

THE COUNCIL OF THE CITY OF NEW YORK

Hon. Melissa Mark-Viverito
Speaker of the Council

Hon. Julissa Ferreras-Copeland
Chair, Finance Committee



Report on the Fiscal 2017 Executive Budget Department of Design & Construction May 24, 2016

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DDC Overview

This report presents a review of DDC's Fiscal 2017 Executive Budget. The section below presents an overview of the agency's budget and how it has changed during the course of Fiscal 2016, followed by a review of the significant budget actions introduced in the Fiscal 2017 Executive Budget. Major issues related to the Department's budget are then discussed. Analysis and highlights of the Department's Capital Commitment Plan for the Fiscal 2017 Executive Budget follows the discussion of the expense budget. For additional information on the Department's budget and its various programs, please refer to the Fiscal 2017 Preliminary Budget Report for the Department of Design and Construction at: www.council.nyc.gov/html/budget/fy17documents.shtml

DDC Financial Summary						
<i>Dollars in Thousands</i>	2014	2015	2016	Executive Plan		*Difference
	Actual	Actual	Adopted	2016	2017	2016 - 2017
Spending						
Personal Services	\$90,955	\$96,879	\$111,318	\$106,101	\$114,558	\$3,240
Other Than Personal Services	36,313	63,400	452,856	514,254	364,225	(88,631)
TOTAL	\$127,267	\$160,279	\$564,174	\$620,355	\$478,783	(\$85,391)
Budget by Program Area						
Additional Gross Pay	\$3,844	\$3,849	\$2,628	\$2,628	\$2,628	\$0
Additional Gross Pay - Labor Res	0	1,093	0	0	0	0
Full-Time Salaried - Civilian	84,817	89,211	106,541	101,093	109,870	3,329
Other Salaried	0	0	140	140	40	(100)
Overtime - Civilian	1,886	2,225	1,294	1,294	1,294	0
P.S. Other	(5)	(2)	0	0	0	0
Unsalariated	413	502	716	946	727	11
Contractual Services	4,479	19,994	412,744	453,421	307,137	(105,607)
Contractual Services – PS	7,076	17,265	24,986	41,871	28,518	3,532
Contractual Services - Waste Ex	3	3	0	3	3	3
Fixed & Misc. Charges	12,195	12,865	11	55	81	70
Other Services & Charges	10,574	10,552	12,951	12,156	24,229	11,279
Property & Equipment	994	1,594	1,266	5,203	2,908	1,642
Supplies & Materials	993	1,127	898	1,544	1,349	451
TOTAL	\$127,267	\$160,279	\$564,174	\$620,355	\$478,783	(\$85,391)
Funding						
City Funds			\$7,154	\$7,401	\$7,405	\$252
Capital- IFA			119,135	119,528	123,677	4,542
Federal - Community Devel			437,860	484,174	347,652	(90,207)
Federal – Other			\$19	\$27	\$38	19
Intra City			\$7	\$9,225	\$10	3
TOTAL	\$127,267	\$160,279	\$564,174	\$620,355	\$478,783	(\$85,391)
Budgeted Headcount						
Full-Time Positions - Civilian	1,192	1,197	1,376	1,376	1,376	0
TOTAL	1,192	1,197	1,376	1,376	1,376	0

*The difference of Fiscal 2016 Adopted Budget compared to Fiscal 2017 Executive Budget.

The City's Fiscal 2017 Executive Budget totals \$82.2 billion, \$3.7 billion more than the Fiscal 2016 Adopted Budget of \$78.5 billion. City funds (City tax-levy and non-tax revenues) total \$59.4 billion, an increase when compared to the Fiscal 2016 Adopted Budget amount of \$56.9 billion. For the Department of Design & Construction (DDC) the Fiscal 2017 Executive Budget totals \$478 million. This represents less than one percent of the City's total budget. DDC is

unlike other City agencies in that it does not issue policy impacting everyday New Yorkers, or have an expense or capital budget of its own. All of the agency's funding comes from managing projects for the client agencies. A complete list of agencies and projects that fall under DDC's purview are listed later in the report. DDC acts as an owner's representative for City agencies whenever a capital need and site is identified by the client agency. Once identified DDC manages the design and construction of the capital project.

