

# THE COUNCIL OF THE CITY OF NEW YORK

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Chair, Committee on Finance

Hon. Vanessa Gibson  
Chair, Subcommittee on Capital Budget



Report of the Finance Division on the  
**Preliminary Capital Budget for Fiscal Year 2021-2024**  
**Preliminary Capital Commitment Plan for Fiscal Year 2020-2024**

March 2, 2020

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## Table of Contents

Introduction .....	1
Fiscal 2021 Preliminary Capital Budget and Commitment Plan .....	1
Preliminary Capital Budget .....	2
Preliminary Capital Commitment Plan .....	3
A New Methodology in Capital Planning.....	7
Capital Project Implementation .....	8
Capital Commitment Rate .....	8
Capital Project Performance Measures.....	9
Capital Project Tracking.....	10
Council Discretionary Projects.....	11
Financing and Debt Service .....	12
Debt Service Savings .....	13
Surplus Roll .....	14

## Introduction

On January 16, 2020, Mayor Bill de Blasio released the Fiscal 2021 Preliminary Capital Budget (Capital Budget), and the Fiscal 2021 Preliminary Capital Commitment Plan (Commitment Plan or Plan). On March 2, 2020 the New York City Council will begin its review of the Mayor's proposed budget for the coming year with the Committee on Finance's hearing on the Fiscal 2021 Preliminary Budget. In this document, the New York City Council (the Council) will be examining the Capital Budget and the Commitment Plan, as well as the debt service spending that supports the Commitment Plan. This report is one of three prepared for the hearing of the Committee on Finance jointly with the Subcommittee on Capital Budget and will review changes to the Capital Budget, the Plan, the Plan's structure, as well as changes that the City has made to its capital planning approach, capital project implementation, tracking and discretionary projects.

## Fiscal 2021 Preliminary Capital Budget and Commitment Plan

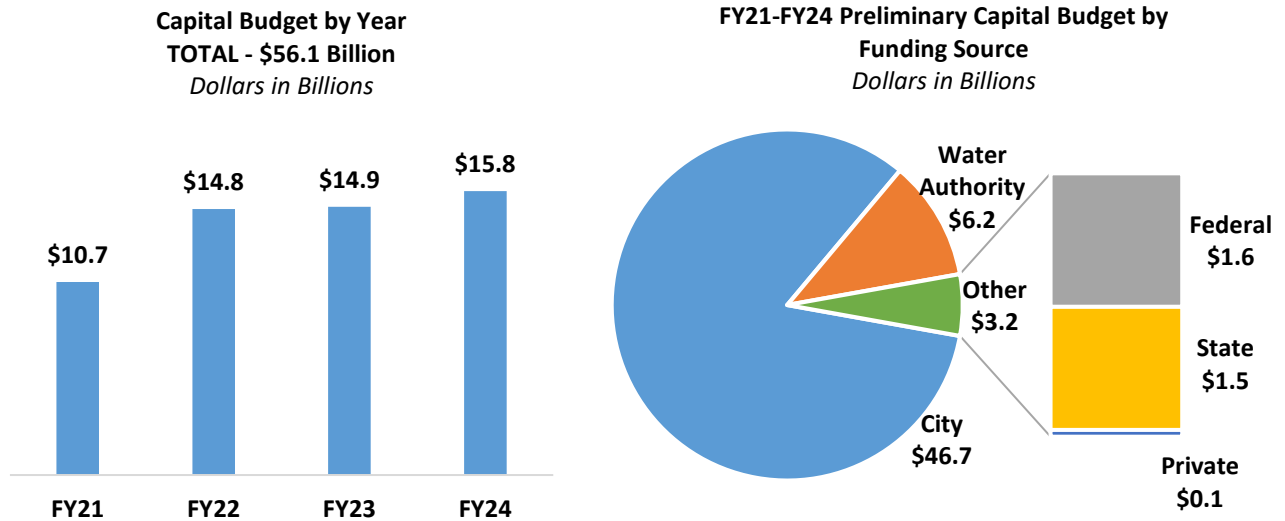
The Capital Budget supports large, long-term investments that aim to improve the state of good repair of the City's infrastructure, as well as support its growth. The Capital Budget provides, by agency and budget line (analogous to units of appropriation, or U/As, in the expense budget), the requested appropriations for Fiscal 2021 and the three-year capital program. It proposes new appropriations of \$10.7 billion for Fiscal 2021 and a total of \$56.1 billion for Fiscal 2021 through Fiscal 2024.

The Commitment Plan, which is a five-year spending plan, provides, by agency and budget line, appropriations for Fiscal 2020 and planned commitments for Fiscal 2020 through 2024. The Commitment Plan also shows, by budget line, the total current contract liability, the total spending since the introduction of the budget line, and commitments made during Fiscal 2020 through November 2019. Planned commitments are scheduled across the five-year period at the project level. The Commitment Plan includes \$85.5 billion in planned commitments for Fiscal 2020 through Fiscal 2024.

The Capital Budget is significantly less than the Commitment Plan because it does not include the appropriations for Fiscal 2020 or the amount of funding that will be re-appropriated for Fiscal 2021 in the next adopted budget. Each year, the executive capital budget includes a proposed appropriation total for each budget line, which typically, significantly increases the size of the capital budget for the coming year. At the adoption of the Fiscal 2020 Capital Budget, approximately \$23.8 billion in Fiscal 2019 appropriations were re-appropriated for Fiscal 2020. There is currently a balance of \$32.5 billion in available appropriations in Fiscal 2020 and whatever is uncommitted at the end of the fiscal year in June will be re-appropriated into Fiscal 2021 and will increase the Adopted Capital Budget accordingly.

