

# THE COUNCIL OF THE CITY OF NEW YORK

Hon. Corey Johnson  
Speaker of the Council

Hon. Daniel Dromm  
Chair, Committee on Finance

Hon. Helen Rosenthal  
Chair, Subcommittee on Capital Budget



Report of the Finance Division on the  
**Preliminary Capital Budget for Fiscal Year 2022-2025**  
**Preliminary Capital Commitment Plan for Fiscal Year 2021-2025**  
**Fiscal 2022-2031 Preliminary Ten-Year Capital Strategy**  
March 2, 2021

**Finance Division**  
Latonia R. McKinney, Director

## Finance Division

### Legal Unit

Rebecca Chasan, Senior Counsel  
Noah Brick  
Stephanie Ruiz

### Budget Unit

Regina Poreda Ryan, Deputy Director  
Nathan Toth, Deputy Director  
Crielhien Francisco, Unit Head  
Chima Obichere, Unit Head  
John Russell, Unit Head  
Dohini Sompura, Unit Head  
Eisha Wright, Unit Head  
Aliya Ali  
Sebastian Bacchi  
John Basile  
Chelsea Baytemur  
Monika Bujak  
John Cheng  
Sarah Gastelum  
Julia Haramis  
Lauren Hunt  
Florentine Kabore  
Jack Kern  
Daniel Kroop  
Monica Pepple  
Michele Peregrin  
Masis Sarkissian  
Frank Sarno  
Jonathan Seltzer  
Nevin Singh  
Jack Storey  
Luke Zangerle

### Revenue and Economics Unit

Raymond Majewski, Deputy Director, Chief Economist  
Emre Edev, Assistant Director  
Paul Sturm, Supervising Economist  
Hector German  
William Kyeremateng  
Nashia Roman  
Andrew Wilber

### Discretionary Funding and Data Support Unit

Paul Scimone, Deputy Director  
James Reyes  
Savanna Chou

### Administrative Support Unit

Nicole Anderson  
Maria Pagan  
Courtneigh Summerrise

Table of Contents

Introduction .....1

Fiscal 2021 Preliminary Capital Budget and Commitment Plan .....1

Preliminary Capital Budget .....2

Preliminary Capital Commitment Plan .....3

Capital Commitments .....7

Council Discretionary Projects .....8

Financing and Debt Service .....8

Debt Service Savings .....10

Fiscal 2022-2031 Preliminary Ten-Year Capital Strategy.....10

Strategy Guiding Principles .....12

Appendix .....14

## Introduction

On January 14, 2021, Mayor Bill de Blasio released the Fiscal 2022 Preliminary Capital Budget (Capital Budget), the Fiscal 2021-2025 Preliminary Capital Commitment Plan (Commitment Plan or Plan), and the Fiscal 2022-2031 Preliminary Ten-Year Capital Strategy (the Strategy). In this report we will be examining the content and structure of these three documents as well as the debt service spending that supports the City's capital program.

