

THE COUNCIL OF THE CITY OF NEW YORK

Speaker of the Council
Christine C. Quinn



Hon. James F. Gennaro, Chair, Environmental Protection
Committee

Hearing on the Mayor's Fiscal 2013 Preliminary Budget & the Fiscal 2012 Preliminary Mayor's Management Report

Department of Environmental Protection

March 27, 2012

Nathan Toth, Deputy Director
Kate Seely-Kirk, Senior Legislative Financial Analyst

Table of Contents

Agency Overview.....	1
Department of Environmental Protection Financial Summary	2
Program Areas/Units of Appropriation	3
Agency Administration & Support.....	3
Customer Services and Water Board Support	5
Environmental Management	6
Miscellaneous.....	8
Upstate Water Supply	9
Wastewater Treatment Operations	10
Water and Sewer Maintenance and Operations.....	12
Capital Program.....	14
Appendix A: Budget Actions in the November and February Plans.....	19
Appendix B: Contract Budget	20
Appendix C: Fiscal 2012 Mayor’s Management Report Performance Measures.....	21
Appendix D: Reconciliation of Program Areas to Units of Appropriation	22

Agency Overview

The Department of Environmental Protection (DEP or the Department) protects the environmental health, welfare, and natural resources of the City and its residents. The Department manages the City's water and wastewater system (the System), including 19 reservoirs and three controlled lakes, which provides more than one billion gallons of quality drinking water daily to more than eight million New York City residents and one million in nearby counties. The wastewater system includes fourteen in-City wastewater treatment plants and treats 1.3 billion gallons of wastewater daily. DEP also implements federal Clean Water Act rules and regulations, handles hazardous materials emergencies and toxic site remediation, oversees asbestos monitoring and removal, enforces the City's air and noise codes, bills and collects on approximately 836,000 water and sewer accounts, and manages citywide water conservation programs.

This report provides a review of the Department of Environmental Protection's Preliminary Budget for Fiscal 2013. In the first section the highlights of the Fiscal 2013 expense budget are presented including actions from the November and February Financial Plans. The report then presents analysis of some of the Department's significant program area budgets and reviews relevant sections of the Preliminary Mayor's Management Report for Fiscal 2012. Finally, a review of the proposed capital budget for the Department is presented with status updates on major projects and a discussion of significant proposed changes.

Fiscal 2013 Preliminary Budget Highlights

<i>Dollars in Thousands</i>	2011 Actual	2012 Adopted	2012 Feb. Plan	2013 Feb. Plan	*Difference 2012 - 2013
Personal Services	473,529	455,194	461,572	455,652	458
Other Than Personal Services	\$547,455	\$586,872	\$603,228	\$563,981	(\$22,891)
Agency Total	\$1,020,984	\$1,042,066	\$1,064,800	\$1,019,633	(\$22,434)

**The difference of Fiscal 2012 Adopted compared to Fiscal 2013 February Plan funding.*

The Department's Fiscal 2013 Preliminary Budget of \$1.02 billion is \$22.43 million less than its Fiscal 2012 Adopted Budget of \$1.04 billion. The decrease is due to a reduction of the Other Than Personal Services (OTPS) budget of \$22.89 million. However, the change is largely due to funding that had been rolled from Fiscal 2011 to Fiscal 2012 and one-time spending increases in Fiscal 2012. Therefore the \$22.43 million difference reflects increases to the Fiscal 2012 budget, not programmatic cuts to the Fiscal 2013 budget.

At Fiscal 2012 Adoption, DEP projected its Fiscal 2013 Budget at \$1.02 billion. The Fiscal 2013 Preliminary Budget remains at \$1.02 billion despite minimal changes since adoption. The budget actions since Fiscal 2012 Adoption that have minimally decreased the Fiscal 2013 Budget include Programs to Eliminate the Gap (PEGs) totaling \$277,000 in savings, and other adjustments which netted to an additional \$4,000. Reconciled, these actions barely impact the Department's current budget of \$1.02 billion for Fiscal 2013. (See Appendix A for a list of all the changes to the Fiscal 2012 and 2013 Budgets since Adoption.) Highlights of the Fiscal 2013 Budget are below.

November Plan Actions

- **Additional Asbestos Enforcement Revenue.** Inspection agents have become more effective resulting in the generation of additional revenue in the amount of \$230,000 in Fiscal 2012 and \$752,000 in Fiscal 2013 and beyond.
- **Additional SARA Right-to-Know Fees.** The Department will collect an additional \$66,000 in Fiscal 2012 and \$200,000 in Fiscal 2013 and the out years because of a new online payment system for registering to store hazardous material. The online system automatically reminds people about upcoming due dates and soon will allow for processing payments online.
- **Additional E-Designation Fees.** Additional revenue of \$19,000 in Fiscal 2012 and \$58,000 in Fiscal 2013 and out years can be expected from E-designation fees. Developers pay DEP staff for their expert assistance reviewing technical documents before purchasing contaminated brownfield properties.

Department of Environmental Protection Financial Summary

<i>Dollars in Thousands</i>	2011 Actual	2012 Adopted	2012 Feb. Plan	2013 Feb. Plan	*Difference 2012 - 2013
Budget by Program Area					
Agency Administration & Support	\$75,794	\$81,224	\$83,204	\$79,569	(\$1,656)
Customer Services & Water Board Support	45,426	48,137	49,288	42,832	(5,305)
Engineering Design & Construction	32,570	37,009	37,103	35,739	(1,270)
Environmental Control Board	190	10	0	0	(10)
Environmental Management	15,582	15,578	15,910	15,904	326
Miscellaneous	8,309	2,912	26,714	2,812	(100)
Upstate Water Supply	249,486	277,830	274,276	265,304	(12,526)
Wastewater Treatment Operations	407,305	387,542	386,669	393,935	6,393
Water & Sewer Maintenance & Operations	186,322	191,824	191,637	183,539	(8,285)
TOTAL	\$1,020,984	\$1,042,066	\$1,064,800	\$1,019,633	(\$22,434)
Funding					
City Funds	N/A	\$976,738	\$976,630	\$954,304	(\$22,434)
Capital- IFA	N/A	64,010	64,010	64,010	0
State	N/A	0	70	0	0
Federal - Other	N/A	123	22,489	123	0
Intra City	N/A	1,195	1,601	1,195	0
TOTAL	N/A	\$1,042,066	\$1,064,800	\$1,019,633	(\$22,434)
Positions					
Full-Time Positions - Civilian	5,653	5,942	5,982	5,951	9
TOTAL	5,653	5,942	5,982	5,951	9

*The difference of Fiscal 2012 Adopted compared to Fiscal 2013 February Plan funding.

