

THE COUNCIL OF THE CITY OF NEW YORK

Hon. Melissa Mark-Viverito
Speaker of the Council

Hon. Julissa Ferreras-Copeland
Chair, Finance Committee



Report to the Committee on Finance on the Fiscal 2018 Executive Budget for the Department of Design & Construction

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Executive Budget Summary

- **Expense Budget Overview.** The Department of Design and Construction's (DDC or the Department) Fiscal 2018 Executive Budget totals \$351.8 million; roughly \$126.9 million less than DDC's Fiscal 2017 Adopted Budget of \$478.7 million.
 - Approximately \$202.7 million, or 57 percent of the Fiscal 2018 Budget for the DDC is Federal Community Development funding; \$132 million, or 38 percent is Capital – IFA funding; \$17 million, or approximately five percent is City Tax-Levy (CTL) funding and; \$307,000, or less than one percent is federal other, State, and Intra-City funds combined.
 - DDC's total headcount for Fiscal 2018 is 1,444 positions, a net increase of 68 positions when compared to the Fiscal 2017 Adopted Budget.
- **Executive Budget Changes.** The DDC's Fiscal 2018 Executive Budget makes no programmatic changes. However, it includes a net of \$203.1 million in other adjustments related to Superstorm Sandy repairs. It also includes new needs totaling \$449,000 in Fiscal 2018 of which \$240,000 is for front-end planning testing and \$208,000 is for new lease costs.
- **Capital Budget.** The Fiscal 2018 Executive Capital Commitment Plan includes \$8.2 billion in Fiscal 2017-2021 for DDC. The Department's capital budget portfolio consists entirely of projects from various client agencies as DDC does not have its own capital budget but exclusively manages capital projects for its client agencies.

Major Agency Issue

The mission of the Department of Design and Construction is to deliver the City's capital construction projects in a safe, cost-effective manner while maintaining the highest degree of architectural, engineering and construction quality. Projects range from roadways, sewers and water mains to public safety, health and human services facilities, as well as cultural institutions and libraries.

Although DDC manages projects for 29 agencies, nearly 59 percent of its budget and 50 percent of its total projects are for the Department of Environmental Protection and the Department of Transportation. Consequently, much of its focus is on the large projects in these agencies, potentially leaving smaller projects in other agencies with less attention.

DDC Overview

This report presents a review of DDC's Fiscal 2018 Executive Budget. The section below presents an overview of the Department's budget and how it has changed during the course of Fiscal 2017, followed by a review of the significant budget actions introduced in the Fiscal 2018 Executive Budget. Major issues related to the Department's budget are then discussed. Analysis and highlights of DDC's Capital Commitment Plan for the Fiscal 2018 Executive Budget follows with the discussion of the expense budget. Appendix 1 reports the changes made to the Fiscal 2017 and Fiscal 2018 Budgets since Adoption of the Fiscal 2017 Budget. For additional information on the Department's budget and its various programs, please refer to the Fiscal 2018 Preliminary Budget Report for the Department of Design and Construction at: <http://council.nyc.gov/budget/wp-content/uploads/sites/54/2017/03/850-DDC.pdf>