### Preliminary Capital Budget

The Capital Budget for Fiscal 2021-2024 totals \$56.1 billion, with an average appropriation of \$14 billion for each year, to support capital programs at 28 City agencies. Of this amount, \$46.7 billion, or 83 percent, is City-financed, with the remaining \$9.4 billion expected to come from State, federal, and private grants.



The Capital Budget provides the framework for capital spending by agency. A proposed budget is released three times annually, in January, April, and June, and each presents a four-year plan for what appropriations the City anticipates will be needed for agencies to complete their capital projects. The preliminary and executive capital budgets show an estimate of the appropriations needed for each agency for each fiscal year. The adopted capital budget shows the actual appropriations for the current fiscal year and plan for the subsequent three years, all of which are broken down by agency and budget line. The actual appropriations are the maximum amount that agencies are legally authorized to spend on the capital projects contained within each budget line. The table below shows the Fiscal 2021 to Fiscal 2024 Preliminary Capital Budget by agency and funding source.

**Capital Budget Financial Summary***Dollars in Thousands*

	<b>FY21 Preliminary Budget</b>				<b>TOTAL</b>
	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	
<b>Spending</b>					
Administration for Children's Services	\$19,050	\$14,281	\$23,422	\$23,673	\$80,426
City University of New York	9,047	48,421	27,174	82,864	167,506
Courts	256,603	228,885	148,915	265,814	900,217
Department for the Aging	188	5,367	129	6,333	12,017
Department of Citywide Admin Services	875,062	1,336,294	820,350	865,601	3,897,306
Department of Correction	215,050	950,637	2,284,565	2,242,898	5,693,150
Department of Cultural Affairs	6,616	105,624	8,814	21,762	142,816
Department of Education	3,332,099	3,480,762	3,514,380	3,239,780	13,567,021
Department of Environmental Protection	1,365,107	1,750,205	2,140,931	2,074,230	7,330,473
Department of Health and Mental Hygiene	59,373	103,838	20,197	264,821	448,229
Department of Homeless Services	21	80,647	90,886	116,481	288,035
Department of Housing & Development	905,387	1,129,921	963,496	899,269	3,898,072
Department of Human Resources	10,012	39,853	41,560	32,553	123,979
Department of Parks and Recreation	276,748	642,690	671,613	744,298	2,335,349
Department of Sanitation	575,315	334,428	587,919	212,632	1,710,295
Department of Transportation	881,022	2,050,696	1,993,184	2,722,982	7,647,884
Economic Development Corporation	324,322	725,794	534,191	1,308,279	2,892,586
Health & Hospitals Corporation	667,078	597,328	224,726	63,875	1,553,007
Libraries	4,531	4,858	48,937	17,493	75,819
Metropolitan Transportation Authority	150,435	40,000	40,000	40,000	270,435
New York City Housing Authority	409,633	391,900	337,500	337,500	1,476,533
New York Fire Department	182,472	225,110	171,649	118,817	698,048
New York Police Department	186,990	475,543	195,343	64,545	922,421
<b>TOTAL</b>	<b>\$10,712,162</b>	<b>\$14,763,085</b>	<b>\$14,889,880</b>	<b>\$15,766,499</b>	<b>\$56,131,626</b>
<b>Funding</b>					
City Funds	\$8,516,938	\$12,168,666	\$12,578,952	\$13,483,797	\$46,748,354
Water Authority (DEP Projects Only)	1,267,449	1,543,734	1,782,002	1,620,959	6,214,144
Federal	516,581	687,902	127,900	274,264	1,606,646
State	370,922	353,222	395,721	361,596	1,481,461
Private	40,273	9,561	5,305	25,883	81,022
<b>TOTAL</b>	<b>\$10,712,162</b>	<b>\$14,763,085</b>	<b>\$14,889,880</b>	<b>\$15,766,499</b>	<b>\$56,131,626</b>

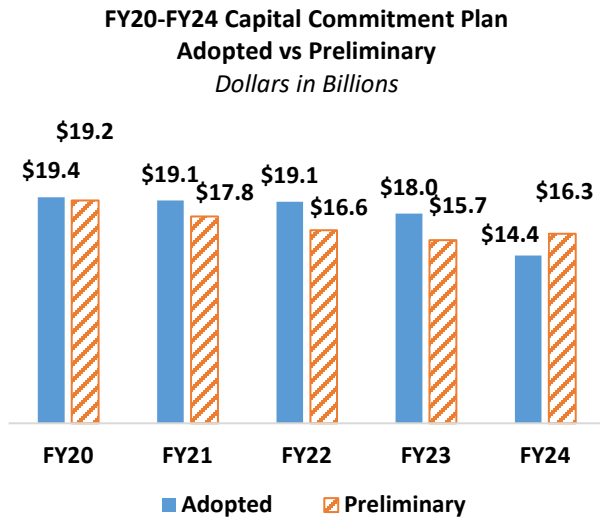
Of the \$56.1 billion in the Capital Budget, \$34.2 billion, or 61 percent, is allocated to four key areas that are the major drivers of the City's capital spending: environmental protection, transportation, education and correction. The Department of Education (DOE) has the largest proposed capital budget of \$13.6 billion, followed by the Department of Transportation (DOT) at \$7.6 billion, the Department of Environmental Protection (DEP) at \$7.3 billion, and the Department of Correction (DOC) at \$5.7 billion, which represents a nearly five-fold increase since its \$940 million Fiscal 2020 Preliminary Capital Budget. The addition of the DOC to this top tier is directly related to anticipated spending on the closure of Rikers Island and the construction of the new borough-based jails.