Program Areas/Units of Appropriation

Agency Administration & Support

Funding in this program area supports administrative staff that manages and directs the Department, sets policies, and creates agency strategic plans. The administrative bureau provides support services for the entire Department. The functions include personnel, budgeting, payroll, purchasing, auditing, building and vehicle maintenance, computer services, and community and intergovernmental relations.

	2011	2012	2012	2013	*Difference
<i>Dollars in Thousands</i>	Actual	Adopted	Feb. Plan	Feb. Plan	2012 - 2013
Spending					
Personal Services					
Full-Time Salaried - Civilian	\$33,876	\$32,091	\$33,500	\$33,478	\$1,386
Other Salaried and Unsalari ed	450	701	701	712	11
Additional Gross Pay	913	605	615	615	10
Overtime - Civilian	615	400	400	400	0
P.S. Other	(654)	0	0	0	0
Subtotal	\$35,201	\$33,797	\$35,216	\$35,204	\$1,408
Other Than Personal Services					
Supplies and Materials	\$5,664	\$5,325	\$5,837	\$5,309	(\$16)
Fixed and Misc Charges	609	27	30	27	0
Property and Equipment	778	1,099	1,197	1,117	19
Other Services and Charges	25,856	35,692	30,273	29,634	(6,058)
Contractual Services	7,687	5,286	10,650	8,278	2,992
Subtotal	\$40,593	\$47,428	\$47,988	\$44,364	(\$3,063)
TOTAL	\$75,794	\$81,224	\$83,204	\$79,569	(\$1,656)
Funding					
City Funds	N/A	\$73,631	\$75,581	\$71,975	(\$1,656)
Intra City	N/A	\$861	\$891	\$861	\$0
Capital- IFA	N/A	\$6,732	\$6,732	\$6,732	\$0
TOTAL	N/A	\$81,224	\$83,204	\$79,569	(\$1,656)
Positions					
Full-Time Positions - Civilian	465	482	482	482	0

*The difference of Fiscal 2012 Adopted compared to Fiscal 2013 February Plan Funding.

The proposed budget for Agency Administration and Support for Fiscal 2013 is approximately \$1.66 million less than the Fiscal 2012 Adopted Budget. This can be attributed to \$1.56 million in savings in Other Services and Charges from actions such as consolidating leased space, and \$1.5 million in administrative reductions such as reduced contract services and a cut back on travel expenses. The savings are partially offset by an increase of \$1.39 million in Full-Time Salaried staff, which is a transfer of funding from the PS budget for Wastewater Treatment Operations.

The decrease in funding from the Other Services and Charges budget line reflects the savings outlined above as well as the transfer of funding of \$2.99 million to the Contractual Services budget line as part of an agency-wide reallocation of funding from holding codes based on historical spending. This included funds for software licenses and health and safety service contracts.

November Plan Actions

- **Reduction to Energy Program.** Savings of \$50,000 in Fiscal 2012 and \$150,000 in Fiscal 2013 and beyond will be realized by reducing the salary of a current vacant position and by reducing consulting contracts starting in Fiscal 2013.

Customer Services and Water Board Support

The Bureau of Customer Services (the Bureau) is responsible for all functions related to water and sewer billing for residents of New York City and certain upstate communities. In addition, the Bureau is responsible for water meter contracts and to test and validate the accuracy of water meters installed by private plumbers prior to installation. The Water Board is a public benefit corporation created by the New York State Legislature to primarily fix, revise, charge, collect, and enforce water and sewer rates and other charges for New York City.

<i>Dollars in Thousands</i>	2011 Actual	2012 Adopted	2012 Feb. Plan	2013 Feb. Plan	*Difference 2012 - 2013
Spending					
Personal Services					
Full-Time Salaried - Civilian	\$26,991	\$27,115	\$27,115	\$27,080	(\$35)
Other Salaried and Unsalariated	2,984	2,301	2,301	2,301	0
Additional Gross Pay	1,152	843	843	843	0
Overtime - Civilian	1,831	1,703	1,703	1,703	0
Subtotal	\$32,958	\$31,962	\$31,962	\$31,927	(\$35)
Other Than Personal Services					
Supplies and Materials	\$2,656	\$2,203	\$4,171	\$3,004	\$801
Property and Equipment	427	1,188	1,312	1,266	79
Other Services and Charges	2,093	9,110	2,409	2,710	(6,400)
Contractual Services	7,292	3,674	9,435	3,924	250
Subtotal	\$12,469	\$16,175	\$17,326	\$10,905	(\$5,270)
TOTAL	\$45,426	\$48,137	\$49,288	\$42,832	(\$5,305)
Funding					
City Funds	N/A	\$47,981	\$49,132	\$42,676	(\$5,305)
Capital- IFA	N/A	156	156	156	0
TOTAL	N/A	\$48,137	\$49,288	\$42,832	(\$5,305)
Positions					
Full-Time Positions - Civilian	465	482	482	482	0

*The difference of Fiscal 2012 Adopted compared to Fiscal 2013 February Plan Funding.

The proposed budget for Customer Services and Water Board Support for Fiscal 2013 is approximately \$5.31 million less than the Fiscal 2012 Adopted Budget, a change of 11.02%. This largely reflects \$3.93 million added to Fiscal 2012 for upgrading the billing system. This is a contract with IBM that the NYC Office of Management and Budget prefers to give funding for one year at a time. Fiscal 2012 also received approximately \$1.32 million for a third-party collection system for delinquent water and sewer charges which is not in the Fiscal 2013 budget.