DDC Financial Summary						
<i>Dollars in Thousands</i>						
	2015	2016	2017	Executive Plan		*Difference
	Actual	Actual	Adopted	2017	2018	2017 - 2018
Spending						
Personal Services	\$96,879	\$106,993	\$114,507	\$119,048	\$127,756	\$13,249
Other Than Personal Services	63,400	292,294	364,225	611,278	224,093	(140,131)
TOTAL	\$160,279	\$399,287	\$478,732	\$730,326	\$351,849	(\$126,883)
Personal Services						
Additional Gross Pay	\$3,849	\$4,229	\$2,628	\$2,628	\$3,363	\$735
Additional Gross Pay - Labor Reserve	1,093	79	0	0	0	0
Fringe Benefits	0	2	0	0	0	0
Full-Time Salaried - Civilian	89,211	98,908	109,818	114,330	121,627	11,808
Full-Time Salaried - Uniformed	0	5	0	0	0	0
Other Salaried	0	43	40	40	2	(38)
Overtime - Civilian	2,225	2,693	1,294	1,294	2,131	838
P.S. Other	(2)	(5)	0	0	0	0
Unsalaries	502	1,040	727	756	632	(95)
SUBTOTAL	\$96,879	\$106,993	\$114,507	\$119,048	\$127,756	\$13,249
Other Than Personal Services						
Contractual Services	\$19,994	\$242,118	\$307,137	\$496,057	\$184,434	(\$122,703)
Contractual Services - Professional Services	17,265	25,686	28,584	80,337	17,560	(\$11,024)
Contractual Services - Waste Export	3	3	3	3	3	\$0
Fixed & Misc. Charges	12,865	7,952	81	60	81	\$0
Other Services & Charges	10,552	11,302	24,243	30,527	18,305	(\$5,939)
Property & Equipment	1,594	3,187	2,908	2,789	2,448	(\$460)
Supplies & Materials	1,127	2,046	1,269	1,506	1,263	(\$6)
SUBTOTAL	\$63,400	\$292,294	\$364,225	\$611,278	\$224,093	(\$140,131)
TOTAL	\$160,279	\$399,287	\$478,732	\$730,326	\$351,849	(\$126,883)
Funding						
City Funds			\$7,354	\$12,703	\$16,806	\$9,452
Other Categorical			0	5,260	0	0
Capital- IFA			123,677	125,506	131,987	8,310
State			0	325	250	250
Federal - Community Development			347,652	561,230	202,748	(144,904)
Federal - Other			38	14,408	46	8
Intra City			10	10,893	11	1
TOTAL	\$160,279	\$399,287	\$478,732	\$730,326	\$351,849	(\$126,883)
Budgeted Headcount						
Full-Time Positions	1,197	1,390	1,376	1,589	1,444	68
TOTAL	1,197	1,390	1,376	1,589	1,444	68

*The difference of Fiscal 2017 Adopted Budget compared to Fiscal 2018 Executive Budget.

New in the Executive Budget

The following are major financial plan actions for Fiscal 2018 included in the Executive Plan:

- **New Lease.** The Fiscal 2018 Executive Plan includes \$208,000 in Fiscal 2018 and \$501,100 in Fiscal 2019 and in the out years for additional space costs at the 101 Tyrellan Avenue, Staten Island location to increase operational efficiency within the agency.
- **Front End Planning Testing.** DDC will receive baseline funding of \$240,000 beginning in Fiscal 2018 for costs associated with its front-end planning units. Public Buildings' Front End Planning (FEP) Unit expense funding for contractors to conduct investigative probes and or testing of building systems during the front end planning project assessment period.
- **Heat, Light and Power.** Due to re-estimates, DDC anticipates a decrease of \$2,000 in Fiscal 2017, and \$19,000 in Fiscal 2018 and in the outyears for costs associated with heat, light and power usage.
- **Climate Resiliency Design Guide.** The Fiscal 2018 Executive Plan includes \$500,000 in federal CDBG funding for a climate resiliency design guide.

Preliminary Budget Highlights

- **Lease for Expansion Space at 30-30 Thompson.** The Fiscal 2018 Plan included \$88,000 in Fiscal 2017 and \$176,000 in Fiscal 2018 and in the out-years for space costs at DDC's headquarters in Long Island City, Queens. The additional funding will enable the Department to lease approximately 45 percent of the rentable square footage in the building.
- **Non-IFA Work.** The Fiscal 2018 Plan included a new need of \$5 million in Fiscal 2017, as well as a baselined amount of \$4.8 million in Fiscal 2018 and beyond for 86 positions associated with non-IFA work. This includes work on Projects ineligible for capital funding (Expense Projects), capital project scope development (CPSD), and front-end planning; the headcount increase includes 33 positions for expense projects, 19 positions for Capital Project Scope Development and 34 positions for the transition of Build It Back staff after the end of the program.
- **On Call Disaster Recovery Contracts.** The Fiscal 2018 Plan included \$1.6 million in Fiscal 2017 only to fund disaster recovery contracts. In 2015, the Mayor's Office directed the NYC Office of Emergency Management, DDC, and OMB to coordinate to build emergency contracting capacity to support the NYC disaster response. The purpose of these contracts is to provide City agencies access to a range of emergency response services.
- **Staffing and Resources for the Front End Planning Unit.** The Preliminary Plan included additional City funding of \$1.1 million in Fiscal 2017 and \$1.9 million in Fiscal 2018 and in the out-years for costs associated with 18 positions for the front-end planning unit. The new positions will form two new DDC units, one in the Public Buildings Division and one in the Infrastructure Division, and they will work with client agencies on project scope, schedule, cost estimates, and risk assessments before the formal commencement of capital project initiation. The goal for these units is to improve capital project delivery outcomes and thereby ensure that projects are completed on time and on budget. As such, the DDC client agency customer service experience should be improved.

