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HEARING ON THE FISCAL YEAR 2014 EXECUTIVE BUDGET FOR THE

DEPARTMENT OF CITYWIDE ADMINISTRATIVE SERVICES

May 13, 2013

EXECUTIVE BUDGET HIGHLIGHTS

- **DCAS Fiscal 2014 Budget.** The Department's proposed Fiscal 2014 Expense Budget totals \$1.15 billion, including \$801 million for the City's heat, light and power expenditures. Budgeted headcount totals 1,975 full-time positions across nine divisions.
- **DCAS' Program to Eliminate the Gap (PEG).** Since Adoption, the financial plan for DCAS includes PEG actions that project increased revenues of approximately \$10.5 million and expense savings of approximately \$6.1 million for Fiscal 2014.

Significant PEG actions include:

- **Elimination of 19 positions through attrition and vacancies.** This action would generate savings of \$1.58 million in Fiscal 2014.
- **Sale of City-Owned Property.** The City will generate revenue through the sale of City-owned property in Maspeth, Queens and has recognized revenue of \$10 million in Fiscal 2014 as a portion of the sale. The Executive Plan includes an additional \$11 million in Fiscal 2013 for property sales, including \$9 million for the sale of the Toys R Us building on Flatbush Ave.
- **Funding Shift.** State funding will be used to support 53 positions formerly paid for by the City, generating baseline City savings of \$1.8 million.
- **Revenues.** DCAS anticipates a total of \$108.5 million in revenues for Fiscal 2013 and \$93.3 in Fiscal 2014. Of the Fiscal 2013 amount, 62 percent is scheduled to come from the collection of commercial rent. The City's rent agreement with the Marriot Marquis accounted for approximately \$24 million in Fiscal 2012. Not included in the revenue plan is approximately \$230 million expected through the sale of 346 Broadway and 49-51 Chambers Street.
- **21st Century Civic Center Plan.** The Fiscal 2013-2016 Capital Plan includes planned commitments totaling \$117 million for the 21st Century Civic Center Plan, the City's plan to sell City-owned buildings, while consolidating and renovating leased and existing City-owned space. The Expense Budget includes \$3.7 million in Fiscal 2014 for non-capital expenses related to the Plan's office relocations.
- **Funding for Superstorm Sandy.** DCAS' Fiscal 2013 budget includes \$50.6 million in FEMA funding for costs associated with Superstorm Sandy, the majority of which will cover victim assistance expenditures.
- **Post Sandy Resilience Plan.** The Executive Budget includes expense funding of \$3.4 million and capital funding of \$22 million in Fiscal 2014 for emergency preparedness equipment resulting from the Administration's review of the City's performance to Superstorm Sandy.

FINANCE DIVISION

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OVERVIEW

This report provides an overview of the Department of Citywide Administrative Services Fiscal 2014 Budget, a review of the significant initiatives included in the Executive Budget, and a summary of the Department's Capital Budget for Fiscal 2013-2017. Appendices 1 and 2 report the changes made to the Fiscal 2013 and Fiscal 2014 budgets since adoption of the Fiscal 2013 Budget. For additional information on the Department's Budget and its various programs, please refer to the "DCAS Fiscal 2014 Preliminary Report" available on the Council's website.