The decrease in funding from the Other Services and Charges budget line largely reflects the savings outlined above as well as the transfer of \$801,000 to the Supplies and Materials budget line for postage.

Environmental Management

The Bureau of Environmental Compliance (the Bureau) regulates air, noise, and hazardous materials, performs inspections, issues licenses and permits, and reviews technical plans related to asbestos control, air quality, and noise abatement laws. Funding in this program area supports the self-regulation of DEP’s employees for testing, keeping up with federal regulations, and disposal of materials as well as the overall outside regulation and control of these areas.

Responsibilities include responding to hazardous material emergency incidents; maintaining a comprehensive database of facilities containing hazardous and toxic materials, managing environmental investigations and assessments of contaminated sites, overseeing the remediation of four active hazardous waste municipal landfills, conducting field inspections in response to air and noise code complaints, helping implement the requirements of the Clean Air Act Amendments of 1990, meeting with community and various public interest associations regularly to provide general information and promote compliance, and operating a New York State approved environmental laboratory to perform analysis of asbestos, air pollutant and hazardous materials samples.

<i>Dollars in Thousands</i>	2011 Actual	2012 Adopted	2012 Feb. Plan	2013 Feb. Plan	*Difference 2012 - 2013
Spending					
Personal Services					
Full-Time Salaried - Civilian	\$10,887	\$12,282	\$12,345	\$12,345	\$64
Other Salaried and Unsalariated	195	158	158	158	0
Additional Gross Pay	632	408	408	408	0
Overtime - Civilian	2,139	710	710	710	0
Subtotal	\$13,853	\$13,557	\$13,621	\$13,621	\$64
Other Than Personal Services					
Supplies and Materials	\$304	\$220	\$253	\$449	\$229
Property and Equipment	201	298	452	298	0
Other Services and Charges	214	666	229	205	(462)
Contractual Services	1,010	835	1,354	1,330	495
Subtotal	\$1,729	\$2,020	\$2,288	\$2,282	\$262
TOTAL	\$15,582	\$15,578	\$15,910	\$15,904	\$326
Funding					
City Funds	N/A	\$15,178	\$15,510	\$15,504	\$326
Intra City	N/A	334	334	334	0
Capital- IFA	N/A	66	66	66	0
TOTAL	N/A	\$15,578	\$15,910	\$15,904	\$326
Positions					
Full-Time Positions - Civilian	196	221	221	221	0

*The difference of Fiscal 2012 Adopted compared to Fiscal 2013 February Plan Funding.

The proposed budget for Environmental Management for Fiscal 2013 is approximately \$326,000 more than the Fiscal 2012 Adopted Budget. This small change in funding level is mainly due to an

increase in the Supplies and Materials budget line for general administrative support. We also see a transfer of funding from the Other Services and Charges budget line to the Contractual Services budget line, which is part of an agency-wide reallocation of funding from holding codes based on historical spending.

Performance Measures

	FY 09	FY 10	FY 11	4- Month Actual FY 11	4- Month Actual FY 12	Target FY 13
Air complaints received	11,692	9,699	8,623	3,439	2,977	*
Air complaints responded to within seven days (%)	79%	76%	73%	69%	79%	85%
Average days to close air quality complaints	13.1	10.8	7.7	8.7	7.0	*
Noise complaints received	39,371	31,778	31,400	10,644	11,229	*
Noise complaints not requiring access to premises responded to within seven days (%)	85%	86%	89%	85%	87%	85%
Average days to close noise complaints	17.7	15.3	9.9	11.5	9.5	*
Asbestos complaints received	1,391	1,180	1,320	457	498	*
Asbestos complaints responded to within three hours (%)	99%	100%	100%	100%	100%	90%
Average days to close asbestos complaints	0.23	0.27	0.24	0.19	0.21	*
Emergencies responded to within one hour (%)	100%	100%	100%	100%	100%	*
DEP - issued violations	7,412	9,466	12,171	4,233	3,679	*
Air violations	4,346	4,983	5,855	2,013	1,919	*
Noise violations	2,559	2,446	2,582	987	875	*
Asbestos violations	507	2,037	3,734	1,233	885	*
Notices of Violation (all categories) upheld at the Environmental Control Board (%)	77.6%	77.1%	75.5%	78.8%	74.4%	*

SOURCE: Mayor's Management Report

Miscellaneous

Funding in this program area provides for any personal or other than personal services expenses that receive one-time funding. It also includes Homeland Security and Brownfield grants.

<i>Dollars in Thousands</i>	2011	2012	2012	2013	*Difference
	Actual	Adopted	Feb. Plan	Feb. Plan	2012 - 2013
Spending					
Personal Services					
Full-Time Salaried - Civilian	\$3,367	\$969	\$3,653	\$969	\$0
Additional Gross Pay	90	0	0	0	0
Overtime - Civilian	522	0	2,763	0	0
Fringe Benefits	1	0	1,162	0	0
Subtotal	\$3,980	\$969	\$7,578	\$969	\$0
Other Than Personal Services					
Supplies and Materials	\$147	\$0	\$2,761	\$0	\$0
Fixed and Misc Charges	0	0	0	0	0
Property and Equipment	701	0	1,999	0	0
Other Services and Charges	315	1,943	1,562	0	(1,943)
Contractual Services	3,166	0	12,814	1,843	1,843
Subtotal	\$4,329	\$1,943	\$19,136	\$1,843	(\$100)
TOTAL	\$8,309	\$2,912	\$26,714	\$2,812	(\$100)
Funding					
City Funds	N/A	\$2,789	\$3,833	\$2,688	(\$100)
Intra City	N/A	0	375	0	0
Federal - Other	N/A	123	22,435	123	0
State	N/A	0	70	0	0
TOTAL	N/A	\$2,912	\$26,714	\$2,812	(\$100)
Positions					
Full-Time Positions - Civilian	50	12	52	12	0

*The difference of Fiscal 2012 Adopted compared to Fiscal 2013 February Plan Funding.

The proposed Miscellaneous budget for Fiscal 2013 minimally changed from the Fiscal 2012 Adopted Budget. However, there is a \$23.8 million increase comparing the Fiscal 2012 Actuals to the Fiscal 2012 Adopted Budget. This largely reflects \$22.44 million in Federal grants that were received in Fiscal 2012.