- **Staffing for Southeast Queens Program.** The Fiscal 2018 Preliminary Plan added \$3.7 million in Fiscal 2017 and \$6.3 million in Fiscal 2018 and beyond for 69 positions associated with the Southeast Queens Program. The Southeast Queens program is a Mayoral initiative for the Department of Environmental Protection, under the management of DDC, to address, upgrade and improve the drainage system in low lying sections of the area that have experienced frequent flooding over many years. Even though this is a multi-year initiative, DDC believes that the 69 positions are sufficient for the needs of the program.
- **New Lease.** In the Fiscal 2018 Plan, DDC received \$317,000 in Fiscal 2018 and beyond for a new lease. DDC has been pursuing additional leased space with the assistance of DCAS. Under consideration are two locations: one near DDC's headquarters in Long Island City and one on Tyrellan Avenue in Staten Island. According to DDC, the Staten Island location would provide 60 seats for approximately 80 staff (roughly half of the seats will be flexible work stations for field staff) while the Long Island City location would provide approximately 100 additional seats for 100 financial/administrative staff.

Capital Budget Highlights

Capital Budget Summary

The Fiscal 2018 Executive Capital Commitment Plan includes nearly \$8.2 billion in Fiscal 2017-2021 for the Department of Design and Construction (including City and Non-City funds). This represents approximately 11.4 percent of the City's total \$64 billion Preliminary Plan for Fiscal 2017-2021. The agency's Executive Commitment Plan for Fiscal 2017-2021 is five percent more than the \$7.8 billion scheduled in the Preliminary Commitment Plan, an increase of \$410 million.

Agency	Exec FY17-21	Prel FY17-21	Variance 17-21
ADMIN FOR CHILDREN'S SERVICES	164,564	160,154	4,410
BROOKLYN PUBLIC LIBRARY	72,348	84,140	(11,792)
CORRECTION	7,971	508,526	(500,555)
COURTS	223,198	168,852	54,346
CULTURAL INSTITUTIONS	227,930	207,952	19,978
DEP EQUIPMENT	55,807	43,530	12,277
DEPARTMENT FOR THE AGING	21,399	15,229	6,170
DOITT DP EQUIPMENT	513	792	(279)
ECONOMIC DEVELOPMENT	17,391	17,648	(257)
EDP EQUIP & FINANC COSTS	64,207	65,886	(1,679)
FIRE	21,813	19,422	2,391
HEALTH	124,319	116,548	7,771
HIGHWAY BRIDGES	25,656	11,280	14,376
HIGHWAYS	1,761,934	1,630,113	131,821
HOMELESS SERVICES	239,915	62,781	177,134
HOUSING & DEVELOPMENT	1,483	286	1,197
HOUSING AUTHORITY	440	260	180
HUMAN RESOURCES	18,652	22,724	(4,072)
NEW YORK PUBLIC LIBRARY	276,678	272,969	3,709
NEW YORK RESEARCH LIBRARY	14,671	14,657	14
PARKS	304,523	262,054	42,469
POLICE	206,891	206,981	(90)
PUBLIC BUILDINGS	486,383	445,966	40,417
QUEENS BOROUGH PUB. LIB.	105,696	105,092	604
SANITATION	349,411	340,447	8,964
SEWERS	1,688,629	1,450,258	238,371
TRAFFIC	52,209	45,854	6,355
WATER MAINS	1,365,831	1,196,760	169,071
WATER POLLUTION CONTROL	274,576	287,931	(13,355)
Grand Total	\$ 8,175,038	\$ 7,765,092	\$ 409,946

Currently, DDC manages all or a portion of the capital budgets of 29 client agencies. The chart above summarizes DDC's Fiscal 2018 Executive Capital Commitment Plan by client agency.