## Fiscal 2021 Preliminary Capital Budget and Commitment Plan

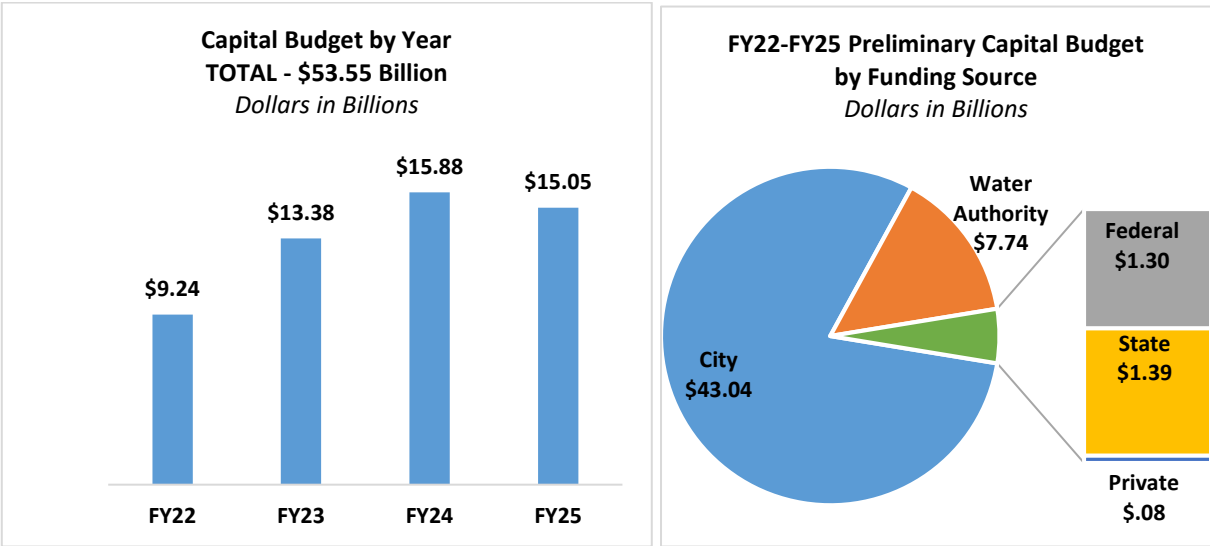
The Capital Budget proposes new appropriations of \$9.24 billion for Fiscal 2022 and a total of \$53.6 billion for Fiscal 2022 through Fiscal 2025. It supports large, long-term investments that aim to improve the state of good repair of the City's infrastructure, as well as support its growth. The Capital Budget provides, by agency and budget line (analogous to units of appropriation, or U/As, in the expense budget), the requested appropriations for Fiscal 2022 and the subsequent three-year capital program.

The Commitment Plan includes \$84.1 billion in planned commitments for Fiscal 2021 through Fiscal 2025. The Plan, which is a five-year spending plan, provides, by agency and budget line, appropriations for Fiscal 2021 and planned commitments for Fiscal 2021 through 2025. 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 2021 through November 2020. Planned commitments are scheduled across the five-year period at the project level.

The Capital Budget is significantly less than the Commitment Plan because it does not include the appropriations for Fiscal 2021 or the amount of funding that will be re-appropriated for Fiscal 2022 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 2021 Capital Budget, approximately \$7.7 billion in Fiscal 2020 appropriations were re-appropriated for Fiscal 2021. There is currently a balance of \$37.7 billion in available appropriations in Fiscal 2021 and whatever is uncommitted at the end of the fiscal year in June will be re-appropriated into Fiscal 2022 and will increase the Adopted Capital Budget accordingly.

Preliminary Capital Budget

The Capital Budget for Fiscal 2022-2025 totals \$53.6 billion, with an average appropriation of \$13.4 billion for each year, to support capital programs at 22 City agencies. Of this amount, \$43 billion, or 80 percent, is City-financed, with the remaining \$10.5 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 2022 to Fiscal 2025 Preliminary Capital Budget by agency and funding source.