The transfer of funding from the Other Services and Charges budget line to the Contractual Services budget line in Fiscal 2013 reflects the OTPS budget for DEP's new energy office which is involved in such projects as generating solar power at the Fresh Kills landfill.

Upstate Water Supply

The Bureau of Water Supply (the Bureau) manages, operates, and protects New York City’s upstate water supply to ensure the delivery of a sufficient quantity of high quality drinking water. Additionally, it is responsible for the overall management and implementation of the provisions of the City’s Watershed Protection Program, and for ensuring the City's compliance with the provisions of the Filtration Avoidance Determination (FAD).

<i>Dollars in Thousands</i>	2011 Actual	2012 Adopted	2012 Feb. Plan	2013 Feb. Plan	*Difference 2012 - 2013
Spending					
Personal Services					
Full-Time Salaried - Civilian	\$61,746	\$62,233	\$62,048	\$62,355	\$122
Other Salaried and Unsalariated	492	116	116	116	0
Additional Gross Pay	2,522	2,045	2,045	2,045	0
Overtime - Civilian	1,940	1,854	1,854	1,854	0
Fringe Benefits	46	20	20	20	0
Subtotal	\$66,746	\$66,269	\$66,083	\$66,391	\$122
Other Than Personal Services					
Supplies and Materials	\$13,910	\$12,306	\$13,777	\$14,352	\$2,046
Fixed and Misc Charges	131,854	136,829	148,466	144,079	7,249
Property and Equipment	1,338	1,139	1,764	2,237	1,099
Other Services and Charges	24,965	52,193	30,725	24,825	(27,368)
Contractual Services	10,672	9,094	13,460	13,420	4,326
Subtotal	\$182,740	\$211,561	\$208,193	\$198,914	(\$12,648)
TOTAL	\$249,486	\$277,830	\$274,276	\$265,304	(\$12,526)
Funding					
City Funds	N/A	\$271,293	\$267,685	\$258,767	(\$12,526)
Capital- IFA	N/A	6,537	6,537	6,537	0
TOTAL	N/A	\$277,830	\$274,222	\$265,304	(\$12,526)
Positions					
Full-Time Positions - Civilian	1,003	1,063	1,063	1,063	0

**The difference of Fiscal 2012 Adopted compared to Fiscal 2013 February Plan Funding.*

The proposed budget for Upstate Water Supply for Fiscal 2013 is \$12.65 million less than the Fiscal 2012 Adopted Budget, a change of 4.51%. This largely reflects \$6.1 million that was rolled from the Fiscal 2011 budget to the Fiscal 2012 budget mostly comprised of \$5.9 million for upstate taxes. Additionally, there were about \$6.1 million in one-time needs in Fiscal 2012 that included environmental benefit fund payments, NYC Department of Investigations intra-city payments and postage.

The decrease in funding from the Other Services and Charges funding line reflects agency-wide reallocation of funding from holding codes based on historical spending such as transfers to the Supplies and Materials and Contractual Services budget lines for FAD-related expenditures and Fixed and Miscellaneous Charges to fund upstate taxes.

Wastewater Treatment Operations

The Bureau of Wastewater Treatment (the Bureau) maintains the chemical and physical integrity of the New York Harbor and other local water bodies. It sustains the continued use and viability of the water environment through the removal of organic and toxic pollutants from the City's wastewater, control of discharges from Combined Sewer Overflows and dry weather bypassing, optimum operation of the treatment plant collections system, integration of watershed management concepts into the planning and design of facilities, and enforcement of a citywide industrial pre-treatment and pollution prevention program. The Bureau operates 14 water pollution control plants, 89 wastewater pump stations, eight dewatering facilities, 490 sewer regulators, and 6,000 miles of intercepting sewers.

	2011	2012	2012	2013	*Difference
<i>Dollars in Thousands</i>	Actual	Adopted	Feb. Plan	Feb. Plan	2012 - 2013
Spending					
Personal Services					
Full-Time Salaried - Civilian	\$159,235	\$154,771	\$153,522	\$153,522	(\$1,249)
Other Salaried and Unsalared	5	45	45	45	0
Additional Gross Pay	14,241	7,560	7,560	7,560	0
Overtime - Civilian	16,904	11,097	11,097	11,097	0
Fringe Benefits	3,098	3,225	3,225	3,225	0
Subtotal	\$193,485	\$176,697	\$175,448	\$175,448	(\$1,249)
Other Than Personal Services					
Supplies and Materials	\$52,763	\$61,607	\$62,729	\$61,607	\$0
Fixed and Misc Charges	525	597	701	597	0
Property and Equipment	967	1,930	1,348	1,930	0
Other Services and Charges	68,639	90,244	76,951	75,996	(14,248)
Contractual Services	90,927	56,467	69,492	78,357	21,890
Subtotal	\$213,820	\$210,844	\$211,221	\$218,487	\$7,642
TOTAL	\$407,305	\$387,542	\$386,669	\$393,935	\$6,393
Funding					
City Funds	N/A	\$381,780	\$380,638	\$387,903	\$6,123
Capital- IFA	N/A	5,762	6,031	6,031	270
TOTAL	N/A	\$387,542	\$386,669	\$393,935	\$6,393
Positions					
Full-Time Positions - Civilian	1,869	1,968	1,971	1,971	3

**The difference of Fiscal 2012 Adopted compared to Fiscal 2013 February Plan Funding.*

The proposed budget for Wastewater Treatment Operations for Fiscal 2013 is approximately \$6.39 million more than the Fiscal 2012 Adopted Budget.

The observed increase in the Contractual Services budget line in Fiscal 2013 can largely be attributed to a restoration of a one-year \$11.2 million reduction to the Fiscal 2012 budget for sludge disposal contracts. Additionally, Contract Services were increased by approximately

\$10.69 million, mostly attributable to funding transferred from Other Services and Charges holding codes for various sludge disposal, tank testing, pest control, Flushing Bay debris removal and Newtown Creek maintenance contracts.

