

**New York City Council**

Christine C. Quinn, Speaker

**Finance Division**

Preston Niblack, Director

Jeffrey Rodus, First Deputy Director

**Hearing on the Mayor's Fiscal Year 2012 Executive Budget**

**The Department of Sanitation**

May 12, 2011

**The Committee on Finance**

Hon. Domenic M. Recchia, Jr., Chair

**The Committee on Sanitation and Solid Waste Management**

Hon. Letitia James, Chair

Andy Grossman, Deputy Director

Kate Seely-Kirk, Senior Legislative Financial Analyst

# Overview

The Department of Sanitation (DSNY or the Department) promotes a healthy environment through the efficient management of solid waste and the development of environmentally sound long-range plans for handling refuse, including recyclables. The Department operates 59 district garages and manages a fleet of 2,022 rear-loading collection trucks and 450 mechanical brooms. Each day approximately 11,000 tons of household and institutional waste is collected. The Department clears litter, snow and ice from approximately 6,000 City street miles, and removes debris from vacant lots as well as abandoned vehicles from the City streets.

## Department of Sanitation Financial Summary

*Dollars in Thousands*

	2009 Actual	2010 Actual	2011 Adopted	2011 Exec. Plan	2012 Exec. Plan	Difference 2011–2012*
<b>Spending</b>						
Personal Services	\$743,045	\$791,399	\$807,066	\$855,503	\$789,120	(\$17,946)
Other Than Personal Services	515,170	509,795	539,411	562,263	511,675	(27,736)
<b>TOTAL</b>	<b>\$1,258,215</b>	<b>\$1,301,194</b>	<b>\$1,346,477</b>	<b>\$1,417,766</b>	<b>\$1,300,795</b>	<b>(\$45,682)</b>
<b>Budget by Program Area</b>						
Collection & Street Cleaning	\$590,019	\$612,752	\$648,649	\$638,282	\$628,213	(\$20,436)
Waste Export	303,712	307,244	310,791	298,392	304,605	(6,186)
Waste Disposal-General	12,738	12,471	14,023	14,133	12,696	(1,327)
Waste Disposal-Landfill Closure	54,985	47,343	64,220	62,981	34,325	(29,895)
Long-term Export	3,486	2,415	3,487	3,420	3,360	(127)
Solid Waste Transfer Stations	7,787	7,609	7,842	8,107	8,281	439
Waste Prevention, Reuse, and Recycling	24,253	22,819	30,005	27,865	27,516	(2,489)
Enforcement – General	13,906	15,001	15,885	16,653	17,332	1,447
Civilian Enforcement	3,185	3,926	4,447	4,564	4,082	(365)
General Administration	88,660	91,006	99,632	105,157	108,278	8,646
Support Operations-Motor Equipment	81,683	84,742	78,831	80,404	79,082	251
Support Operations-Building Management	18,913	19,253	18,697	20,532	19,087	390
Engineering	6,070	5,943	5,646	5,425	5,448	(198)
Snow Removal	43,789	63,513	38,858	126,143	42,825	3,967
Legal Services	3,172	3,355	3,436	3,612	3,598	162
Public Information	1,857	1,804	2,027	2,096	2,067	40
<b>TOTAL</b>	<b>\$1,258,215</b>	<b>\$1,301,193</b>	<b>\$1,346,477</b>	<b>\$1,417,766</b>	<b>\$1,300,795</b>	<b>(\$45,682)</b>
<b>Funding</b>						
City Funds	N/A	N/A	\$1,308,329	\$1,377,469	\$1,272,396	(\$35,933)
Federal – CD	N/A	N/A	16,190	16,190	16,468	278
Federal – Other	N/A	N/A	0	403	0	0
Intra-City	N/A	N/A	2,518	3,385	2,518	0
Other Categorical	N/A	N/A	750	1,603	750	0