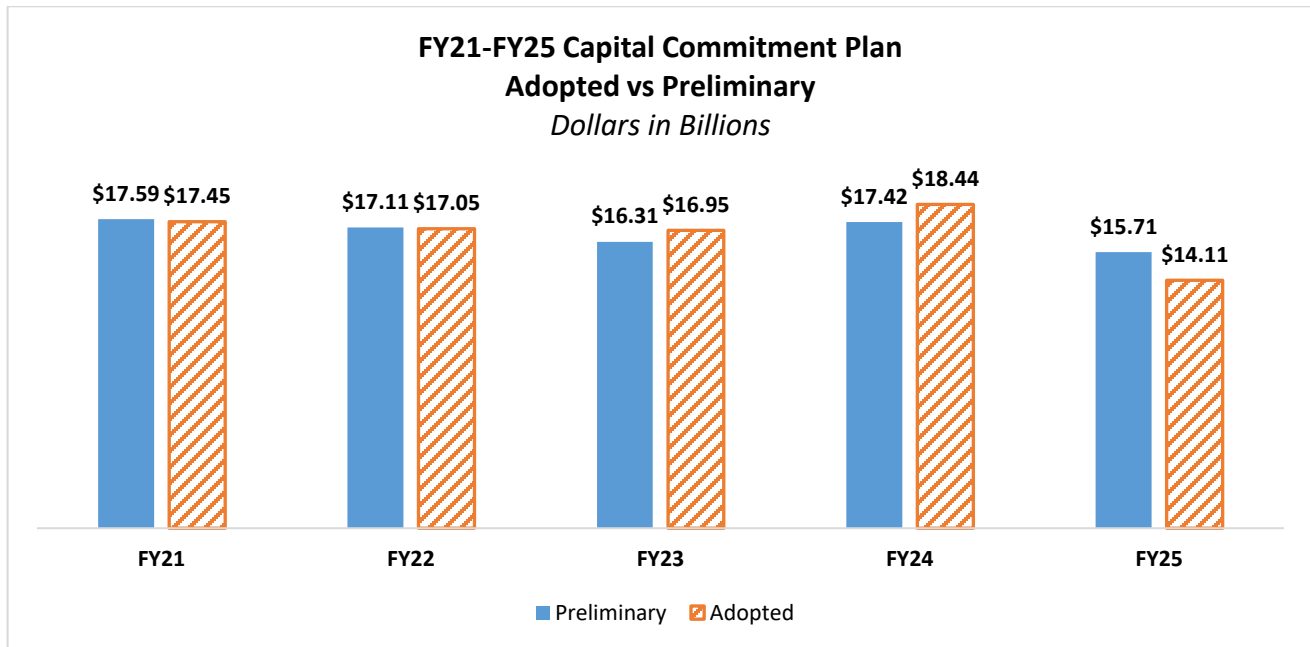
<b>Capital Budget Financial Summary</b>					
<i>Dollars in Millions</i>					
	<b>FY22 Preliminary Budget</b>				
	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>	<b>TOTAL</b>
<b>Spending</b>					
Administration for Children's Services	\$12.4	\$12.4	\$10.5	\$9.7	\$45.1
City University of New York		0.1	18.9	178.4	197.4
Department for the Aging			8.4	8.7	17.1
Department of Citywide Admin Services	684.3	900.7	1,370.7	1,306.3	4,261.9
Department of Correction	546.6	1,292.5	1,955.3	2,331.4	6,125.9
Department of Cultural Affairs	16.6	16.4	24.9	36.7	94.7
Department of Education	3,150.4	4,514.4	3,739.8	1,174.0	12,578.6
Department of Environmental Protection	1,175.7	1,863.5	2,503.5	3,124.8	8,667.5
Department of Health and Mental Hygiene	63.4	230.5	233.7	214.5	742.1
Department of Homeless Services	0.0	27.2	88.2	121.2	236.6
Department of Housing & Development	1,538.1	1,100.1	1,065.2	731.5	4,434.9
Department of Human Resources	0.5	9.8	5.7	27.9	43.9
Department of Parks and Recreation	295.0	365.9	820.8	1,504.3	2,986.0
Department of Sanitation	4.3	210.2	563.4	428.8	1,206.6
Department of Transportation	885.3	1,198.1	2,166.7	2,056.4	6,306.5
Economic Development Corporation	217.0	273.2	269.6	557.9	1,317.7
Health & Hospitals Corporation	108.3	605.0	406.2	237.6	1,357.2
Libraries	2.0	43.8	39.2	132.3	217.3
Metropolitan Transportation Authority	50.3	40.0	40.0	40.0	170.3
New York City Housing Authority	336.4	345.8	337.5	337.5	1,357.2
New York Fire Department	56.9	210.0	179.0	161.2	607.1
New York Police Department	97.1	118.4	36.2	325.2	576.9
<b>TOTAL</b>	<b>\$9,240.5</b>	<b>\$13,377.9</b>	<b>\$15,883.7</b>	<b>\$15,046.3</b>	<b>\$53,548.4</b>
<b>Funding</b>					
City Funds	\$7,401.6	\$11,007.1	\$12,731.6	\$11,902.9	\$43,043.3
Water Authority (DEP Projects Only)	1,048.8	1,622.8	2,340.7	2,725.0	7,737.3
Federal	390.2	399.6	409.6	101.5	1,301.0
State	345.7	341.6	385.8	315.0	1,388.0
Private	54.2	6.8	16.0	1.8	78.8
<b>TOTAL</b>	<b>\$9,240.5</b>	<b>\$13,377.9</b>	<b>\$15,883.7</b>	<b>\$15,046.3</b>	<b>\$53,548.4</b>

Of the \$53.6 billion in the Capital Budget, \$33.7 billion, or 63 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 \$12.6 billion, followed by the Department of Environmental Protection (DEP) at \$8.7 billion, the Department of Transportation (DOT) at \$6.31 billion, and the Department of Correction (DOC) at \$6.1 billion. DOC's capital budget increased significantly in Fiscal 2021, which is directly related to the closure of Rikers Island and the construction of the new borough-based jails.