### Preliminary Capital Commitment Plan

While the Capital Budget proposes a budget line appropriation level and outyear plans for each agency, it does not provide detail on the projects the new appropriations would support. The Commitment Plan presents this additional and necessary information related to the City's capital program. The Commitment Plan for Fiscal 2020 through Fiscal 2024 provides a roadmap for how the City plans to spend a total of \$85.5 billion on the City's capital program. Planned commitments average approximately \$17.1 billion annually. The majority of the Commitment Plan, \$79.4 billion, is City-financed, with the remaining \$6.1 billion expected to come from State, federal, and private grants. Overall, the Commitment Plan decreased by \$4.6 billion, or 5.1 percent, when compared to

the Fiscal 2020 Adopted Capital Commitment Plan total of \$90.1 billion. The chart below shows the variance between the adopted and preliminary commitment plans by fiscal year. As demonstrated in the chart, planned commitments in Fiscal 2020, Fiscal 2021, Fiscal 2022 and Fiscal 2023 have decreased while planned commitments in Fiscal 2024 have increased. This is reflective of the citywide effort to better align planned capital spending with the Administration’s ability to commit those funds.

**Commitment Plan Structure**



The Commitment Plan shows how the City plans to spend the appropriations allocated in the Capital Budget. The Commitment Plan breaks the budget lines down into individual projects and describes the timelines for their completion. The Commitment Plan is first organized by City agency with the budget lines for each agency grouped together. Some agencies are so large that they are broken down into multiple sections, which appear in the Capital Commitment Plan as a separate agency. In these cases, the sections are aggregated when examining both their capital budgets and commitment plans. These agencies and their sub-agencies are as follows.

- DOT
  - DOT – Equipment
  - Ferries & Aviation
  - Highways
  - Highway Bridges
  - Traffic
  - Waterway Bridges
- Department of Citywide Administrative Services (DCAS)
  - Environmental Data Processing Equipment & Finance Costs
  - Department of Information Technology & Telecommunications – Equipment
  - Public Buildings
  - Real Property
- DEP
  - DEP – Equipment
  - Sewers
  - Water Mains
  - Water Pollution Control
  - Water Supply

- Libraries
  - Brooklyn Public Library
  - New York Public Library
  - New York Research Library
  - Queens Public Library
- Metropolitan Transit Authority (MTA)
  - MTA Bus Company
  - Transit Authority
  - Staten Island Rapid Transit Operating Authority

Each budget line contains multiple project IDs, which represent discrete capital projects. Budget lines offer a general description of the type of work that will be done, and the project IDs represent specific projects that fit within that description. Appropriations are allocated at the budget line level rather than the project ID level. This gives the Administration the ability to change funding levels for the individual projects and to add new projects without additional approval by the Council, as long as it remains within the limits of the Council-approved appropriations for that budget line in that year's capital budget. A budget modification is required in order to transfer funding among budget lines during the course of a fiscal year. Since most lines have more appropriations than they need, this is rarely necessary.

A notable exception to this is the non-City capital projects (projects done for non-profit entities with City capital funding). Non-City capital projects have budget lines that describe the individual non-profit with the project ID representing a specific project for that non-profit because they are individually funded by discretionary funding from the City Council and Borough Presidents.

Projects Funded by the Council and Borough Presidents are more closely associated with their own budget line and/or project ID in the Fiscal 2021 Preliminary Capital Commitment Plan						
Funding Source	Commitments in Plan	Portion of Plan	Project IDs	Portion of Project IDs	Budget Lines	Portion of Budget Lines
Mayoral	\$82.1 B	96%	8,090	69%	807	39%
Council	\$2.6 B	3%	3,629	31%	657	32%
Borough Presidents	\$0.9 B	1%	1,755	15%	590	29%

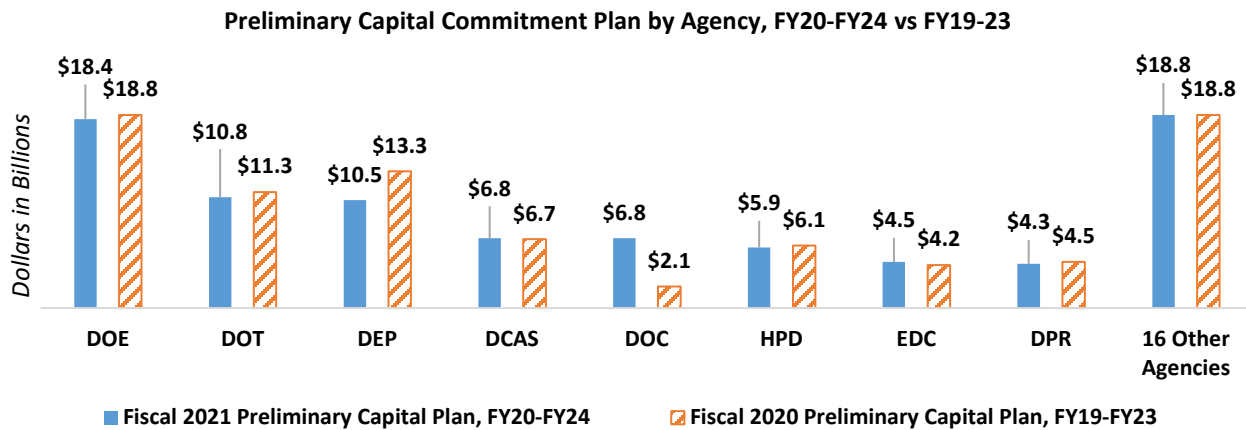
The table below shows the Commitment Plan by agency, including the respective five-year planned commitment amounts and the numbers of budget lines and project IDs. Because, in general, each project ID represents an individual project, they provide a rough estimate of how many projects each agency has in its capital plan – except in instances where a project is jointly funded, for example by the Mayor and the Council. The agencies with the largest number of project IDs are the Department of Parks and Recreation (DPR), DEP, DOT, DCAS, and the Department of Cultural Affairs (DCLA).