	2009 Actual	2010 Actual	2011		2012 Exec. Plan	Difference 2011-2012*
			Adopted	Exec. Plan	Exec. Plan	
<b>Funding (Con't)</b>						
Capital IFA	N/A	N/A	\$8,637	\$8,638	\$8,638	\$1
State	N/A	N/A	10,053	10,078	25	(10,028)
<b>TOTAL</b>	<b>N/A</b>	<b>N/A</b>	<b>\$1,346,477</b>	<b>\$1,417,766</b>	<b>\$1,300,795</b>	<b>(\$45,682)</b>
<b>Positions</b>						
Full-Time Positions - Uniform	7,612	7,227	7,216	7,016	6,963	(253)
Full-Time Positions - Civilian	2,019	1,984	2,065	2,069	2,069	4
<b>TOTAL</b>	<b>9,631</b>	<b>9,211</b>	<b>9,281</b>	<b>9,085</b>	<b>9,032</b>	<b>(249)</b>

\*Difference refers to the variance between the Fiscal 2011 Adopted Budget and the Fiscal 2012 Executive Budget.

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At the time of the Fiscal 2011 Budget Adoption, the estimate for Fiscal 2012 was \$17.8 million more than the Fiscal 2011 budget of \$1.3 billion. Net changes in the Fiscal 2012 Preliminary Budget reduced the Fiscal 2012 budget by \$67.1 million, and net changes in the Fiscal 2012 Executive Budget added \$3.6 million. The Fiscal 2012 Executive Budget reflects a \$45.7-million decrease when compared to the Fiscal 2011 Adopted Budget for DSNY.

## Fiscal 2012 Executive Budget Actions

- The Fiscal 2012 Executive Budget reflects a \$45.7-million decrease when compared to the Fiscal 2011 Adopted Budget for DSNY.
- A restoration of \$373.1 million in capital funding for Marine Transfer Stations (MTSs) is included in the Fiscal 2012 Executive Budget at the request of the Council. These funds had been moved to the outyears in the Fiscal 2012 Preliminary Budget, which constituted an unapproved modification to the City's 2006 Solid Waste Management Plan (SWMP).
- The PEG program for DSNY totals \$14.9 million for Fiscal 2012.

### Budget Actions in the Executive Plan

Dollars in Thousands	FY 2011			FY 2012		
	City	Non-City	Total	City	Non-City	Total
<b>Agency Budget as of the February 2011 Plan</b>	<b>\$1,362,844</b>	<b>\$39,367</b>	<b>\$1,402,211</b>	<b>\$1,268,961</b>	<b>\$28,225</b>	<b>\$1,297,186</b>
<b>Programs to Eliminate the Gap (PEGs)</b>						
Fresh Kills Landfill	(\$1,239)	\$0	(\$1,239)	\$0	\$0	\$0
Civilian Hiring Freeze Savings	0	0	0	(4,630)	0	(4,630)
Sunday and Holiday Security	0	0	0	(2,803)	0	(2,803)
Waste Export Funding Reduction	(2,784)	0	(2,784)	(6,920)	0	(6,920)
MTS Security	0	0	0	(555)	0	(555)
<b>Total, PEGs</b>	<b>(\$4,023)</b>	<b>\$0</b>	<b>(\$4,023)</b>	<b>(\$14,908)</b>	<b>\$0</b>	<b>(\$14,908)</b>
<b>Other Adjustments</b>						
OSA Collective Bargaining	\$4	\$1	\$5	\$5	\$1	\$6
DEC Consent Order	0	0	0	(235)	0	(235)
Civilian Hiring Freeze Fringe Offset	0	0	0	1,017	0	1,017

<i>Dollars in Thousands</i>	FY 2011			FY 2012		
	City	Non-City	Total	City	Non-City	Total
<b>Other Adjustments (Con't)</b>						
Utilities, Fuel, Lease and Technical Adjustments	\$3,794	\$477	\$4,271	\$10,270	\$172	<b>\$10,442</b>
PlaNYC- Clean Fleet and Energy Incentive	0	165	165	0	0	0
Street Fair Revenue	0	287	287	0	0	0
<b>Total, Other Adjustments</b>	<b>\$3,798</b>	<b>\$930</b>	<b>\$4,728</b>	<b>\$11,057</b>	<b>\$173</b>	<b>\$11,230</b>
<b>New Needs</b>						
Security Guard Prevailing Wage	\$1,493	\$0	\$1,493	\$1,153	\$0	<b>\$1,153</b>
Hepatitis B Vaccine for Sanitation Workers	0	0	0	445	0	445
Class 3 Safety Vests for Sanitation Workers	0	0	0	126	0	126
Fresh Kills Landfill Closure	0	0	0	5,000	0	5,000
Manhattan Garage Staffing	90	0	90	562	0	562
Uniform Overtime	2,808	0	2,808	0	0	0
Snow Budget Need	10,459	0	10,459	0	0	0
<b>Total, New Needs</b>	<b>\$14,850</b>	<b>\$0</b>	<b>\$14,850</b>	<b>\$7,286</b>	<b>\$0</b>	<b>\$7,286</b>
<b>Total, All Changes</b>	<b>\$14,625</b>	<b>\$930</b>	<b>\$15,555</b>	<b>\$3,435</b>	<b>\$173</b>	<b>\$3,608</b>
<b>Agency Budget as of the Executive 2012 Plan</b>	<b>\$1,377,469</b>	<b>\$40,297</b>	<b>\$1,417,766</b>	<b>\$1,272,396</b>	<b>\$28,398</b>	<b>\$1,300,794</b>