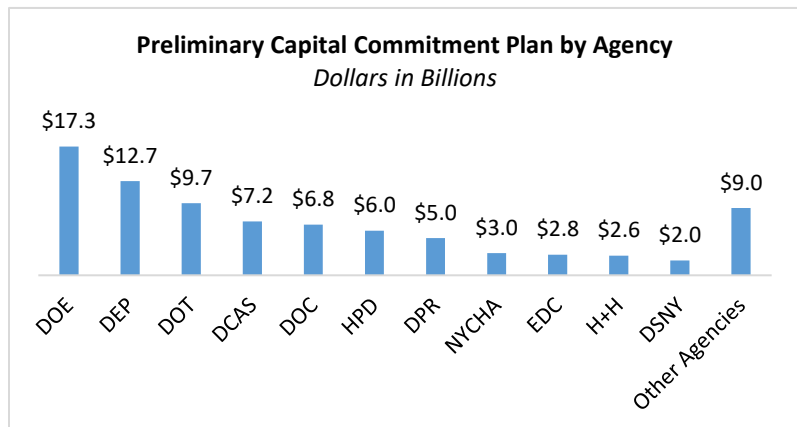
### Preliminary Capital Commitment Plan

While the Capital Budget proposes a budget line appropriation level and outyear plans for each agency, it does not provide detail on the projects or their timelines 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 2021 through Fiscal 2025 provides a roadmap

for how the City plans to spend a total of \$84.1 billion on the City's capital projects. Planned commitments average approximately \$16.8 billion annually. The majority of the Commitment Plan, \$78 billion, is City-financed, with the remaining \$6.1 billion expected to come from State, federal, and private grants. Overall, the Commitment Plan increased by \$142 million, or less than one percent, when compared to the Fiscal 2021 Adopted Capital Commitment Plan total of \$84 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 2021 and Fiscal 2022 show minor increases. Fiscal 2023 and Fiscal 2024 both have decreased since the Adopted Plan due to projects being shifted to Fiscal 2025, the last year of the Plan. This shift reflects the reality of the impact that COVID-19 has had on the City's capital plan. Please see the appendix for a full breakdown of the Preliminary Plan versus the Adopted Plan.



As shown in the chart to the right, six agencies - DOE, DOT, DEP, DOC, DCAS, and the Department of Housing Preservation and Development (HPD) - account for approximately 72 percent of the total Commitment Plan.



### 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
  - Public Buildings
  - Real Property
  - Courts
- 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 if 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 to transfer funding between budget lines during a fiscal year. Since most lines have more appropriations than planned spending, 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. The table below shows the impact of these single projects on the Capital Plan.

**Preliminary Capital Commitment Plan Structure by Source**

*Dollars in Thousands*

Source	Budget Lines	% of Budget Lines	Project IDs	% of Project IDs	Total Commitments	% of Total Commitments
BP	599	29%	1,765	15%	\$781,930	1%
Council	672	33%	3,704	32%	\$2,881,861	3%
Mayor	770	38%	7,856	68%	\$80,462,242	96%



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 Structure by Agency**

*Dollars in Thousands*

<b>Agency</b>	<b>Budget Lines</b>	<b>Project IDs</b>	<b>FY21-25 Plan</b>
Administration for Children's Services	37	100	\$264,485
City University of New York	34	522	\$629,664
Department for The Aging	32	83	\$39,058
Department of Citywide Admin Services	291	1,282	\$8,126,265
Department of Correction	9	144	\$6,809,582
Department of Cultural Affairs	604	707	\$1,050,175
Department of Education	19	15	\$17,281,102
Department of Environmental Protection	75	1,811	\$13,136,933
Department of Health and Mental Hygiene	148	466	\$1,072,684
Department of Homeless Services	17	195	\$425,515
Department of Housing & Development	120	487	\$6,003,346
Department of Human Resources	68	171	\$241,645
Department of Parks and Recreation	153	2,286	\$4,992,369
Department of Sanitation	16	173	\$1,981,938
Department of Transportation	225	1,406	\$9,226,013
Economic Development Corporation	82	503	\$2,773,209
Health & Hospitals Corporation	17	529	\$2,637,941
Libraries	34	544	\$903,660
Metropolitan Transportation Authority	8	9	\$1,516,475
New York City Housing Authority	7	399	\$2,993,399
New York Fire Department	22	281	\$977,206
New York Police Department	23	423	\$1,043,369
<b>Total</b>	<b>2,041</b>	<b>12,536</b>	<b>\$84,126,033</b>