Department of Design & Construction Contract Budget

DDC Fiscal 2017 Executive Contract Budget				
Category <i>Dollars in Thousands</i>	Fiscal 2016 Adopted	Number of Contracts	Fiscal 2017 Executive	Number of Contracts
Contractual Services - General	\$412,158,441	15	\$305,896,255	27
Maintenance & Repair General	20,000	4	85,000	4
Office Equipment Maintenance	125,000	3	96,500	3
Data Processing Equipment	100,000	2	598,697	2
Security Services	145,700	1	200,000	1
Waste Disposal	0	0	2,500	1
Cleaning Services	20,000	3	15,000	3
Transportation Expenditures	10,000	1	35,000	1
Training Program City Employees	165,000	17	211,000	20
Professional Services - Computer Services	985,715	30	28,117,636	60
Professional Services - Other Services	24,000,272	8	400,000	8
TOTAL	\$437,730,128	84	\$335,657,588	130

The City's Contract Budget, as proposed, totals \$13.2 billion in Fiscal 2017, a decrease of \$76 million or less than one percent when compared to the Fiscal 2016 Adopted Budget of \$13.24 billion. For DDC, the contract budget for Fiscal 2017 is approximately \$335.7 million, including several large contracts that, when combined, are valued at over \$305 million for the repairs and infrastructure improvements related to Superstorm Sandy. These contracts will be funded with federal CDBG-DR funding.

These Sandy-related contracts are a part of DDC's efforts to assist HRO (Housing Recovery Office) in delivering homes back to the people impacted by Superstorm Sandy. The Build It Back program, which is managed by DDC, has hosted city-wide forums and has addressed the construction community concerns throughout the process.

The agency is working very close with OMB to ensure that all of the Sandy contracts, which initially are in the expense budget, and that are paid to the three construction manager's, meet HUD's reimbursement criteria. HUD is the federal agency that is providing the City with the funding to address this aspect of the Sandy recovery. Typically, the first phases of an emergency like Sandy are funded through FEMA, but once the re-building phase starts for homeowners, the federal funding is managed through HUD.

DOT Capital Program

Capital Commitment Plan

The Fiscal 2017 Executive Budget Capital Commitment Plan includes \$6.7 billion in Fiscal 2016-2020 for the Department of Design & Construction (including City and Non-City funds). This represents approximately 9.9 percent of the City’s total \$67.1 billion Executive Plan for Fiscal 2016-2020. The agency’s Executive Commitment Plan for Fiscal 2016-2020 is twelve percent greater than the \$6 billion scheduled in the Preliminary Commitment Plan, an increase of \$717 million.

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. In Fiscal 2016, the Department of Design & Construction committed \$2.5 billion or 36.4 percent of its annual capital plan. Therefore, it is assumed that a significant portion of the agency’s Fiscal 2016 Capital Plan will be rolled into Fiscal 2017, increasing the size of the Fiscal 2017-2020 Capital Plan as reflected in the chart below.