DDC manages a portfolio of nearly \$8.2 billion in the City's capital program. This represents a \$410 million increase when compared to the previous plan. The increase in funding is primarily due to the addition of \$540 million in funding for infrastructure projects, with the majority of the

projects in Sewers, Water Mains and Highways. Even though DDC manages projects for 29 agencies, nearly 59 percent of its budget and 50 percent of its total projects are for the Department of Environmental Protection and the Department of Transportation portfolio. Below is a list of the current capital projects of note with significant increases in DDC's Capital Commitment Plan.

- **Passerelle Bridge**

This project includes the total design and construction of an approximately 1,125-foot-long new pedestrian bridge in Flushing Meadows-Corona Park, as well as the rooftop of the Passerelle Building and ramp into the park. It will provide access between the No. 7 train's Mets-Willets Point station to the north and the recreational area of the park and USTA tennis center to the south. The project includes the demolition of the existing Passerelle Bridge which was found to be in poor condition. The new bridge will re-use the existing foundations with modifications as necessary.

Under the DPR Community Parks Initiative (CPI) program, \$18 million is included to cover the design, the REI services and the Force Account, in addition to the \$106 million for construction costs. The Design began in 2016 and will last approximately two years. Construction is currently estimated to begin in Fiscal 2019.

- **Reconstruction of Queens Blvd Phase**

Phase 2 reconstruction follows Phase 1 (Queens Blvd from Roosevelt Avenue to 73rd Street) and includes reconstruction of Queens Boulevard from 73rd Street to Eliot Avenue.

DOT issued a revised Certificate to Proceed to DDC in September 2016. The funding amount, cost estimate, and project schedule were all amended. The funding changes reflect additional federal funding DOT received and the updated project schedule reflects the ongoing discussions between DOT and DDC. Funding for construction for Segment A is now programmed in Fiscal 2019 and Segment B in Fiscal 2020. The current funding level for Segment B is \$78.2 million.

- **Storm Sewer outlet in 225th Street**

This project involves the placement of a storm sewer on 225th Street in Queens between 149th Avenue and Rockaway Boulevard. The proposed sewer will likely go through Idlewild Park. The project is currently in design. The cost variance is due to a change in scope. Two design alternatives are currently being discussed with DEP and costs will increase in both cases.

- **Fuel Tank Replacement**

This project will address compliance issues involving petroleum product storage tanks and related appurtenances, including required sump replacements. The contract is currently in the procurement phase and is being reviewed by legal staff at DDC.

The cost variance of \$8 million in Fiscal 2018, \$9 million in Fiscal 2019, and \$8 million in Fiscal 2020 is due to round estimates for the preliminary proposed scope of work. More specific estimates will be developed once the scope is finalized and the contract approaches registration and kick-off.

- **Staten Island 1 and 3 Garage Construction**

The Department of Sanitation (DSNY) is planning to develop Staten Island District 1 and 3 campuses that will include a new garage and district repair shop serving both Districts, renovation of the existing borough repair shop, and site improvements. DSNY developed a rough construction estimate which was used for the original Certificate to Proceed dated February 17, 2016. Subsequently, a CPSD document was created to further develop the program, timeline, budget and explore some of the unique challenges of this site. This study was made available to RFP proposers on January 30, 2017. Site improvements will include new grading and drainage, new covered salt storage, new outdoor fueling, new household special waste collection, outdoor DSNY truck parking and a new force main sanitary line to connect to the NYC DEP sewer.