DCAS Financial Summary

	2012	2013	2013	2014	*Difference
<i>Dollars in Thousands</i>	Actual	Adopted	Exec. Plan	Exec Plan	2013 - 2014
Budget by Program Area					
Asset Management-Public Facilities	\$914,357	\$1,038,740	\$948,177	\$1,006,873	(\$31,866)
Citywide Purchasing	39,667	40,776	89,952	37,751	(\$3,025)
Energy Conservation	43,758	22,652	29,751	25,388	\$2,736
Exec. & Operations Support	31,109	29,798	32,689	25,327	(\$4,471)
Human Capital	28,332	30,670	29,243	27,120	(\$3,550)
Admin & Security	17,011	14,112	18,567	19,523	\$5,411
External Publications and Retail	3,096	3,561	4,525	2,458	(\$1,103)
Board of Standards & Appeals	2,258	2,265	2,345	1,918	(\$347)
Citywide Fleet Services	0	0	0	7,926	\$7,926
Real Estate Services	11,656	11,655	12,516	0	(\$11,655)
TOTAL	\$1,091,245	\$1,194,229	\$1,167,765	\$1,154,284	(\$39,945)
Funding					
<i>City Funds</i>		\$211,361	\$207,692	\$224,987	\$13,626
<i>Other Categorical</i>		101,588	89,258	93,065	(\$8,523)
<i>Capital- IFA</i>		8,928	6,242	4,934	(\$3,994)
<i>State</i>		44,928	51,890	50,243	\$5,315
<i>Federal - Other</i>		2,000	63,408	3,287	\$1,287
<i>Intra City</i>		825,424	749,276	777,769	(\$47,655)
TOTAL	\$1,091,245	\$1,194,229	\$1,167,765	\$1,154,284	(\$39,945)
Fulltime positions					
Asset Management-Public Facilities	1,087	1,211	1,130	1,239	28
Citywide Purchasing	128	127	127	138	11
Energy Conservation	27	23	25	30	7
Exec. & Operations Support	240	213	198	196	(17)
Human Capital	232	222	221	216	(6)
Admin & Security	82	102	101	99	(3)
External Publications and Retail	16	18	17	17	(1)
Board of Standards & Appeals	17	17	17	17	0
Citywide Fleet Services	0	0	0	23	23
Real Estate Services	90	101	98	0	(101)
Total	1,919	2,034	1,934	1,975	(59)

*The difference between Fiscal 2013 Adopted Budget and Fiscal 2014 Executive Budget.

In the Fiscal 2014 Executive Budget, funding for the Division of Asset Management-Public Facilities accounts for 87 percent of DCAS' entire budget. The majority of this funding is dedicated to paying the heat, light and power bills for all City agencies, most of which are funded through intra-city transfers. In Fiscal 2012, the City's heat, light and power expenditures totaled \$736.8 million.

As demonstrated in the chart above, the spike in federal funding in Fiscal 2013 (2013 Exec Plan column) represents the recognition of \$50.6 million for expenses related to Superstorm Sandy. Any unused federal funds in the current fiscal year will most likely be rolled into Fiscal 2014.

Variations in the Department's funding and headcount can largely be attributed to the restructuring of the budget. Resources budgeted for the Real Estate Division have been largely absorbed into the Asset Management Division, while Citywide Fleet Services is now recognized as a stand-alone division.

NEW IN THE EXECUTIVE BUDGET

Although the Executive Plan includes \$13.1 million in new needs for Fiscal 2014, DCAS' Fiscal 2013 budget decreases by \$39.9 million due to an adjustment to the City's heat, light and power budget. See Appendix 1 for a complete list of budget actions in the Executive Plan.

The following are significant budget actions in the Executive Plan.

- **Mandated Needs.** The Executive Budget for DCAS includes \$2.4 million in Fiscal 2014 and 2015 for fire safety and prevailing wage compliance.
- **Post Sandy Resiliency Plan.** The Executive Budget includes expense funding of \$3.4 million for emergency preparedness equipment, including 200 light towers and 10 industrial water pumps.
- **Civic Center Plan Needs.** The Expense Budget includes \$3.7 million in Fiscal 2014 for non-capital expenses related to the Plan's office relocations.
- **Staten Island Courthouse Maintenance Staff Funding.** The Executive Budget includes baseline funding of \$930,000 beginning in Fiscal 2014 for maintenance staff at the Staten Island Courthouse.
- **Citywide Heat, Light and Power Budget Adjustment.** In the Executive Budget, the City's heat, light and power budget was adjusted downward to better align with historical spending. The Fiscal 2013 budget was reduced by \$101 million to a total of \$764.1 million. The Fiscal 2014 budget was reduced by \$60.5 million to a total of \$801.1 million. Average spending for citywide heat, light and power from Fiscal 2009-2012 totaled \$757 million.

MAJOR DCAS ISSUES

Citywide Heat, Light and Power

Funding for citywide heat, light and power expenditures is managed in the Department's Facilities Management and Construction Division OTPS budget. The chart below breaks out the various funding sources that comprise the City's Heat, Light and Power Budget. Other Categorical funds, approximately \$85.8 million in Fiscal 2013, represent reimbursements from the Health and Hospitals Corporation for heat, light and power expenses. Intra-city funds, which account for 84.4 percent of the entire heat, light and power budget for Fiscal 2013, represent transfers from other agencies. City funds go primarily toward paying expenditures related to City-owned facilities and is managed directly by DCAS.