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## Programs to Eliminate the Gap (PEGs)

- Civilian Hiring Freeze** – Savings of \$4.6 million are anticipated for Fiscal 2012 resulting from a hiring freeze of civilian employees. There is no specific headcount reduction associated with this PEG. For every two civilian staff who leave DSNY, the agency will only be allowed to hire back one position.
- Waste Export Funding Reduction** – DSNY projects a surplus in the waste export budget for Fiscal Year 2012 of \$21.9 million in the Executive Plan. This is \$6.9 million more in savings than had been expected as of the Preliminary Budget.
- MTS Security** – Security cameras will be installed at MTSs that are not yet in operation and contracted security services will be eliminated. This is expected to save the Department \$555,000 on a recurring basis starting in Fiscal 2012.
- Compost Material Sales** – DSNY anticipates new revenue of \$250,000 annually starting in Fiscal 2012 from selling the compost material produced at various sites including Fresh Kills Landfill.
- Charge for Non-Residential Solid Waste, Collection and Disposal** – DSNY proposes a new fee for non-residential solid waste collection and disposal to universities, religious institutions, and not-for-profits. Recurring revenue of \$17.2 million, however, is not anticipated until Fiscal 2013 onwards. This proposal is still in a conceptual stage and will be further studied.

# Capital Program

## Capital Budget Summary

The May 2011 Capital Commitment Plan includes \$907.8 million in Fiscal 2012-2015 for DSNY (including City and Non-City funds). This represents less than 3.3 percent of the City’s total \$28.1 billion Executive Plan for Fiscal 2012-2015. The agency’s Executive Commitment Plan for Fiscal 2012-2015 is 114.7 percent more than the \$422.9 million scheduled in the February Commitment Plan, an increase of \$484.9 million.

Over the past five years (2006-2010), the DSNY has only committed an average of 62 percent of its annual Capital Plan. Therefore, it is assumed that a portion of the agency’s Fiscal 2011 Capital Plan will be rolled into Fiscal 2012, thus increasing the size of the Fiscal 2012-2015 Capital Plan. Since adoption last June, the Capital Commitment Plan for Fiscal 2011 has decreased from \$839.5 million to \$423.7 million, a reduction of \$415.8 million or approximately 50 percent. The decrease is partially offset by an increase in Fiscal 2012 in the Executive Budget, which is explained by the rolling of continuing capital projects from Fiscal 2011 to Fiscal 2012 and beyond. The Department also had \$243.1 million in funding for the MTSSs moved into Fiscal 2012 from the outyears of the plan.

Currently DSNY’s remaining appropriations total \$1.6 billion in City-funds for Fiscal 2011. These appropriations are to be used to finance the remaining portion of the agency’s \$482.8 million City-funded Fiscal 2011 Capital Commitment Program. The agency has \$1.54 billion more appropriations than it needs to meet its remaining Capital Commitment Program for the current fiscal year.