The overall net funding decrease to the Other Services and Charges budget line beyond the aforementioned transfers are mainly attributable to \$4.2 million that was rolled from Fiscal 2011 to Fiscal 2012 for service contracts for chemical storage tanks, marine vessel maintenance, and job order contracting. Additionally, there was a also one-time need of \$800,000 in FY 2012 for audits on Newtown Creek.

November Plan Actions

- Reduction to Landfill Program.** DEP is eliminating the funding for the pre-treatment of leachate at the Pennsylvania Avenue Landfill. The leachate is collected in a series of pipes under the landfill and eventually goes to the 26th Ward treatment plant close by. NYS Department of Environmental Conservation (DEC) approved DEP’s decision that contaminants in the leachate have fallen to the level that pre-treatment is unnecessary. Savings of \$61,000 are anticipated in Fiscal 2012 and \$127,000 in Fiscal 2013 and the outyears.

Performance Measures

	FY 09	FY 10	FY 11	4- Month Actual FY 11	4- Month Actual FY 12	Target FY 13
Wastewater treatment plant (WWTP) effluent meeting federal standards (%)	99.9%	100.0%	100.0%	100.0%	99.9%	100.0%
WWTPs - Critical equipment days below minimum	1,158	1,941	2,296	594	786	*
Percent of out-of-service critical equipment that is attributable to planned work	N/A	N/A	43%	44%	35%	*
Percent of harbor survey stations meeting the swimmable standard of 5mg/L for dissolved oxygen	89%	88%	87%	68%	64%	89%

SOURCE: Mayor’s Management Report

Water and Sewer Maintenance and Operations

The Bureau of Water and Sewer Operations (the Bureau) operates, maintains, and protects the City's drinking water and wastewater collection systems, protects adjacent waterways, and develops and protects the Department's Capital Water and Sewer Design Program. This program includes approval and inspection of water and sewer connections performed by licensed plumbers and/or authorized contractors. Additionally, the Bureau is responsible for the approval and inspection of all public and private construction projects.

<i>Dollars in Thousands</i>	2011 Actual	2012 Adopted	2012 Feb. Plan	2013 Feb. Plan	*Difference 2012 - 2013
Spending					
Personal Services					
Full-Time Salaried - Civilian	\$80,103	\$85,127	\$85,127	\$85,555	\$428
Other Salaried and Unsalaries	141	50	50	50	0
Additional Gross Pay	7,458	5,957	5,957	5,957	0
Overtime - Civilian	7,753	5,184	5,184	5,184	0
Fringe Benefits	0	24	24	24	0
Subtotal	\$95,455	\$96,342	\$96,342	\$96,770	\$428
Other Than Personal Services					
Supplies and Materials	\$16,870	\$19,185	\$19,174	\$19,719	\$534
Fixed and Misc Charges	18,930	780	3,980	780	0
Property and Equipment	578	837	808	837	0
Other Services and Charges	47,190	69,249	62,070	57,834	(11,415)
Contractual Services	7,298	5,431	9,262	7,598	2,167
Subtotal	\$90,867	\$95,482	\$95,294	\$86,768	(\$8,714)
TOTAL	\$186,322	\$191,824	\$191,637	\$183,539	(\$8,285)
Funding					
City Funds	N/A	\$182,658	\$182,470	\$174,372	(\$8,285)
Capital- IFA	N/A	9,166	9,166	9,166	0
TOTAL	N/A	\$191,824	\$191,637	\$183,539	(\$8,285)
Positions					
Full-Time Positions - Civilian	1,173	1,263	1,263	1,272	9

*The difference of Fiscal 2012 Adopted compared to Fiscal 2013 February Plan Funding.

The proposed budget for Upstate Water Supply for Fiscal 2013 is \$8.29 million less than the Fiscal 2012 Adopted Budget, a change of 4.32%. This largely reflects \$4.1 million that was rolled from the Fiscal 2011 budget to the Fiscal 2012 budget for backhoe and crane equipment rentals and sewer cleaning service contracts, \$3.2 million one-time Super Fund payments in Fiscal 2012, \$1.42 million in one-time payments to the Parks Department for forestry protection near the Croton Water Filtration site in Van Cortlandt Park, and about \$936,000 for sewer dragging projects that were one-time needs.

The decrease in funding from the Other Services and Charges funding line reflects the Fiscal 2012 spending outlined above, as well as \$2.17 million in funding that was transferred to the Contractual Services budget line and \$534,000 that was transferred to the Supplies and Materials budget line as part of an agency-wide reallocation of funding from holding codes based on historical spending.

The \$428,000 increase to Personal Services is due to nine new positions for the start of the Green Infrastructure Program.

Capital Program

Capital Budget Summary

DEP’s capital program is financed by bonds issued by the New York City Municipal Water Finance Authority (Water Authority). The New York City Water Board (Water Board) is charged with maintaining a revenue stream sufficient to pay debt service on the Water Authority’s bonds and to keep the System self-sustaining. The Water Board sets water and wastewater rates for the System’s nine million customers.

The February 2012 Capital Commitment Plan includes \$7.78 billion in Fiscal 2012-2015 for the Department of Environmental Protection (including City and Non-City funds). This represents 22.18 percent of the City’s total \$35.07 billion Preliminary Plan for Fiscal 2012-2015. The agency’s Preliminary Commitment Plan for Fiscal 2012-2015 is 1.14 percent more than the \$7.69 billion scheduled in the September Commitment Plan, an increase of \$87.53 million.

The majority of capital projects span multiple fiscal years and it is common practice for an agency to roll unspent capital funds into future fiscal years. In Fiscal Year 2011 the Department of Environmental Protection committed \$1.25 billion or 53.68 percent of its annual capital plan. Therefore, it is assumed that a significant portion of the agency’s Fiscal 2012 Capital Plan will be rolled into Fiscal 2013, thus increasing the size of the Fiscal 2013-2016 Capital Plan. Since adoption last June, the total Capital Commitment Plan for Fiscal 2013 has increased from \$7.35 billion to \$8.69 billion, an increase of \$1.33 billion or 24.9 percent.

