovery efforts by taking a long-term view of our economic situation and not just aim to resolve a short-term crisis.

To better understand the specific effects of the pandemic and the building industry's outlook on the construction market, the Building Congress conducted a member survey between August and September 2020. We found that eighty-two percent have been negatively impacted by COVID-19 and a majority had a low level of confidence that the NYC construction market will provide them with new business opportunities in 2021 and 2022.

In the latter half of 2020, we were encouraged to see that the City's Office of Management and Budget began to ease restrictions on spending for pre-construction work, such as design, as well as construction itself. However, continued pauses remain on several critical infrastructure projects, significantly impacting the livelihood of firms doing business with the City, and by extension their employees.

MWBEs are particularly vulnerable to the sudden pauses in contracts. While larger firms have the financial capacity and borrowing authority to handle expenses and sustain themselves through difficult periods, MWBEs and smaller firms do not enjoy these privileges. In our recently released *Construction Outlook Update: Workforce Snapshot*, we noted that 73.3 percent of all construction workers resided in the five boroughs, 63.8 percent identified as non-white, 34.2 percent identified as non-citizens and 9.5 percent were women. As you can see, constraints on spending that can lead to layoffs or furloughs will have a detrimental impact on vulnerable New Yorkers.

To continue the road to economic recovery, we must heed the lessons of those who came before us. History shows that infrastructure spending has a multiplier effect for the economy and large investments in public works during times of emergency have a track record of transforming the city, creating good-paying jobs, and spurring wider economic activity.

That is why we ask that the City Council advocate for the full restart of paused City Capital projects. We look forward to working with you to advance this effort. Thank you for your time and consideration.

Best,

Michael Papagianakis
Chief of Staff
New York Building Congress



**Testimony Submitted to the City Council
Subcommittee on Capital Budget
February 17, 2021**

Oversight - Restarting the City's Capital Program in Light of COVID-19

The American Council of Engineering Companies of New York (ACEC New York) is an association representing nearly 300 engineering and affiliate companies with 30,000 employees in New York State, and a concentrated presence in the City. Our members plan and design the structural, electrical, mechanical, plumbing, civil, environmental, fire protection and technology systems for buildings and infrastructure throughout New York.

We thank the Subcommittee and Chair Rosenthal for focusing attention on the critical subject of today's hearing: Restarting the City's Capital Program in Light of COVID-19. We are also thankful for your service in managing the City through this crisis. Our organization, families and friends have all been affected by the pandemic, and we appreciate the efforts of our government leaders to keep the public safe and manage the City's essential functions through this challenging period.

Like all New Yorkers, our members are anxious to see the economy recover. The pandemic's impact on the City's capital program has been particularly challenging for our industry. This includes the City's pause on capital program design projects by agencies including the DDC, SCA, DOT and EDC. These impacts have created real challenges for middle-class New York families who work in and are employed by our industry, including the many thousands of engineers, construction managers, subcontractors, MWBE firms and small businesses we represent. Our members are doing their best to stay in business, mitigate layoffs, furloughs, and benefit cuts, but unfortunately some of these impacts have been a reality over the past 11 months. While our organization and partners are marshalling resources to advocate for the President and Congress to provide fiscal relief to the City government, we cannot depend solely on Washington D.C. to provide our City's economic recovery.

Design work is an essential component of economic recovery. Having the City's design projects on hold is, we believe, penny-wise and pound-foolish for the City. We therefore urge that this work be fully restarted across all agencies. This will position NYC agencies to be ready to move forward in construction once the COVID-19 emergency has passed. Design work is linked to the economic well-being of countless New York families including not only engineers and architects, but also general contractors, construction workers and ancillary industries whose livelihoods depend on the design and construction sector.

History shows infrastructure spending, in particular, has multiplier effects on the economy. In the short-term, building or upgrading transportation, energy and other physical infrastructure boosts

aggregate demand across the economy by creating increased construction activity and employment. It creates good-paying, local jobs, spurring wider economic activity. In the long-term, investments in infrastructure that has a lifespan lasting generations also boosts economic health by increasing the economy's supply capacity. For example, improving transportation infrastructure makes workers more mobile, making labor markets more efficient and productive.

In response to the Great Depression in the 1930s, the federal government enacted the Public Works Administration. The government made unprecedented investments in public projects to revive economic growth and productivity. This type of investment is once again needed. That is why we must continue designing and building New York through a strong capital program.

The City's capital program is not only at the heart of the economy, but it is crucial to maintaining the City's status as a global leader. By investing in capital projects – design and construction – New York can lead the way out of this turbulent time, and develop the necessary transportation, environmental, energy and business infrastructure that will keep the City moving forward. We look forward to working with you in the time ahead to advance this effort.

If you have any questions or if our association can be of assistance to you, we are happy to work together. Thank you.

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February 17, 2021

AIA New York Subcommittee on Capital Budget Testimony

Thank you, Chair Rosenthal and members of the committee, for holding this hearing today. I am Adam Roberts, Director of Policy for the American Institute of Architects New York, also known as AIA New York. We are the professional association representing New York's public and private sector architects.

The American Institute of Architects

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The design work stoppage at the New York City Department of Design and Construction (DDC) and other agencies has been devastating to our city. Without design, construction cannot move forward. As such, the openings of countless schools, libraries, parks, and other essential projects have already been delayed by a full year. Vulnerable New Yorkers, who rely most heavily on our public buildings, will be hurt the most by this ongoing delay. The design work stoppage has also reduced the incomes of tens of thousands of architects, engineers, contractors, and tradespeople. For these reasons, labor and industry groups sent a letter to the Mayor at the beginning of the pandemic, asking that the work stoppage end. We have received no reply.

The design work stoppage imperils DDC's ability to carry out very time-sensitive projects. One of these is the implementation of design-build, a project delivery method by which architects and contractors work simultaneously on design and construction. Last year, the city secured design-build authority from New York State. DDC is implementing design-build, but the lack of funding for its capital program has meant that essentially one staffer is overseeing this rollout. If the city is restarting these design-build projects, then DDC must be sufficiently funded to oversee them.

The design work stoppage at DDC also hampers the city's ability to comply with Local Law 97 of 2019, also known as the Climate Mobilization Act. Buildings, including those owned by the city, must begin complying in only a few years. With such a tight deadline to retrofit potentially hundreds of public buildings, the city must allow DDC to begin this work immediately. It would very problematic if the city failed to comply with its own landmark legislation.

During this budget season, we hope council members will fight for the capital program at DDC and other agencies to be fully funded. We recognize that in a fiscal crisis, everyone is urging that their industries be fully funded. Yet, the repercussions of not funding the city's capital program will reverberate throughout all sectors of our economy. It goes against good fiscal practice, which is to build more during an economic crisis in order to jumpstart the economy.

Again, thank you for holding this hearing and inviting us to testify today.



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