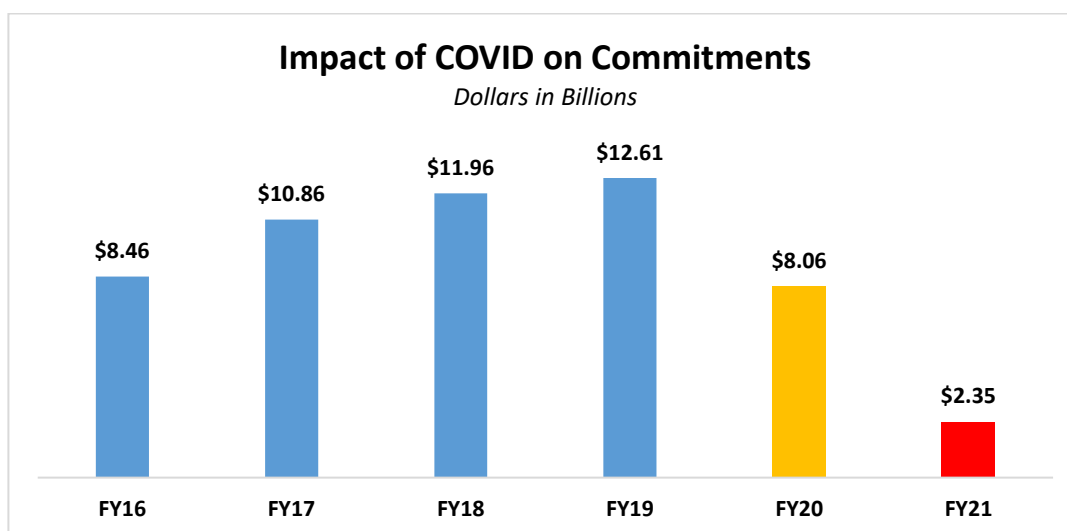
Although there are 22 agencies with capital programs, some agencies do not have the capacity to manage some or all their capital projects. In these cases, another agency, as assigned by the Office of Management and Budget (OMB), manages the projects for the budgeted agency. This is typically the Department 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.

Projects Management by other Agencies		
Agency	Number of Managed Projects	Commitments of Managed Projects
DDC	2,201	\$15,400,600
NYCEDC	822	\$5,032,757
DCAS	481	\$2,693,582

The chart above demonstrates the number of projects these agencies manage, and the total planned commitments associated with those projects. As DDC was created to manage capital projects for other City agencies it is not surprising that it manages 2,201 projects worth over \$15.4 billion. NYCEDC manages 822 projects which encompass \$5 billion of the Plan while having a capital budget of \$2.8 billion itself. Finally, while DCAS manages projects for other agencies, DDC and NYCEDC manage many of DCAS' larger projects.