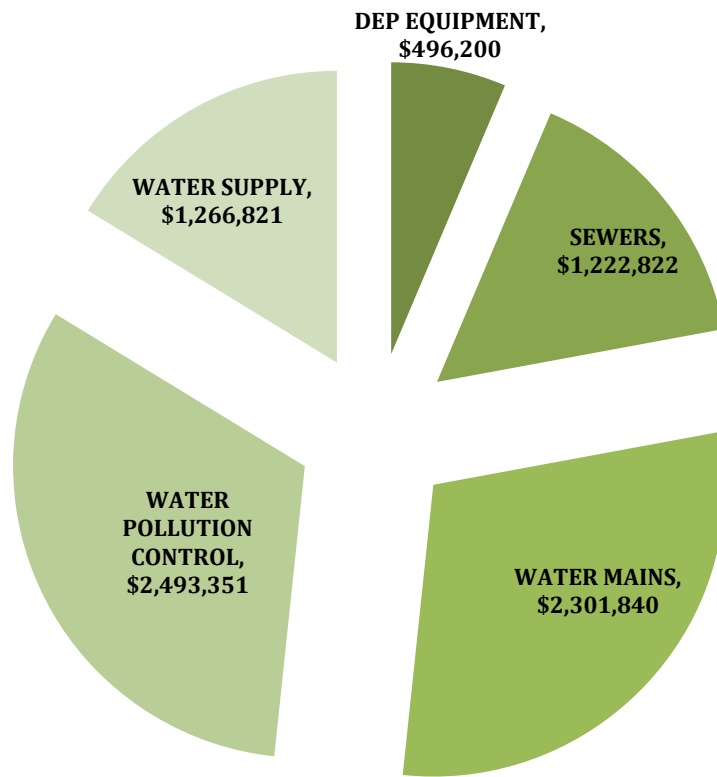
2012-2015 Commitment Plan: Adopted and Preliminary Budget

Dollars in Thousands

	FY12	FY13	FY14	FY15	Total
Adopted					
Total Capital Plan	\$2,751,559	\$1,994,321	\$1,614,929	\$1,332,694	\$7,693,503
Prelim					
Total Capital Plan	\$2,771,663	\$2,026,346	\$1,631,622	\$1,351,403	\$7,781,034
Change					
Level	\$20,104	\$32,025	\$16,693	\$18,709	\$87,531
Percentage	0.73%	1.61%	1.03%	1.40%	1.14%

Preliminary Capital Commitment Plan by Ten Year Plan Category

(All Funds in 000's)



Capital Program Goals

- ✓ Maintain water quality through protecting the City’s watersheds, and treating the water supply as needed.
- ✓ Provide upkeep to and improve upon the water distribution system.
- ✓ Improve the City’s surrounding waterways by upgrading wastewater treatment facilities and reducing combined sewer overflows.
- ✓ Provide upkeep to, improve upon and extend the wastewater collection system.

Preliminary Budget Highlights

In the Preliminary Capital Plan, the Department’s planned commitments for Fiscal 2012-2015 has increased by \$87.53 million, or 1.14 percent, to a total of \$7.78 billion when compared to the Department’s 2011 September Plan. Of the increase, \$37.66 million is city-funded commitments while \$49.87 million is non-city commitments.

- **Delaware Aqueduct.** Due to a leaking portion of the Delaware Aqueduct, also known as Rondout-West Branch Tunnel (RWBT), a new 3-mile tunnel will be built to bypass the leak.

Funding for this project is estimated at \$2.1 billion . During construction, when the bypass is being connected, the entire Delaware Aqueduct will need to be shut down from the City's water supply for an extended period of time. Currently the aqueduct carries approximately half of New York City's (NYC) drinking water to more than eight million people daily—approximately 500 million gallons per day. It is capable of transferring 900 million gallons of water a day.

Currently DEP is seeking approvals from local towns, and taking borings to help plan the tunnel construction. The Preliminary Capital Commitment Plan contains approximately \$282 million for work in Fiscal 2013. As the schedule is being further refined, \$123.9 million has been moved to the outyears from the current Fiscal 2012 to 2016 plan.

There are other costs of about \$900 million associated with this project as the Department takes action to ensure that there will not be service impacts. One such example is \$60 million allocated through Fiscal 2016 towards conservation measures such as replacing large water meters to more accurately track usage of high-volume water customers. The augmentation efforts are in the early stages of negotiation, design and modeling. For example, a consultant is working with two water companies in New Jersey to model how they might reconfigure distribution to make water available where a connection could be made with NYC's system.

As the schedules are refined, some projects to ensure future capacity are being moved to the outyears, such as \$163.4 million for the New Jersey Interconnections, which will connect Staten Island with the New Jersey Middlesex Water Company and New Jersey American Water. An interconnection with the West Nassau Groundwater System estimated to cost \$51 million is also being moved to the outyears beyond Fiscal 2016.

- **Reactivating the Queens Groundwater System.** The Preliminary Capital Commitment Plan includes \$100 million in Fiscal 2013 for preparation work to bring the southeastern Queens groundwater back into NYC's water supply system. In 1996 the City finished an acquisition of the privately-owned Jamaica Water Supply Company which also served parts of Nassau County. This Queens asset included 69 wellheads, many of which were defunct when purchased. By 2010 the well operations were completely shut down due to their expense and sufficient capacity in the City's water supply system.

Reinstituting the well heads will help increase capacity in preparation for the Delaware Aqueduct shutdown. A working well system is a good precautionary measure for future droughts, and could also help address water table elevation issues which affect local residences.

Upgrades will be required at the Water Treatment Plant at Station 6 to correspond with this work to reactivate the wellheads. Due to adjusted timeframes \$95 million is being moved to the outyears beyond Fiscal 2016.

- **Replacing Centrifuges.** Funding in the amount of \$150 million is being reallocated to install new centrifuges at the 26th Ward Wastewater Treatment Plant (WWTP), Hunts Point WWTP, and Wards Island WWTP through Fiscal 2016. The current centrifuges are past their useful lives and need to be replaced for optimal dewatering of the sludge. They will also be more efficient and DEP is partnering with the New York Power Authority on this project.