Several factors have contributed to the cost escalation between the original estimated construction budget of \$97 million and the \$115 million estimated current budget. Some of these factors include: replacement of mechanical/electrical systems in the existing garage/repair shop; connection of the site to the NYC DEP sewer system; new storm sewer system needs to be put in place due to flooding; phasing of work to keep the site operational during construction; and the need for deep pile foundations for the new building, pump station and force main sewer connections.

- **Acquisition and Construction for Youth & Family Justice, Citywide**

DDC currently has \$128 million in its capital commitment plan for the ACS Crossroads Juvenile Center renovation project. This project encompasses the renovation of the secure Juvenile Detention Center located at 17 Bristol Street in Brooklyn. The project includes but it is not limited to: reinforcement of bedroom walls; bathroom reconfiguration; functional changes of existing dorm space to Psychiatric Medical suite. There may also be security improvements, roofing work, electrical and plumbing.

- **Homeless Services Funding, Citywide**

In the current Capital Commitment Plan for DDC, the City added \$177 million for homeless services. Of the total amount, nearly \$119 million will be used on various upgrades at the Bellevue men's shelter. The project includes roof and façade work, fire safety maintenance, main atrium bathroom reconstruction, as well as rehabilitation of existing elevators.

Appendix 1: Fiscal 2018 Budget Actions since Fiscal 2017 Adoption

<i>Dollars in Thousands</i>	FY 2017			FY 2018		
	City	Non-City	Total	City	Non-City	Total
DDC Budget as of the Adopted 2017 Budget	\$7,354	\$471,377	\$478,731	\$7,406	\$127,601	\$135,007
New Needs - Prelim. 2018						
New Lease	\$0	\$317	\$317	\$0	\$334	\$334
Lease for Expansion Space 30-30 Thompson	\$0	\$88	88	\$0	\$176	176
Non-IFA Work	\$5,010	\$0	5,010	\$4,828	\$0	4,828
On-Call Disaster Recovery	\$1,600	\$0	1,600	\$0	\$0	0
Staffing & Resources Front End Planning Unit	1,139	0	1,139	1,932	0	1,932
Staffing for South East Queens Program	0	3,741	3,741	0	6,258	6,258
Subtotal, New Needs	\$7,749	\$4,146	\$11,895	\$6,760	\$6,768	\$13,528
Other Adjustments - Prelim. 2018						
City Funds	\$0	\$0	\$0	\$50	\$0	\$50
Other Categorical	0	5,260	5,260	0	(16)	(16)
Capital IFA	0	2	2	0	7	7
State	0	0	0	0	0	0
Federal CD	0	120,418	120,418	0	(257)	(257)
Federal Other	0	14,520	14,520	0	0	0
Intra-City	0	10,065	10,065	0	0	0
Subtotal, Other Adjustments	\$0	\$150,265	\$150,265	\$50	(\$266)	(\$257)
TOTAL, All Changes Prelim. 2018	\$7,749	\$154,411	\$162,160	\$0	\$0	\$0
DDC Budget as of the Preliminary 2018 Budget	\$15,103	\$625,788	\$640,891	\$7,406	\$127,601	\$135,007
New Needs - Exec. 2017						
Resources for Front End Planning Unit	\$0	\$0	\$0	\$24	\$0	\$24
New Lease	0	0	0	0	21	21
Subtotal, New Needs	\$0	\$0	\$0	\$24	\$21	\$45
Other Adjustments - Exec. 2018						
City Funds	(\$2,400)	\$0	(2,400)	\$2,400	\$0	2,400
Other Categorical	0	0	0	0	0	0
Capital IFA	0	(2,002)	(2,002)	0	510	510
State	0	250	250	0	250	250
Federal CD	0	93,010	93,010	0	199,972	199,972
Federal Other	0		0	0	0	0
Intra-City	0	331	331	0	0	0
Subtotal, Other Adjustments	(\$2,400)	\$91,589	\$89,189	\$2,400	\$200,732	\$203,132
TOTAL, All Changes - Exec. 2018	(\$2,400)	\$91,589	\$89,189	\$2,424	\$200,753	\$203,177
DDC Budget as of the Fiscal 2018 Executive Plan	\$12,703	\$717,377	\$730,326	\$9,830	\$342,019	\$351,849