HEAT, LIGHT, AND POWER FIVE-YEAR FUNDING ANALYSIS						
Funding Source (In Thousands)	Actual 2009	Actual 2010	Actual 2011	Actual 2012	Current Mod 2013	Fiscal 2014 Exec
City	\$36,695	\$32,153	\$25,364	\$24,250	\$32,917	\$28,512
Other Cat.	91,465	86,731	89,197	86,220	85,845	91,279
State	367	423	423	435	438	440
Intra-City	639,322	634,208	654,735	625,918	644,913	680,838
Total	\$767,848	\$753,515	\$769,719	\$736,823	\$764,114	\$801,069

Miscellaneous Revenue

The Department generates revenue from a wide-range of sources that include license and service fees, equipment and property sales, commercial rent and reimbursement payments. In the Executive Plan, commercial rent is projected to account for 62 percent of the Department's total miscellaneous revenue for Fiscal 2014. The chart below shows the Department's miscellaneous revenue sources.

	Actual		Planned			
	2011	2012	2013	2014	2015	2016
Civil Service Exam Fees	\$2,962,201	\$5,725,204	\$3,500,000	\$3,760,000	\$3,760,000	\$3,760,000
Third Party Gas and Electric	3,333,004	5,974,859	4,620,000	3,800,000	3,800,000	3,800,000
BSA Filing fees	1,494,839	2,162,315	1,809,000	1,809,000	1,809,000	1,809,000
Other Charges for Services	67,150	39,532	31,000	31,000	31,000	31,000
Commercial Rent	65,553,123	66,900,030	67,201,000	64,655,000	64,397,000	64,397,000
Salvage Sales	13,312,253	9,314,922	8,685,000	6,893,000	6,893,000	6,893,000
City Publishing Center	1,207,272	1,218,700	999,000	999,000	999,000	999,000
State Court reimbursement	3,928,802	12,658,000	4,075,000	0	0	0
Property Sales	42,585	14,141,113	15,418,000	10,000,000	0	0
Procurement Card Rebates	0	87,308	115,000	93,000	93,000	93,000
Other Misc	2,244,111	2,661,639	2,010,000	1,258,000	1,258,000	1,258,000
TOTAL	\$94,145,340	\$120,883,622	\$108,465,013	\$93,300,014	\$83,042,015	\$83,042,016

CAPITAL PROGRAM

DCAS manages the capital programs of the Courts (CO), Real Estate Services (RE) and the majority of projects in the Public Buildings (PW) and the Citywide Equipment and Financing (PU) capital programs. A significant number of projects in both Public Buildings and Citywide Equipment and Financing are managed by other City agencies.

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. 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 Executive Capital Commitment Plan, a decrease of \$1.3 billion or 7.3 percent.

The section below breaks out the capital budgets of these program areas and presents budget highlights.

Citywide Equipment 2013-2016 Commitment Plan: Adopted and Preliminary Budget

Dollars in Thousands

	FY13	FY14	FY15	FY16	FY17	Total
Prelim						
Total Capital Plan	\$776,624	\$228,375	\$143,025	\$123,228	\$63,840	\$1,335,092
Exec						
Total Capital Plan	\$700,575	\$319,824	\$143,025	\$123,228	\$63,840	\$1,350,492
Change						
Level	(\$76,049)	\$91,449	\$0	\$0	\$0	\$15,400
Percentage	-9.8%	40.0%	0.0%	0.0%	0.0%	1.2%

Public Buildings 2013-2016 Commitment Plan: Adopted and Preliminary Budget

Dollars in Thousands

	FY13	FY14	FY15	FY16	FY17	Total
Prelim						
Total Capital Plan	\$685,905	\$198,791	\$9,316	\$37,486	\$43,709	\$975,207
Exec						
Total Capital Plan	\$386,190	\$481,979	\$47,971	\$37,429	\$43,709	\$997,278
Change						
Level	(\$299,715)	\$283,188	\$38,655	(\$57)	\$0	\$22,071
Percentage	-43.7%	142.5%	414.9%	-0.2%	0.0%	2.3%