Preliminary Capital Commitment Plan by Agency			
<i>Dollars in Thousands</i>			
Agency	FY20-24 Plan	Budget Lines	Project IDs
Administration for Children's Services	\$381,364	36	99
City University of New York	615,827	34	507
Courts	1,488,401	28	100
Department For The Aging	54,420	37	83
Department of Citywide Administrations Services	6,832,024	251	1,236
Department of Correction	6,834,323	9	173
Department of Cultural Affairs	1,076,090	600	680
Department of Education	18,368,147	19	17
Department of Environmental Protection	10,457,549	68	1,851
Department of Health & Mental Hygiene	748,855	143	462

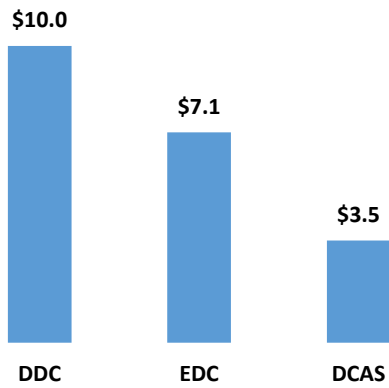


Preliminary Capital Commitment Plan by Agency			
Dollars in Thousands			
Agency	FY20-24 Plan	Budget Lines	Project IDs
Department of Homeless Services	476,730	16	224
Department of Housing Preservation & Development	5,882,271	128	466
Department of Human Resources	324,635	68	171
Department of Parks and Recreation	\$4,343,869	144	2,288
Department of Sanitation	2,112,002	19	182
Department of Transportation	10,762,218	259	1,480
Economic Development Corporation	4,499,881	83	527
Health & Hospitals Corporation	2,513,817	16	500
Libraries	762,020	34	553
Metropolitan Transportation Authority	1,593,215	9	10
New York City Housing Authority	2,779,797	7	354
New York Fire Department	977,045	22	297
New York Police Department	1,642,644	24	418
<b>TOTAL</b>	<b>\$85,527,144</b>	<b>2,054</b>	<b>11,724</b>

Six agencies - DOE, DOT, DEP, DOC, DCAS, and the Department of Housing Preservation and Development (HPD) - account for approximately 69 percent of the total Commitment Plan. As with the Capital Budget, education, environmental protection, and transportation are the primary major drivers of planned capital spending.



**FY20-FY24 Commitment Plan  
Project Management**  
TOTAL: \$20 billion and 2,162 Projects  
*Dollars in Billions*

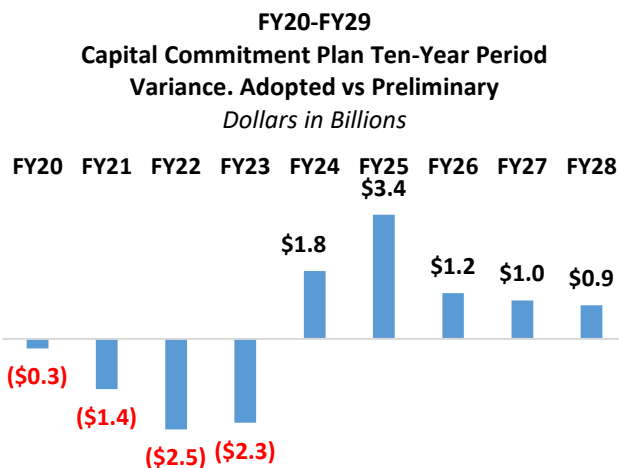


Although there are 28 agencies with capital programs, some agencies do not have the capacity to manage some or all of their capital projects. In these cases, another agency, as assigned by the Office of Management and Budget (OMB), manages the projects for the budgeted agency. This is typically the Department of Design and Construction (DDC) whose sole function is to manage projects for other City agencies. Because it is simply managing and executing the capital projects of other agencies, DDC has no capital budget of its own. The New York City Economic Development Corporation (NYCEDC) and DCAS also manage projects for other City agencies, but also have their own capital budgets. The chart on the left demonstrates that DDC is the largest managing agency with 2,162 capital projects.

### A New Methodology in Capital Planning

Historically, it was common practice for the Administration to put the majority of planned commitments in the first few years of each commitment plan – a phenomenon that the Council referred to as frontloading the Plan. If the City was able to execute a front-loaded commitment plan then this would not be objectionable. However, as commitment plans grew more ambitious in size and scope it became less likely that the Administration was able to complete its planned commitments in any given year, resulting in an unrealistic plan and a less-than-transparent method of budgeting.

Over the last commitment plans, at the Council’s urging, the Administration has begun to address this issue by moving planned commitments more realistically into the outyears of the plan. It has continued that trend in this Commitment Plan and taken an even bolder step forward.