- **Staten Island Bluebelts.** The budget for purchasing land in the second Staten Island bluebelt decreased by approximately \$36 million through Fiscal 2016. This affected mid-island area includes South Beach, Midland Beach and Oakwood Beach. Delays are attributed to the burdensome legal process for assessing and acquiring land. The funding is being re-appropriated to improve storm and sanitary sewers along Olympia Boulevard, Quintard Street and Hickory Avenue in Staten Island.
- **Coney Island Sewer Upgrades.** This project is being managed by the NYC Economic Development Corporation as part of the Comprehensive Plan for Coney Island. The plan includes zoning, economic development, and capital improvement strategies to reinvigorate this residential and commercial neighborhood. Due to EDC's timing needs \$51.2 million for sewer upgrades is moved to the outyears beyond Fiscal 2016. The area is prone to flooding issues and remains a priority.
- **Adaptive Management Strategy for Green Infrastructure.** The Department continues to prioritize its Green Infrastructure Program (GIP) which incorporates different techniques to handle CSOs without building massive tanks and tunnels (grey infrastructure) that the City had previously relied on. Negotiations are ongoing with the NYS DEC for flexibility on a consent order regarding CSO remediation to allow GIP investments to be counted as towards that effort.

Through Fiscal 2015, \$187 million is allocated towards various GIP projects on public property. Some examples of projects underway now are the right-of-way bioswales, porous pavement and rooftop detention such as green and blue roofs. DEP funds green infrastructure projects on private property through the GI Grant Program and is currently working on a rain barrel program to encourage homeowners to manage stormwater from their roofs.

The GIP reflects the City's goal to improve water quality outlined in PlaNYC 2030 by reducing CSOs into waterways by 40% by 2030, and many of the pilot programs already under way in Jamaica Bay are in accordance with Local Law 71 of 2005 (as amended in 2006). Additionally, Local Law 5 of 2008 required the Administration to develop and implement a sustainable storm water management plan with the goal of reducing the approximately 27 billion gallons of untreated sewage and storm water that is discharged into the City's waters in a typical year.

- **Jamaica Bay Watershed Protection Plan.** First issued in 2007, the Jamaica Bay Watershed Protection Plan focuses on water quality improvements, ecological restoration and enhancing valuable natural resources. The plan was undertaken in accordance with Local Law 71, which requires DEP to assess the technical, legal, environmental and economic feasibility of protection measures for Jamaica Bay and produce a report every three years. An Updated plan was issued in October 2010 that includes wastewater treatment plant upgrades, oyster and eelgrass pilot restoration projects, a wetlands restoration at Paerdegat Basin, green infrastructure projects such as streetside swales and enhanced tree pits, and wetlands mapping. These pilot programs are already under way and are funded under GIP as outlined above.

In February 2012 construction was completed on a \$2 million carbon addition facility at the 26th Ward Wastewater Treatment Plant that decreases the amount of nitrogen released into Jamaica Bay by 3,000 pounds per day. Nitrogen in high concentrations negatively impacts water ecology, and Jamaica bay is home to many different habitats and ecosystems. This

upgrade is part of a \$115 million commitment announced in 2010 to reduce nitrogen discharges by half (approximately 20,000 pounds per day) in ten years.

Through Fiscal 2016, an additional \$54.5 million is allocated towards various Jamaica Bay nitrogen removal projects. Some examples of projects underway now are: the upgrade of the Jamaica WWTP for step feed BNR, Construction of a permanent sidestream centrate treatment process at 26th Ward, design of a permanent supplemental carbon facility at the 26th Ward WWTP, and planning associated with future BNR upgrades at the Rockaway and Coney Island WWTPs.

- **Croton Water Filtration Plant.** Construction is progressing on this roughly \$3 billion, multi-phase project with plans to start pumping water through the plant on a test-basis in early summer. Completion of construction is anticipated for March 2013 and connection to the drinking water system is expected in late 2013. A number of park improvements and community remediation projects are moving forward such as the build-out of the Mosholu Golf Course in Van Cortlandt Park totally \$52 million through Fiscal 2016. The scope includes restoration of the golf course, clubhouse, tee boxes, parking lot, and landscaping.
- **Ultraviolet (UV) Disinfection Facility.** Once completed, this approximately \$1.6 billion facility will be able to treat 2.4 billion gallons of water a day from the Catskill and Delaware water supplies. The project helps support the FAD agreement with U.S. Environmental Protection Agency. The agreement includes various watershed protection and water treatment commitments that make building a \$10 billion filtration plant unnecessary. Testing of the UV facility should begin in July 2012 with completion of the project tentatively planned for the end of summer. In Fiscal 2013 through Fiscal 2016, \$35 million is allocated towards this critical project.
- **Newtown Creek Wastewater Treatment Plant.** In February 2012 the south battery tanks became operational as part of its secondary treatment upgrade. The completion of the battery increases the Plant's capability to treat wastewater during wet-weather storms, reducing CSOs into Newtown Creek. Of the \$5 billion project currently about \$550 million of work is currently underway in open contracts and \$39.9 million is budgeted for new contracts in Fiscal 2013 through 2016. Completion of the project is anticipated in 2014.

Appendix A: Budget Actions in the November and February Plans

<i>Dollars in Thousands</i>	FY 2012			FY 2013		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as of June 2011 Plan	\$1,041,943	\$123	\$1,042,066	\$1,019,783	\$123	\$1,019,906
Program to Eliminate the Gap (PEGs)						
Reduction to Energy Program	(\$50)	\$0	(\$50)	(\$150)	\$0	(\$150)
Reduction to Landfill Program	(61)	0	(61)	(127)	0	(127)
TOTAL, PEGs	(\$111)	\$0	(\$111)	(\$277)	\$0	(\$277)
New Needs						
N/A						
TOTAL, New Needs	\$0	\$0	\$0	\$0	\$0	\$0
Other Adjustments						
Biowatch Homeland Security Grants	\$0	\$2,906	\$2,906	\$0	\$0	\$0
Brownfields Grant	0	9	9	0	0	0
Reduction to Energy Program	4	0	4	4	0	4
State Homeland Security Grants	0	2,027	2,027	0	0	0
Urban Area Security Initiative Grant	0	486	486	0	0	0
Water Security Initiative Grant	0	5,006	5,006	0	0	0
Hurricane Irene	0	11,932	11,932	0	0	0
Records and Information Systems Grant	0	70	70	0	0	0
PlaNYC: DEP Energy Audits	375	0	375	0	0	0
Remediation of NYPD Firing Range	30	0	30	0	0	0
TOTAL, Other Adjustments	\$409	\$22,436	\$22,845	\$4	\$0	\$4
TOTAL, All Changes	\$298	\$22,436	\$22,734	(\$273)	\$0	(\$273)
Agency Budget as of February 2012 Plan	\$1,042,241	\$22,559	\$1,064,800	\$1,019,510	\$123	\$1,019,633