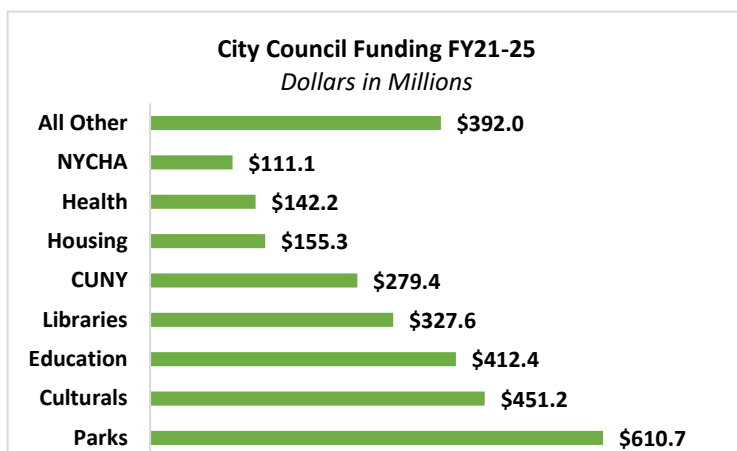
## Capital Commitments

In recent years the City has made great improvements in increasing its commitments going from \$8.5 billion in Fiscal 2016 up to \$12.6 billion in Fiscal 2019, a nearly 50 percent increase. However, Fiscal 2020 saw \$8.06 billion in commitments, a precipitous drop of \$4.5 billion from the previous year's high mark. This is a result of work stoppages on capital projects and a halt on non-essential capital work due to the COVID pandemic. So far in the first half of Fiscal 2021, we can only see \$2.35 billion in commitments (through December 2020) putting the City on track for a second year of below average commitments. Overall, the pandemic has resulted in billions of dollars of fewer commitments which could impact the City for years to come.



Historically, the City has not fully executed its capital commitment plan as forecast. Total commitments reflect the City's ability to deliver on its Capital Plan. 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.

### Council Discretionary Projects



The Commitment Plan includes \$2.91 billion in projects funded by City Council discretionary funding. Of the \$2.91 billion, \$580 million was added in the Fiscal 2021 Adopted Capital Budget (including rescindments) with the remaining \$2.33 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, Council-allocated funding currently in the Plan primarily is in eight agencies, with all others having less than \$100 million. These eight agencies account for 86 percent of all Council discretionary dollars in the Plan.

Agencies with large amounts of Council funded projects are both a reflection of the Council priorities but also a reflection of the agency's ability to execute project timelines. Funding for education projects tend to remain in the Plan short term as most are funding for technology projects which are executed very quickly. However, funding for parks and cultural institutions can remain in the plan for many years.

### Financing and Debt Service

New York City sells bonds to fund its capital program. The Fiscal 2022 Preliminary Budget estimates the City will undertake \$53 billion in long-term borrowing between Fiscal 2022 and Fiscal 2025 to finance the City's many capital needs. This is a decrease of \$3 billion from the Preliminary Plan 2021. Included in this borrowing is an estimated \$8.2 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 economic fallout of the Covid-19 epidemic, the City's project schedule, and cash flow considerations. The financing plan does not directly align with the Ten-Year Strategy or the Commitment Plan, as it more closely follows the City's actual capital expenditures in any given year. Making the Strategy and 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.

**Summary of Capital Financing Plan - Fiscal 2022 Preliminary Financial Plan***Dollars in Millions*

	FY21	FY22	FY23	FY24	FY25
<b>Financing Plan</b>					
General Obligation Bonds	\$2,188	\$4,140	\$4,730	\$4,950	\$5,240
Transitional Finance Authority Bonds <sup>(1)</sup>	4,553	4,140	4,730	4,950	5,240
Water Authority Bonds	1,563	1,414	1,577	1,685	1,963
<b>Total</b>	<b>\$8,304</b>	<b>\$9,694</b>	<b>\$11,037</b>	<b>\$11,585</b>	<b>\$12,443</b>
<b>Debt Outstanding</b>					
GO Bonds	\$38,879	\$40,845	\$43,101	\$45,472	\$48,121
TFA Bonds <sup>(1)</sup>	43,178	46,060	49,014	52,151	55,472
Other Debt <sup>(2)</sup>	1,988	1,895	1,776	1,678	1,580
<b>Total</b>	<b>\$84,045</b>	<b>\$88,800</b>	<b>\$93,891</b>	<b>\$99,301</b>	<b>\$105,173</b>
Water Authority Bonds	32,045	33,025	34,105	35,276	36,725
<b>Debt Financing Burden (excludes Water Debt)</b>					
Debt Outstanding/NYC Personal Income	12.00%	12.20%	12.50%	12.70%	12.90%

**Source:** OMB Fiscal 2022 Preliminary Financial 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 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. However, Moody's downgraded the City's credit rating from Aa1 to Aa3 on October 1, 2020 as consequence of Covid-19 economic fallout to the City.<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 an eye on. The City's debt service is projected to rise as a percentage of City revenues over the course of the financial plan period, from 11.8 percent in Fiscal 2022 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>

<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.

<sup>2</sup> New York City Comptroller, Fiscal Year 2022 Annual Report on Capital Debt and Obligations, December 2020.

<sup>3</sup> See Moody's Credit Opinion, October 1, 2021

<sup>4</sup> Ibid.