Courts 2013-2016 Commitment Plan: Adopted and Preliminary Budget

Dollars in Thousands

	FY13	FY14	FY15	FY16	FY17	Total
Prelim						
Total Capital Plan	\$132,959	\$23,174	\$75,521	\$38,882	\$35,345	\$305,881
Exec						
Total Capital Plan	\$103,001	\$55,204	\$40,622	\$71,709	\$35,345	\$305,881
Change						
Level	(\$29,958)	\$32,030	(\$34,899)	\$32,827	\$0	\$0
Percentage	-22.5%	138.2%	-46.2%	84.4%	0.0%	0.0%

Real Property 2013-2016 Commitment Plan: Adopted and Preliminary Budget*Dollars in Thousands*

	FY13	FY14	FY15	FY16	FY17	Total
Prelim						
Total Capital Plan	\$10,237	\$5,699	\$3,242	\$3,336	\$3,433	\$25,947
Exec						
Total Capital Plan	\$3,526	\$12,410	\$3,242	\$3,336	\$3,433	\$25,947
Change						
Level	(\$6,711)	\$6,711	\$0	\$0	\$0	\$0
Percentage	-65.6%	117.8%	0.0%	0.0%	0.0%	0.0%

MAJOR CAPITAL PROJECTS & EXECUTIVE BUDGET HIGHLIGHTS

Energy Efficiency and Sustainability Capital Funding. The Capital plan for Fiscal 2013-2017 includes planned commitments totaling approximately \$525.5 million for energy efficiency capital projects citywide. DCAS is currently working on 152 energy efficiency capital projects that will lead to a combined estimated annual savings of \$33.4 million.

Funding for other large-scale DCAS projects in the Executive Capital Plan for Fiscal 2013-2017 include the following.

- Planned commitments totaling approximately \$102.2 million for over 175 Council-supported projects, with a large portion allocated for non-City owned facilities. (PW)
- Planned commitments totaling approximately \$305.9 million for the reconstruction and rehabilitation of Court Facilities. (CO)
- Planned commitments of approximately \$74 million for DoITT's backup Data Center facility, Site B. (PW)
- Planned commitments totaling \$117 million for the 21st Century Civic Center Plan, the City's plan to sell City-owned buildings, while consolidating and renovating leased and existing City-owned space.
- Planned commitments totaling \$22 million for emergency response capital equipment as part of the Post Sandy Resilience Action Plan.

APPENDIX 1: BUDGET ACTIONS IN THE EXECUTIVE PLAN

DCAS Budget Actions in the Executive Plan						
<i>Dollars in Thousands</i>	FY 2013			FY 2014		
	City	Non-City	Total	City	Non-City	Total
DCAS Budget as of Prelim 2014 Plan	\$211,658	\$1,029,856	\$1,241,514	\$217,689	\$981,559	\$1,199,248
New Needs						
Additional Staffing	51		51	205		205
Art Project Restoration			0	523		523
Auto Auction			0	682		682
BSA Software and Monitors	5		5			0
Citywide Training Center			0	176		176
Civic Center Plan Needs	439		439	3,726		3,726
Enterprise Print Management	25		25	100		100
Mandated Needs	335		335	2,434		2,434
NYC Service Office DCAS			0	183		183
Post Sandy Resiliency Plan			0	3,800		3,800
Staten Island Courthouse			0	930		930
100 Church Street Lease (CCRB)			0		354	354
TOTAL, New Needs	\$855	\$0	\$855	\$12,759	\$354	\$13,113
Other Adjustments						
Heat, Light & Power Adjustment	(512)	(100,992)	(101,504)	(4,071)	(60,542)	(64,613)
Superstorm Sandy		24,170	24,170		1,287	1,287
Lease adjustment			0	(2,748)	3,116	368
City Adjustments	(4,309)		(4,309)	1,358		1,358
Other Categorical Grants and Adjustments		1,389	1,389			0
Federal Funding		2,419	2,419			0
Intra-City Adjustments		2,354	2,354		617	617
Capital IFA		(834)	(834)		156	156
State Adjustments (Courts)		1,711	1,711		2,751	2,751
TOTAL, Other Adjustments	(\$4,821)	(\$69,783)	(\$74,604)	(\$5,461)	(\$52,615)	(\$58,076)
TOTAL, All Changes	(\$3,966)	(\$69,783)	(\$73,749)	\$7,298	(\$52,261)	(\$44,963)
DCAS Budget as of Exec 2014 Plan	\$207,692	\$960,073	\$1,167,765	\$224,987	\$929,298	\$1,154,285