Appendix B: Contract Budget

Category	Number	Budgeted	Pct of DEP Total	Pct of City Total
Contractual Services General	32	\$66,575,498	58.0%	14.6%
Telecommunications Maintenance	8	284,380	0.2%	0.5%
Maintenance & Repair of Motor Vehicle Equipment	25	1,137,325	1.0%	8.1%
Maintenance & Repair, General	139	27,456,038	23.9%	23.3%
Office Equipment Maintenance	13	583,358	0.5%	4.2%
Data Processing Equipment	14	5,752,621	5.0%	3.5%
Printing Contracts	9	456,102	0.4%	1.5%
Community Consultant Contracts	2	13,500	0.0%	0.1%
Security Services	3	5,306,895	4.6%	6.6%
Temporary Services	6	19,264	0.0%	0.1%
Cleaning Services	18	561,348	0.5%	2.8%
Economic Development	1	500	0.0%	0.0%
Training Programs for City Employees	41	1,175,138	1.0%	7.9%
Maintenance & Operation of Infrastructure	39	2,393,055	2.1%	1.6%
Professional Services: Engineer & Architect	1	2,000	0.0%	0.1%
Professional Services: Computer Services	5	450,003	0.4%	0.4%
Professional Services: Other	16	2,607,504	2.3%	1.8%
Preliminary Budget	372	\$114,774,529	100.0%	1.1%

Appendix C: Fiscal 2012 Mayor's Management Report Performance Measures

Performance Measures

	FY 09	FY 10	FY 11	4-Month Actual FY 11	4-Month Actual FY 12	Target FY 13
In-City samples meeting water quality standards for coliform (%)	100%	100%	100%	100%	100%	*
Percent of samples testing positive for coliform bacteria	0.2%	0.3%	0.4%	0.9%	1.1%	*
Number of drinking water analyses above maximum contaminant level	130	15	9	3	6	*
Completed applications for work to comply with Watershed Rules and Regulations	678	646	627	290	226	*
Notices of Violation and Notices of Warning issued in the watershed	205	275	396	152	328	*
Patrol hours for Environmental Police and watershed protection staff (000)	286.0	304.2	308.6	108.3	103.6	*
Percent of reservoir capacity filled (end of month)	99.1%	91.0%	98.4%	79.8%	95.4%	*
Average daily in-City water consumption (millions of gallons)	1,039	1,017	1,035	1,108	1,068	*
Sewer backup complaints received	16,977	14,883	14,460	4,714	6,066	*
Sewer backup resolution time (hours)	5.6	5.8	5.5	5.3	6.6	7.0
Percent of sewer backups recurring locally within 2 years	48.8%	47.2%	47.9%	46.9%	41.0%	*
Leak complaints received	4,583	3,908	4,198	1,228	1,138	*
Leak resolution time (days)	13.8	15.1	14.1	17.1	13.6	17.0
Water main surveyed for leak detection (% linear feet)	59.7%	59.2%	55.0%	19.3%	8.5%	56.0%
Water main breaks	513	421	481	97	88	*
Average time to restore water to customers after confirming breaks (hours)	9.1	5.5	5.4	6.7	6.0	*
Repairs to distribution system	18,765	17,777	17,067	5,074	5,661	*
Catch basin complaints received	12,943	11,330	10,539	4,246	6,675	*
Catch basin backup resolution time (days)	7.0	8.4	5.1	5.0	7.0	9.0
Percent of catch basin backups recurring locally within 2 years	29.6%	27.9%	25.6%	25.4%	23.5%	*
Catch Basins surveyed/inspected (%)	40.5%	35.1%	29.3%	9.6%	8.1%	33.3%
Street cave-in complaints received	9,545	6,302	4,656	2,207	1,870	*
Street cave-in complaints received	8,780	4,435	3,314	1,399	1,423	*
Average time to respond to street cave-in complaints and make safe (days)	10.4	8.3	2.4	3.3	3.8	*
Broken and inoperative hydrants (%)	0.45%	0.52%	0.55%	0.63%	0.42%	1.00%
Average time to repair or replace high-priority broken or inoperative hydrants (days)	15.2	7.5	5.9	7.3	6.6	*
Average backlog of broken and inoperative hydrants	492	572	600	601	459	*

SOURCE: Mayor's Management Report

Appendix D: Reconciliation of Program Areas to Units of Appropriation

<i>Dollars in Thousands</i>	Personal Services				Other Than Personal Services				Grand Total
	001	002	003	004	005	006	007	008	
Agency Administration & Support	\$30,916	\$0	\$0	\$0	\$0	\$44,364	\$4,289	\$0	\$79,569
Customer Services & Water Board Support	0	0	0	10,905	0	0	31,927	0	42,832
Engineering Design and Construction	0	0	200	418	0	0	35,121	0	35,739
Environmental Control Board	0	0	0	0	0	0	0	0	0
Environmental Management	987	11,914	0	627	1,656	0	721	0	15,904
Miscellaneous	0	969	0	0	1,843	0	0	0	2,812
Upstate Water Supply	0	0	66,126	198,914	0	0	265	0	265,304
Wastewater Treatment Operations	0	0	0	215,518	2,969	0	0	175,448	393,935
Water & Sewer Maintenance & Operations	0	0	96,770	86,768	0	0	0	0	183,539
Grand Total	\$31,902	\$12,882	\$163,096	\$513,150	\$6,467	\$44,364	\$72,323	\$175,448	\$1,019,633