### 2012-2015 Commitment Plan: Adopted and Executive Budgets

*Thousands of Dollars*

	FY11	FY12	FY13	FY14	FY15	Total FY12 – FY15
<b>Adopted</b>						
Total Capital Plan	\$839,535	\$86,353	\$122,421	\$81,042	\$133,092	<b>\$422,908</b>
<b>Executive</b>						
Total Capital Plan	\$482,817	\$455,963	\$240,125	\$78,628	\$133,092	<b>\$907,808</b>
<b>Change</b>						
Level	(\$415,883)	\$369,610	\$117,704	(\$2,414)	\$0	<b>\$484,900</b>
Percentage	(49.54%)	428.02%	96.15%	(2.98%)	0.00%	<b>114.66%</b>

## Capital Program Goals

Build and maintain infrastructure to support:

- ✓ Refuse collection
- ✓ Recycling
- ✓ Cleaning waste disposal
- ✓ Support operations

## Executive Budget Highlights

The Administration asked agencies to identify a 20-percent reduction in capital commitments for Fiscal Years 2012 to 2021 in the Preliminary Budget. DSNY was asked to cut \$425 million, and to spread it out evenly over the Ten-Year Capital Strategy.

The Department could not meet the overall 20-percent cut because it was not able to take the MTSs out of the Ten Year Capital Plan. Instead the Department cut a total of \$250 million in the first four years of the Capital Plan. This included moving \$373.1 million for MTSs to the outyears, and moving funding for equipment forward to the four-year plan. In an unusual move, DSNY included cuts from Fiscal 2011 in its total of \$250 million, essentially using an eleven-year plan.

These changes brought the Department's Preliminary Ten-Year Capital Strategy budget to a total of \$1.5 billion, but this number does not reflect the cuts in Fiscal 2011 that were made.

The Council felt that moving the \$373.1 million in funding for the MTSs to the outyears was detrimental to the goals of SWMP and called on the Administration to return it to the first four years of the Capital Plan. This funding was restored in the Executive Ten-Year Capital Strategy.

The Department's net reduction in the eleven-year period that included Fiscal 2011 was minimal – approximately \$84.5 million. The bulk of the \$84.5 million in savings was due to a low bid for the Manhattan 1/2/5 Garage that came in \$39 million lower than budgeted for, and cutting equipment funding in the outyears.

The Ten-Year Capital Strategy now totals \$1.6 billion, an increase from the Preliminary Budget of \$100 million or less than one percent.