The Commitment Plan shows significant reductions in planned commitments between 2020 and 2023 as compared to the Fiscal 2020 Adopted Commitment Plan. The Administration then added a new section to the Commitment Plan which shows funding beyond Fiscal 2024 out to Fiscal 2029 and aligns planned spending with ten-year capital strategy category. As a result, the Council and public can now see how the Administration has moved out planned spending across a ten-year period. This avoids the past issue, and the reluctance to not front-load the commitment

plan, of movements of planned commitments beyond the final year of the commitment plan looking like cuts in the plan. As a result, the Administration can now show planning beyond the required five-years of the commitment plan and more accurately reflect the timelines of the agencies’ capital

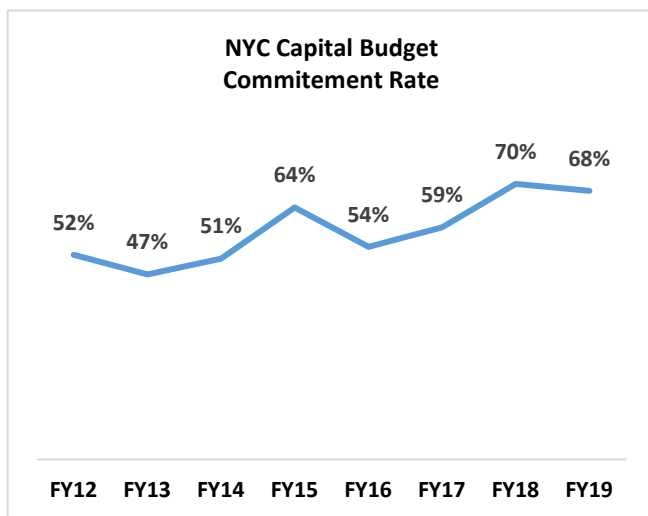
programs. With this new data it is evident that, while there is a reduction of \$4.5 billion in the Fiscal 2020-2024 time period, there is an increase in funding in the Fiscal 2025-2029 period of \$7.5 billion, for a ten-year net increase of \$2.9 billion. The majority of the increases in the Fiscal 2025 -2029 period are in the first three years showing the completion of projects begun in the Fiscal 2020-2024 period. Forecasting beyond the length of the commitment plan will also be beneficial to the next ten-year capital strategy which will hopefully be much more accurate than the last iteration produced.

### Capital Project Implementation

The Administration’s reports provide limited information regarding the effectiveness of the implementation of the Commitment Plan at the citywide level. The capital commitment rate, discussed below, has long been used as an indicator of the City’s success in implementing the capital plan. However, this is only one measure of effectiveness. Other actual and potential methods of measuring capital project implementation are also discussed in this section.

### Capital Commitment Rate

Historically, the City has not fully executed its capital commitment plan as forecast. The capital commitment rate reflects the portion of planned commitments that were actually made in a given fiscal year. Much of the gap between planned and actual commitments may simply be due to aspirational budgeting and goal-setting in the commitment plan. Some factors are beyond the City’s control, such as unforeseen site conditions and bid prices that are above budget due to current construction market performance, both of which can delay projects. In addition to these outside factors, the City’s own rules and regulations often delay capital projects, as well as inflate their costs.



As reflected in the chart to the left, the City’s Fiscal 2019 capital commitment rate was 68 percent. This is a slight decrease over the Fiscal 2018 commitment rate of 70 percent, but still above the average commitment rate since Fiscal 2015 of 63 percent. The substantially higher commitment rate these past two fiscal years are a result of both more accurately forecasted commitments and higher actual commitments.

However, commitment rates continue to vary widely by agency. Improvements are still needed to ensure that individual agencies are both accurately forecasting commitments and committing capital funding at an appropriate rate

to execute needed repair, replacement, and expansion projects. Moreover, a singular focus on commitment rate can have perverse incentives, causing agencies to artificially lower planned commitments rather than improve the actual execution of capital projects, and/or to prioritize the commitment of large projects that will significantly improve the capital commitment rate at the expense of smaller but still critical projects that would individually have little impact on the commitment rate. OMB should continue to work to improve both citywide and agency-level commitment rates, while also using other methods to track and assess the implementation of the capital plan.

### Capital Project Performance Measures

The Commitment Plan includes Commitment Targets by Managing Agency and Capital Program Performance Indicators. These targets are lower than planned commitments and it is unclear how they are used by OMB. The total commitment target for Fiscal 2020 is \$13.9 billion, compared to \$19.2 billion in total planned commitments.

The Capital Program Performance Indicators are divided into three types:

- Financial indicators which are the total dollar amount of commitments;
- Management indicators which are the number of projects entering three phases (design start, construction start, and project completion); and
- Programmatic indicators which measure performance against specific programmatic goals such as miles of streets resurfaced.

According to the Commitment Plan, in Fiscal 2019 the City committed 105 percent of its financial indicator target of \$12 billion. The target amount is different from planned commitments, and is based on an assumption that the City will commit approximately 70 percent of City appropriations and 100 percent of non-City appropriations, with the exception of the DOE, MTA, and DEP, which are expected to commit 100 percent of all appropriations. By comparison, the Fiscal 2019 planned commitments in the Fiscal 2020 Executive Capital Commitment Plan totaled \$16.4 billion—almost \$4.4 billion more than target amount of \$12 billion. Fiscal 2020 planned commitments of \$19.2 billion are similarly \$5.3 billion higher than the target amount of \$13.9 billion. Since the target amount is the figure used to estimate debt service costs, and is much more accurate than planned commitments, OMB should work to align planned capital commitments with these targets.