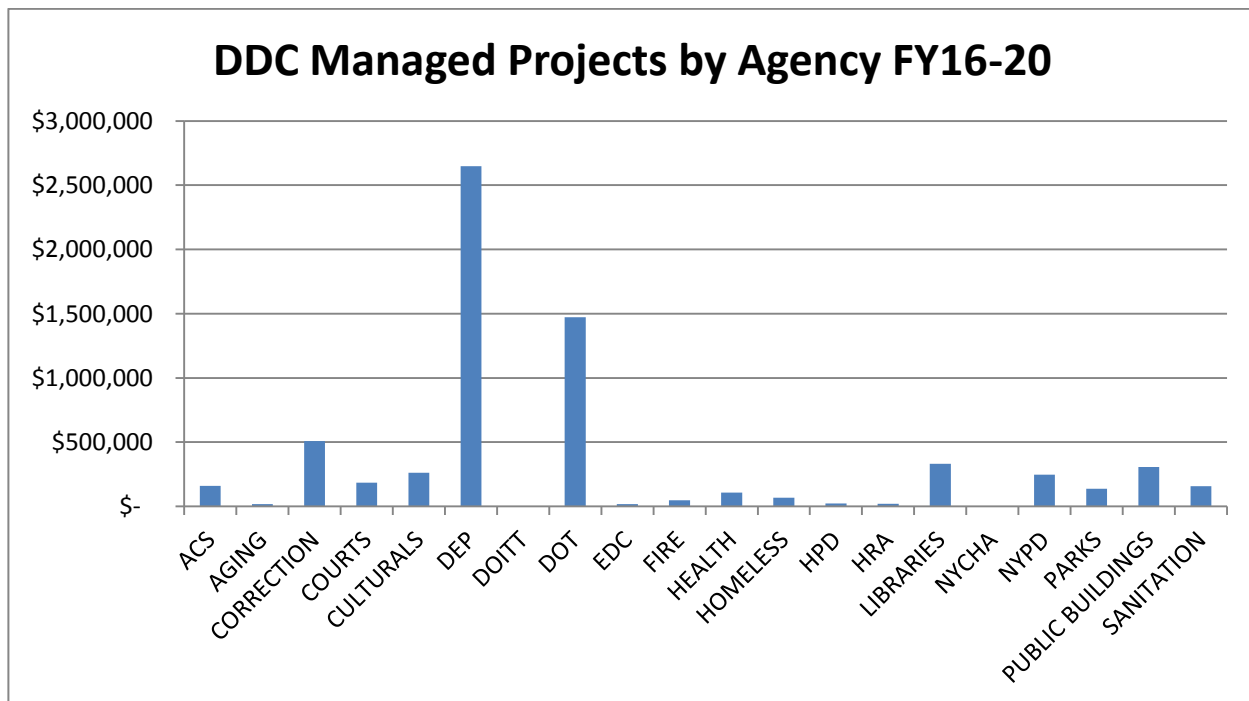
DDC 2016-2020 Capital Commitment Plan

Dollars in Thousands

	2016	2017	2018	2019	2020	Total
Executive Plan	\$2,450,276	\$2,618,164	\$1,025,488	\$528,399	\$99,981	\$6,722,308
Preliminary Plan	\$2,914,672	\$1,733,059	\$926,550	\$347,349	\$83,672	\$6,005,302
Change	(\$464,396)	\$885,105	\$98,938	\$181,050	\$16,309	\$717,006
Percentage Change	(16%)	51%	11%	52%	19%	12%

Source: OMB Fiscal 2017 Executive Capital Commitment Plan

It should be noted that DDC has increased its Capital Commitment Plan by 12 percent; however, it did not increase its headcount in Fiscal 2017. The Council is concerned that the agency may not be able to increase the capacity of its work if it does not add positions.



Currently, DDC manages all or a portion of the capital budgets of 30 client agencies. The bar chart above summarizes DDC's Fiscal 2016 Executive Capital Commitment Plan by client agency. DDC manages a portfolio of more than \$5.5 billion in the City's capital program.

Executive Capital Budget Highlights

Acquisition & Construction for Youth & Family Justice, Citywide

The City is working with a number of agencies to explore various options for these adolescents, and DDC anticipates closely consulting with all stakeholders throughout this process. ACS is currently upgrading its Crossroads facility to continue providing high quality services to ACS youth, and there are currently no changes planned for the function of the Crossroads facility.

Highway Repaving, Bronx

This project is part of the Reconstruction of the Grand Concourse in the South Bronx. DDC is currently working on Phases 3 and 4 as part of DOT's Great Streets program for pedestrian safety improvement. The project involves the reconstruction of the Grand Concourse from E. 175th Street to E. 171st Street, including pedestrian safety improvements. The anticipated completion of the design phase is summer 2016 with the start of construction by the end of spring 2017. Once Phase 3 is completed, the anticipated design completion for Phase 4 would be by the winter of 2017 and the total completion of both phases would be summer of 2018.

Hazard Elimination Program, Citywide

The City has implemented a "Safe Routes for Schools" program in which DDC is managing street improvements at various locations citywide, with the focus on projects that improve the safety of public school students walking to their schools. The project is in pre-design and DDC expects the design phase to start in fall of 2016.

Construction & Reconstruction of Sanitary & Combined Sewers

This project will reduce the volume of Combined Sewer Overflow (CSO) in Pugsley Creek. It will include the construction of a parallel sewer and replace old, undersized and unlined cast iron water mains within the project limits. As part of a Consent Decree issued by NYS DEC for the Pugsley Creek area, DDC is working with DEP and this project involves installing new combined relief sewers in Lacombe Avenue and in White Plains Road from Lacombe Avenue to Cornell Avenue, Bronx. The design has been completed and DDC is now working on the procurement for the construction contractors. DDC will be installing reinforced concrete box sewers, related chambers and other flow control devices. The anticipated start of the construction phase is on target to begin in the winter of 2016.

Reconstruction of 280 Broadway, Manhattan

This project includes exterior and court yard facades restoration and a roof replacement. This project initially fell behind schedule due to unanticipated conditions at the site, but has since been brought back on schedule. The project is in construction and the anticipated updated construction completion schedule is for the winter of 2017.

New Shelters for the Homeless, Citywide

This project includes an exterior upgrade, including windows to the Bellevue facility in Manhattan, which is the largest single adult men's shelter in New York City. The project is currently in the pre-design stage and DDC anticipates starting design in June 2016, which would be scheduled to be completed in the winter of 2017.