## Ten-Year Strategy

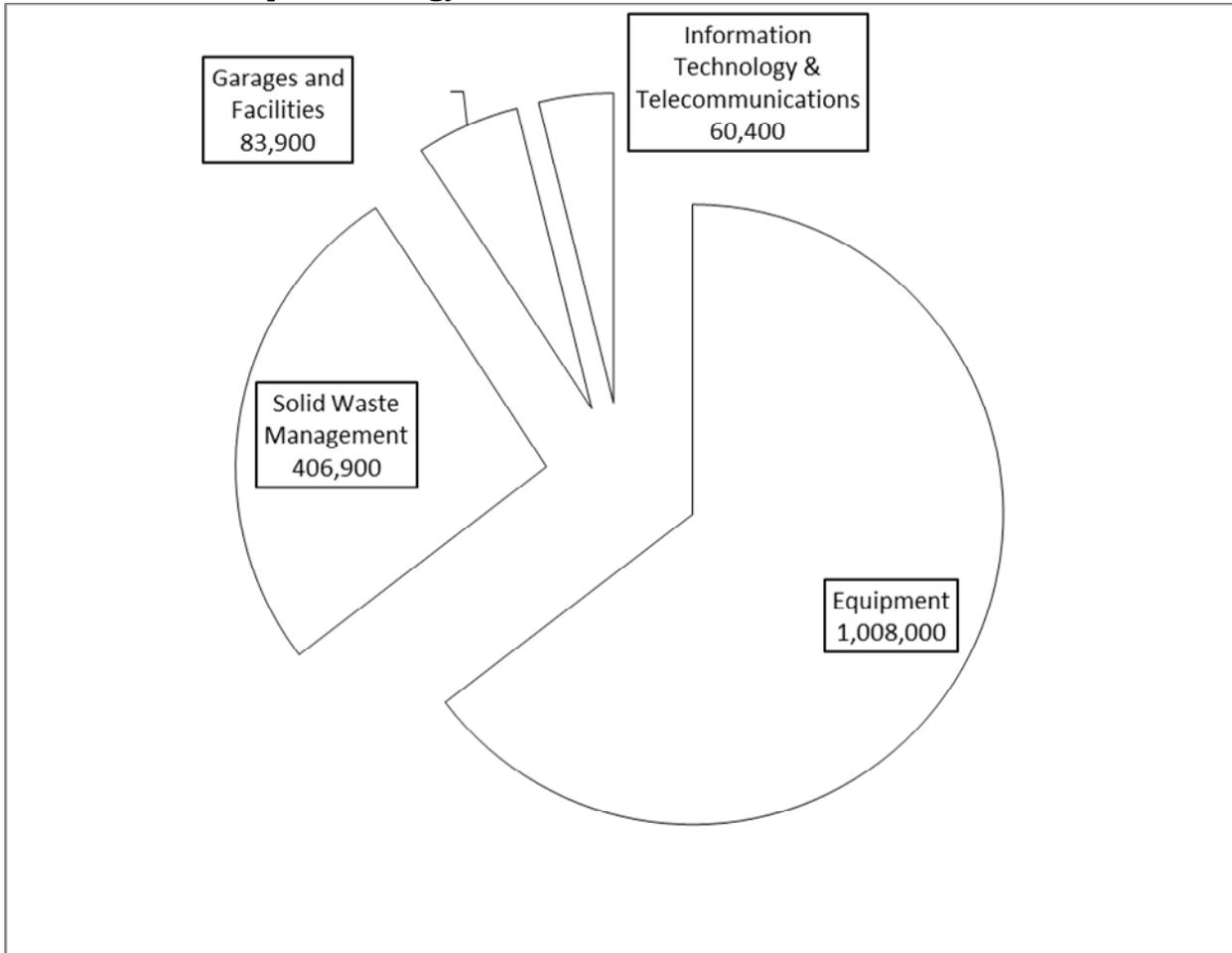
The Department's goal for the 2012 – 2021 Ten-Year Capital Strategy is to build and maintain the necessary infrastructure to support "refuse collection, recycling, cleaning waste disposal, and support operations."<sup>1</sup> There are four main categories: "equipment purchases; marine transfer station renovation and construction; garage rehabilitation, site acquisition, and construction; and information technology and telecommunications."<sup>2</sup>

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<sup>1</sup> See The City of New York, *Executive Budget Fiscal Year 2012 Message of the Mayor* (2011) at 143.

<sup>2</sup> See *Id.* at 143.

**DSNY Ten-Year Capital Strategy**



**TOTAL: \$1,559,200**

**Marine Transfer Station Renovation and Construction**

The 2012 – 2021 Ten-Year Capital Strategy includes \$406.9 million for the “construction and renovation of transfer stations and other facilities in accordance with the City’s Long Term Solid Waste Management Plan.”<sup>3</sup> This funding is all in Fiscal 2012- 2015.

This includes:

- \$125.4 million for the MTS to be built at East 91<sup>st</sup> Street in Fiscal 2012. It is estimated that this project will be completed and online in 2014.
- \$108.5 million for the MTS to be built in Southwest Brooklyn in Fiscal 2012. It is estimated that this project will be completed and online in 2014.
- \$9.2 million for design of the MTS for recyclables to be built off of the Gansevoort Peninsula in Fiscal 2012, and \$80 million for construction in Fiscal 2013. It is estimated that this project will be completed and online in 2015.

<sup>3</sup> See *Id.* at 144.

- \$50 million for the renovation and expansion of the MTS for recyclables currently operating on West 59<sup>th</sup> Street in Fiscal 2013. It is estimated that this project will be completed and online in 2015.

Please note that funding for construction for MTSs at Hamilton Avenue in Brooklyn and North Shore Queens were included in past plans. These MTSs are currently scheduled to be completed in mid-2013.

### **Other Ten-Year Capital Strategy Highlights:**

The Executive Ten-Year Capital Strategy also includes:

- \$1 billion for the replacement of vehicles, \$94.5 million of which is in the Fiscal 2012 Executive Budget. This includes collection trucks, mechanical brooms, salt spreaders, and other vehicles. According to the Department, this is in keeping with its normal vehicle replacement schedule.
- \$83.9 million for the “construction and rehabilitation of garages and other facilities.”<sup>4</sup> This includes funding for site acquisition and salt storage facilities. Of the total, \$13.8 million is for garages in Fiscal 2012, and \$10.3 million is for salt storage.
- \$60.4 million for information technology and telecommunications, including \$44.5 million in Fiscal 2012. DSNY is contracting out to redo its communications and database system for its operations, as the current system is extremely outdated. This includes \$44.5 million in Fiscal 2012.