Management indicator information at the citywide level is presented below. OMB collects this information from individual managing agencies. The planned spending for these projects do not necessarily reside in the managing agency’s budget.

	FY18 Actual	FY19			FY20 Plan
		Plan	Actual	% of Plan	
<b>Design Starts</b>	1,252	1,187	1,443	122%	1,112
<b>Construction Starts</b>	1,136	1,258	1,398	111%	1,651
<b>Project Completions</b>	1,109	1,249	1,139	91%	1,585

Because programmatic indicators are tied to specific agencies, there are no citywide indicators.

The Mayor’s Management Report (MMR) does not include any citywide performance measures related to the implementation of the capital Plan. However, some agencies do report on their own capital programs through the MMR and Preliminary MMR (PMMR). For example, DDC reports on the portion of design and construction projects completed early/on time, broken down by project type, as well as the total number of projects completed. The School Construction Authority (SCA) reports on the average cost per square foot of new school buildings, the portion of projects completed on-time/early, and the portion of projects completed within budget. DPR similarly reports on the portion of capital projects completed on time/early, and the portion of projects completed within budget, as well as the total number of projects completed. However, there is a concern that the manner in which these indicators are measured and captured is not standardized across agencies, and is not accurately capturing whether projects are truly on time and within budget.

## Capital Project Tracking

Proper planning, tracking, and management have always been core focuses of the Council when it comes to the City's budget. However, a lack of data and metrics have created a barrier to holding the Administration accountable to timelines and cost overruns through comprehensive, citywide oversight.

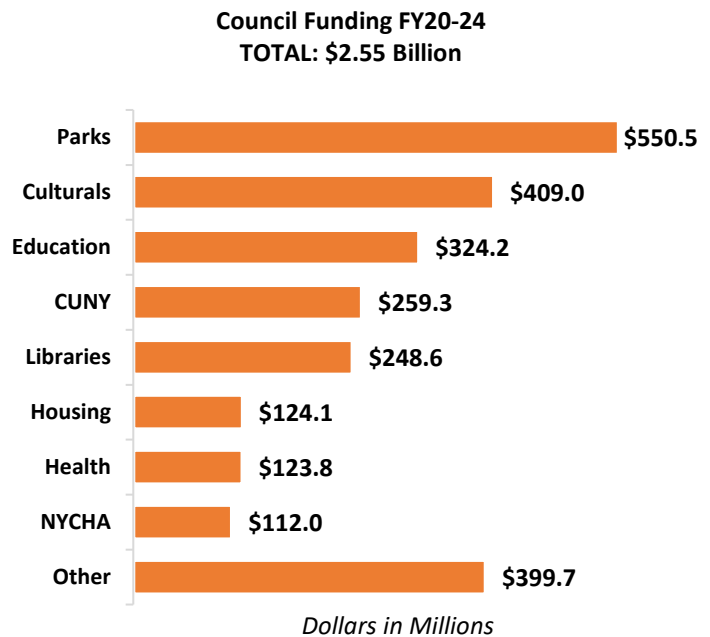
On February 11, 2020 the Council passed Introduction Number 113-A which will pave the way for the City's first tracker of capital projects citywide. It is intended that this tracker will eventually have data on every City capital project, including but not limited to information regarding project scope, timeline, cost, and schedule both at inception and as those milestones are changed due to scope modifications or delays. This level of detail at the project level will allow for a new degree of oversight and increased accountability of capital practices across agencies.

Currently, the City manages multiple capital trackers that have varying levels of detail and update requirements. These trackers are outlined below.

Tracker Name	Projects Covered	Information Presentation	Included?			
			Project Schedule	Project Budget	Scope	Design
SCA Quarterly Report	All School Projects	PDF	Yes	Yes	Yes	No
NYC Parks Capital Tracker	All Parks Projects	Online Database - No Export Options	Yes	No	Yes	Yes
Sandy Funding Tracker	Hurricane Sandy Funding	Online	No	No	No	No
Zoning Commitments Tracker	Commitments from ULURP	Online Database	Partial	No	Yes	No
NYC Capital Projects Dashboard	Projects over \$25 million	Online Table - Limited Search Functionality	Yes	Yes	Partial	No

### Council Discretionary Projects

The Commitment Plan includes \$2.6 billion in projects funded by City Council discretionary funding. Of the \$2.6 billion, \$655 million was added in the Fiscal 2020 Adopted Capital Budget (excluding rescindments) with the remaining \$1.9 billion added in prior years for projects that are in-progress or have not yet commenced. It is common for the Council, Mayor, and Borough Presidents to co-fund capital projects. Many cultural projects, for example, are funded jointly. As reflected in the chart to the right, of the Council-allocated funding included in the Commitment Plan, 84 percent is allocated to the eight agencies with the top three agencies holding half of all Council discretionary dollars in the Plan.



Discretionary capital funding generally supports smaller community projects that are not adequately funded by the Administration, such as small parks upgrades, projects at local libraries, and technology for schools. However, the Council’s discretionary funding should not be used to support essential City infrastructure, and instead should be used for items that are truly discretionary. For example, although the Council allocates \$40 to \$50 million annually for technology in schools, in reality these are essential school components that should be funded by the Administration. A school’s access to technology should not be based on its ability to secure capital funding from an elected official. Similarly, Council Members are funding critical upgrades and repairs in parks, libraries, and NYCHA facilities.