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

<i>Dollars in Thousands</i>	FY 2013			FY 2014		
	City	Non-City	Total	City	Non-City	Total
DCAS Budget as of Adopted 2013 Budget	\$211,361	\$982,868	\$1,194,229	\$216,101	\$982,868	\$1,198,969
Program to Eliminate the Gap (PEGs)						
PS Funding Shift: 53 positions City to State	(1,802)		(1,802)	(1,802)		(1,802)
Elimination of 19 vacant or attrited positions	(1,061)		(1,061)	(1,577)		(1,577)
Lease Audit Savings	(1,500)		(1,500)	(1,500)		(1,500)
Lease Savings	0		0	(347)		(347)
Energy Management PS savings	(215)		(215)	(309)		(309)
Reduce IT Maintenance Support	(75)		(75)	(197)		(197)
Overtime Reduction	(100)		(100)	(150)		(150)
Reduction in Printing Expenses	(21)		(21)	(100)		(100)
Fleet-OTPS Reduction	(131)		(131)	(61)		(61)
Copier machine Reduction	(25)		(25)	(49)		(49)
PS Accrual Savings	(394)		(394)	0		0
330 Jay St Rent Savings	(499)		(499)	0		0
Funding Shift to ARRA	(430)		(430)	0		0
TOTAL, PEGs	(\$6,253)	\$0	(\$6,253)	(\$6,092)	\$0	(\$6,092)
New Needs						
Firefighter Exam Consultant	841		841	531		531
Fleet Mgmt System	832		832	653		653
Prevailing Wage Increase	820		820	820		820
Building Code Compliance	421		421	982		982
DDC to DCAS Transfer	145		145	580		580
DSNY Physical Exam			0	123		123
IT Maintenance	83		83	198		198
Civic Virtue Statue	200		200			0
Queens DA Move	256		256			0
PEG Restoration: City Record Printing	1,100		1,100	1,100		1,100
100 Church Street Lease			0		354	354
Additional Staffing	51		51	205		205
Art Project Restoration			0	523		523
Auto Auction			0	682		682
BSA Software and Monitors	5		5			0
Citywide Training Center			0	176		176
Civic Center Plan Needs	439		439	3,726		3,726
Enterprise Print Management	25		25	100		100
Mandated Needs	335		335	2,434		2,434
NYC Service Office DCAS			0	183		183
Post Sandy Resiliency			0	3,800		3,800
Staten Island Courthouse			0	930		930
TOTAL, New Needs	\$5,553	\$0	\$5,553	\$17,746	\$354	\$18,100

<i>Dollars in Thousands</i>	FY 2013			FY 2014		
	City	Non-City	Total	City	Non-City	Total
Other Adjustments						
Misc City Adjustments	(2,457)		(2,457)	4,051		4,051
Other Categorical Grants and Adjustments		770	770		(1,061)	(1,061)
Federal Funding		10,850	10,850			0
Intra-City Adjustments		12,578	12,578		1,293	1,293
Capital IFA		(1,226)	(1,226)		(768)	(768)
State Adjustments		4,596	4,596		2,751	2,751
Heat, Light & Power Adjustment	(512)	(100,992)	(101,504)	(4,071)	(60,542)	(64,613)
Superstorm Sandy		50,629	50,629		1,287	1,287
Lease adjustment			0	(2,748)	3,116	368
TOTAL, Other Adjustments	(\$2,969)	(\$22,795)	(\$25,764)	(\$2,768)	(\$53,924)	(\$56,692)
TOTAL, All Changes	(\$3,669)	(\$22,795)	(\$26,464)	\$8,886	(\$53,570)	(\$44,684)
DCAS Budget as of Exec. 2014 Plan	\$207,692	\$960,073	\$1,167,765	\$224,987	\$929,298	\$1,154,285

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