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<sup>4</sup> See The City of New York, *Executive Budget Fiscal Year 2012 Message of the Mayor* (2011) at 144.

**Appendix A: Budget Actions in the November and February Plans**

<i>Dollars in thousands</i>	FY 2011			FY 2012		
	City	Non-City	Total	City	Non-City	Total
<b>Agency Budget as of June 2010 Plan</b>	<b>\$1,308,329</b>	<b>\$38,147</b>	<b>\$1,346,476</b>	<b>\$1,336,061</b>	<b>\$28,225</b>	<b>\$1,364,286</b>
<b>Programs to Eliminate the Gap (PEGs)</b>						
Flat Refuse Truck Target	\$0	\$0	\$0	(\$2,491)	\$0	(\$2,491)
Landfill Closure Surplus	0	0	0	(34,895)	0	(34,895)
Personal Services Surplus	(3,400)	0	(3,400)	0	0	0
Recycling Outreach	(2,250)	0	(2,250)	(2,500)	0	(2,500)
Reverse OTPS Portion of Sunday Security PEGs	(2,803)	0	(2,803)	0	0	0
Supervisor Post Efficiencies - Attrition & Redeployment	(9,943)	0	(9,943)	(21,111)	0	(21,111)
Waste Export Surplus	(6,734)	0	(6,734)	(15,000)	0	(15,000)
<b>Total, PEGs</b>	<b>(\$25,130)</b>	<b>\$0</b>	<b>(\$25,130)</b>	<b>(\$75,997)</b>	<b>\$0</b>	<b>(\$75,997)</b>
<b>New Needs</b>						
Graffiti Removal Program	\$1,200	\$0	\$1,200	\$0	\$0	\$0
Snow Deficit in FY2011 and Incremental Need for FY 2012	76,629	0	76,629	4,505	0	4,505
<b>Total, New Needs</b>	<b>\$77,829</b>	<b>\$0</b>	<b>\$77,829</b>	<b>\$4,505</b>	<b>\$0</b>	<b>\$4,505</b>
<b>Other Adjustments</b>						
Flat Refuse Truck Target Fringe Offset	\$0	\$0	\$0	\$559	\$0	\$559
IC W/ DOS - Fuel	0	10	10	0	0	0
Increase in Ethanol Fuel	0	5	5	0	0	0
Intra-city Mod with Sanitation	0	120	120	0	0	0
Supervisor Post Efficiencies - Attrition and Redeployment - Fringe Offset	1,816	0	1,816	3,833	0	3,833
1st Qtr. Fuel Revenue-1004	0	44	44	0	0	0
1st Qtr. Revenue	0	49	49	0	0	0
CMAQ FY 11- PS Only	0	199	199	0	0	0
DSNY Energy Manager (ARRA)	0	85	85	0	0	0
DSNY GJ Wages - GD (TANF)	0	42	42	0	0	0
DSNY Green Jobs Admin	0	23	23	0	0	0
DSNY Green Jobs Wages	0	125	125	0	0	0
Fuel - Sanitation	0	376	376	0	0	0
Funds for Fuel From AG 827	0	2	2	0	0	0
On Road Diesel Emission W/ DOT	0	140	140	0	0	0
<b>Total, Other Adjustments</b>	<b>\$1,816</b>	<b>\$1,220</b>	<b>\$3,036</b>	<b>\$4,392</b>	<b>\$0</b>	<b>\$4,392</b>
<b>Total, All Changes</b>	<b>\$54,515</b>	<b>\$1,220</b>	<b>\$55,735</b>	<b>(\$67,100)</b>	<b>\$0</b>	<b>(\$67,100)</b>
<b>Agency Budget as of February 2011 Plan</b>	<b>\$1,362,844</b>	<b>\$39,367</b>	<b>\$1,402,211</b>	<b>\$1,268,961</b>	<b>\$28,225</b>	<b>\$1,297,186</b>