This use of discretionary capital funding suggests that certain City agencies are not accurately assessing the need of their capital assets or are not fully funded to address the need of these capital

assets. In some cases, such as NYCHA, insufficient funding results in capital needs going unaddressed. However, in other cases, the Administration has failed to comprehensively recognize the scope of the problems being addressed by discretionary capital funding. When discretionary capital funding has focused on particular areas, such as science labs or bathroom upgrades, it has resulted in the Administration adding funding for targeted improvements in those areas. But, funding for these types of improvements should be based on a comprehensive needs assessment, rather than seeing where Council Members and Borough Presidents are adding discretionary dollars. In schools, for example, there should be a needs assessment for specialized instruction spaces, air-conditioning in non-classrooms spaces, and physical education facilities improvements. Again, the reliance on discretionary funding for these kinds of projects reflects inadequacy in capital planning for essential City infrastructure.

## Financing and Debt Service

New York City sells bonds to fund its capital program and the Fiscal 2021 Preliminary Budget estimates \$48 billion in long-term borrowing between Fiscal 2020 and Fiscal 2024 finance the City's many capital needs. This borrowing is supplemented with an estimated \$7.9 billion in borrowing by the New York City Municipal Water Finance Authority (NYW), for which NYW pays its own debt service through dedicated water and sewer fees. A summary of the financing plan is shown in the table below.

The City's borrowing strategy is a function of numerous factors, including but not limited to the conditions of the financial market, the City's project schedule, and cash flow considerations. The financing plan does not directly align with the commitment plan, as it more closely follows the City's actual capital expenditures in any given year. Making the commitment plan more accurate and realistic would help better illuminate the connection between what the City spends on capital projects and how it pays for them.

<b>Summary of Capital Financing Plan - Fiscal 2021 Preliminary Plan</b>					
<i>Dollars in Millions</i>					
	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>
<b>Financing Plan</b>					
General Obligation Bonds	\$3,910	\$4,220	\$4,930	\$5,600	\$5,810
Transitional Finance Authority Bonds <sup>(1)</sup>	3,000	4,220	4,930	5,600	5,810
Water Authority Bonds	1,704	1,512	1,533	1,507	1,670
<b>TOTAL</b>	<b>\$8,614</b>	<b>\$9,952</b>	<b>\$11,393</b>	<b>\$12,707</b>	<b>\$13,290</b>
<b>Debt Outstanding</b>					
GO Bonds	\$39,156	\$41,194	\$43,760	\$46,828	\$49,975
TFA Bonds <sup>(1)</sup>	40,102	42,748	46,029	49,881	53,899
Other Debt <sup>(2)</sup>	2,080	1,987	1,894	1,775	1,678
<b>TOTAL</b>	<b>\$81,338</b>	<b>\$85,929</b>	<b>\$91,683</b>	<b>\$98,484</b>	<b>\$105,552</b>
Water Authority Bonds	30,907	31,992	33,075	34,108	35,292
<b>Debt Financing Burden (excludes Water Debt)</b>					
Debt Outstanding/NYC Personal Income	11.8%	12.1%	12.5%	13.0%	13.4%

**Source:** OMB Fiscal 2021 Preliminary Plan

1) TFA Bonds do not include Building Aid Revenue Bonds issued for education capital purposes which are secured by Building Aid revenues from the State

2) Includes Conduit Debt and the Tobacco Settlement Asset Securitization Corporation (TSASC).

The City's debt issuance remains well below the City's constitutional debt limit of \$116.3 billion,<sup>1</sup> which is forecasted to grow sufficiently to accommodate new borrowing in the Capital Financing

<sup>1</sup> New York City's debt limit, as established by the State Constitution, is ten percent of the five-year rolling average of the full value of taxable real property in the City.

Plan.<sup>2</sup> The City's bonds continue to be well received by the markets, and all of its issuing authorities have maintained AA ratings or better by Standard & Poor's and Fitch. Moody's upgraded the City's credit rating from Aa2 to Aa1 on March 1, 2019.<sup>3</sup>

While the City enjoys a strong cushion on its debt limit and favorable credit ratings on its bonds, there are factors to keep monitor. The City's debt service is projected to rise as a percentage of City revenues over the course of the financial plan period, from 10.9 percent in Fiscal 2020 to 13.1 percent by Fiscal 2023. The City also has an above-average debt burden per capita compared to other cities.<sup>4</sup>

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**Summary of Debt Service Payments - Fiscal 2021 Preliminary Plan**

*Dollars in Millions; Before Prepayments*

	FY20	FY21	FY22	FY23	FY24
<b>Debt Service</b>					
GO Bonds	\$3,951	\$4,126	\$4,460	\$4,813	\$5,153
TFA Bonds <sup>(1)</sup>	2,906	3,248	3,572	3,946	4,094
Other Debt <sup>(2)</sup>	208	208	202	223	195
<b>TOTAL</b>	<b>\$7,065</b>	<b>\$7,582</b>	<b>\$8,234</b>	<b>\$8,982</b>	<b>\$9,442</b>
<b>Debt Service Burden</b>					
Debt Service/Total Revenue	7.3%	7.9%	8.4%	8.9%	9.2%

*Source: OMB Fiscal 2021 Preliminary Plan*

1) TFA Bonds do not include BARBs

2) Includes Conduit Debt and the Tobacco Settlement Asset Securitization Corporation (TSASC).

## Debt Service Savings

The Fiscal 2021 Preliminary Plan recognizes \$129.2 million in debt service savings for Fiscal 2020, primarily from revised interest rate assumptions for variable rate bonds and the retention of State building aid. These savings are in addition to savings of \$109.2 million for Fiscal 2020 recognized in the November 2019 Plan, which largely resulted from the same reasons.

The debt service budget serves as a routine source of savings for the City as savings from lower-than-assumed interest rates are recognized and refunding are done over the course of the fiscal year. This means the debt service budget tends to be overstated for the outyears, and while the Preliminary Plan projects that debt service will stay in line with measures of best practice and affordability over the plan period, it is likely that actual debt service costs will be even lower in the outyears than currently projected. For example, the City's actual debt service costs in Fiscal 2019 were 20.2 percent lower than first projected in the Fiscal 2016 Preliminary Budget and 4.6 percent lower than projected in the Fiscal 2019 Preliminary Budget.<sup>5</sup> This overestimation skews the picture of the City's debt affordability over the plan and provides the Administration a convenient source of savings for subsequent Citywide Savings Plans.

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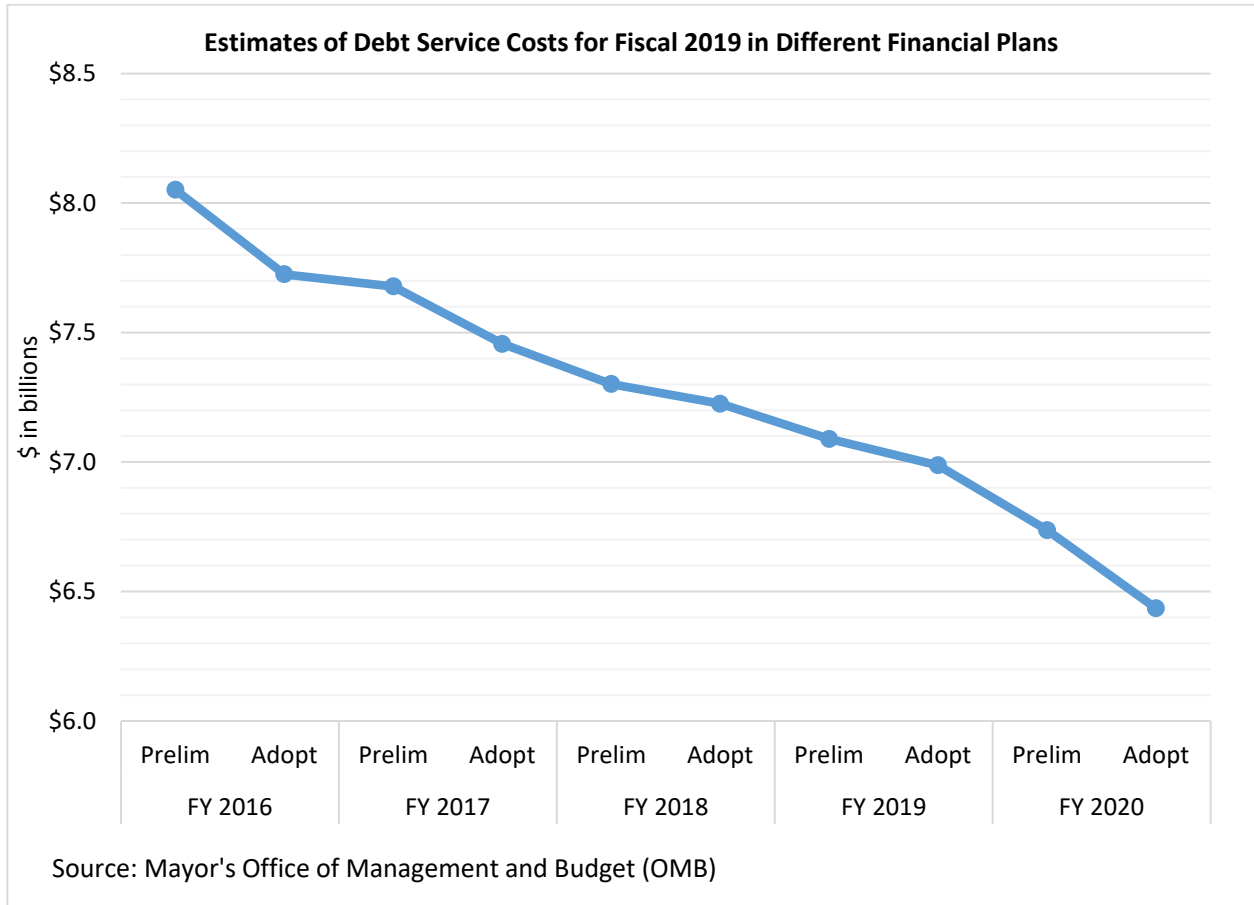
<sup>2</sup> New York City Comptroller, Fiscal Year 2020 Annual Report on Capital Debt and Obligations, December 2019 (available at <https://comptroller.nyc.gov/reports/annual-report-on-capital-debt-and-obligations/>).

<sup>3</sup> See Moody's Credit Opinion, March 1, 2019. Available at <https://comptroller.nyc.gov/wp-content/uploads/2019/03/Moodys-Credit-Opinion.pdf>

<sup>4</sup> Ibid.

<sup>5</sup> OMB; New York City Comprehensive Annual Financial Report of the Comptroller for Fiscal Year 2019





### Surplus Roll

The City’s surplus roll for Fiscal 2020, held in the Budget Stabilization Account for the prepayment of future years’ debt service costs, grew from \$549.5 million in the November 2019 Plan to \$2.7 billion in the Fiscal 2021 Preliminary Plan. In Fiscal 2019, the debt service prepayments from the surplus roll totaled a little more than \$4 billion.