<b>Summary of Debt Service Payments - Fiscal 2021 Preliminary Financial Plan</b>					
<i>Dollars in Millions; Before Prepayments</i>					
	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>
<b>Debt Service</b>					
GO Bonds	\$3,499	\$3,899	\$4,460	\$4,735	\$4,927
TFA Bonds <sup>(1)</sup>	2,832	3,334	3,876	3,969	4,336
Other Debt <sup>(2)</sup>	210	201	224	194	192
<b>Total</b>	<b>\$6,538</b>	<b>\$7,434</b>	<b>\$8,560</b>	<b>\$8,898</b>	<b>\$9,455</b>
<b>Debt Service Burden</b>					
Debt Service/Total Revenue	6.80%	8.00%	8.90%	9.10%	9.50%

**Source:** OMB Fiscal 2022 Preliminary Financial Plan

1) TFA Bonds do not include BARBs

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

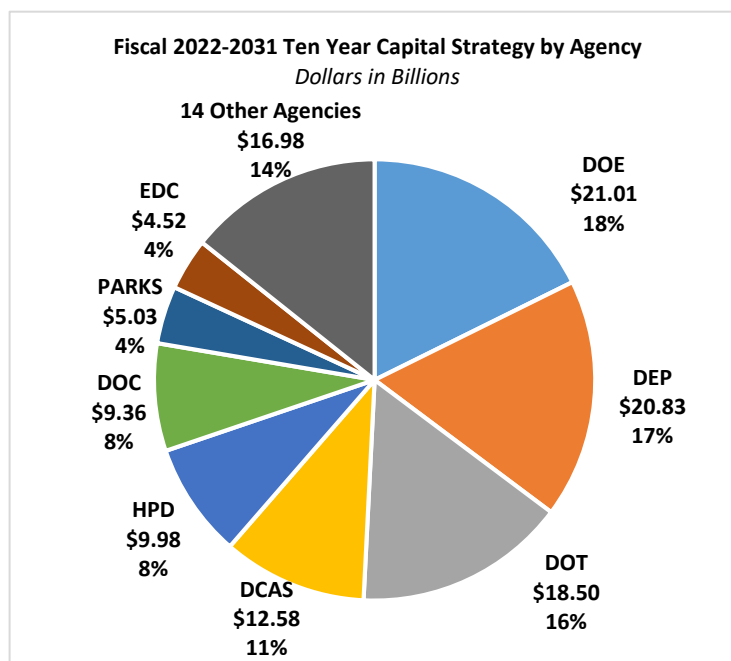
## Debt Service Savings

The Fiscal 2022 Preliminary Financial Plan recognizes \$445 million in debt service savings for Fiscal 2021, primarily from revised interest rate assumptions for variable rate bonds and the retention of State building aid.

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 Financial Plan projects that debt service will stay in line with measures of best practice and affordability over the financial plan period, it is likely that actual debt service costs will be even lower in the outyears than currently projected.

## Fiscal 2022-2031 Preliminary Ten-Year Capital Strategy

The Ten-Year Capital Strategy is the City's long-term capital planning document which provides a framework for capital spending by agency. The Ten-Year Capital Strategy is released every two years as mandated by the New York City Charter (Charter). The \$118.8 billion Strategy is \$1.9 billion larger than the \$116.9 billion Fiscal 2020-2029 Ten-Year Capital Strategy. The City's public school system and water infrastructure are the largest areas of planned investment, followed by transportation infrastructure. These three areas together account for 51 percent of the Strategy. The charts below show planned capital spending in the Strategy by agency over the ten-year period.



Fiscal 2022-2031 Ten Year Capital Strategy Smallest 14 Agencies Dollars in Billions					
Agency	FY22- FY31	Percent of TYCS	Agency	FY22- FY31	Percent of TYCS
DSNY	\$3.33	2.8%	Libraries	0.83	0.7%
NYCHA	2.89	2.4%	CUNY	0.74	0.6%
H+H	2.85	2.4%	DHS	0.65	0.5%
FIRE	1.37	1.2%	NYCT	0.40	0.3%
NYPD	1.21	1.0%	ACS	0.35	0.3%
DOHMH	1.08	0.9%	HR	0.31	0.3%
DCLA	0.90	0.8%	DFTA	0.05	0.0%

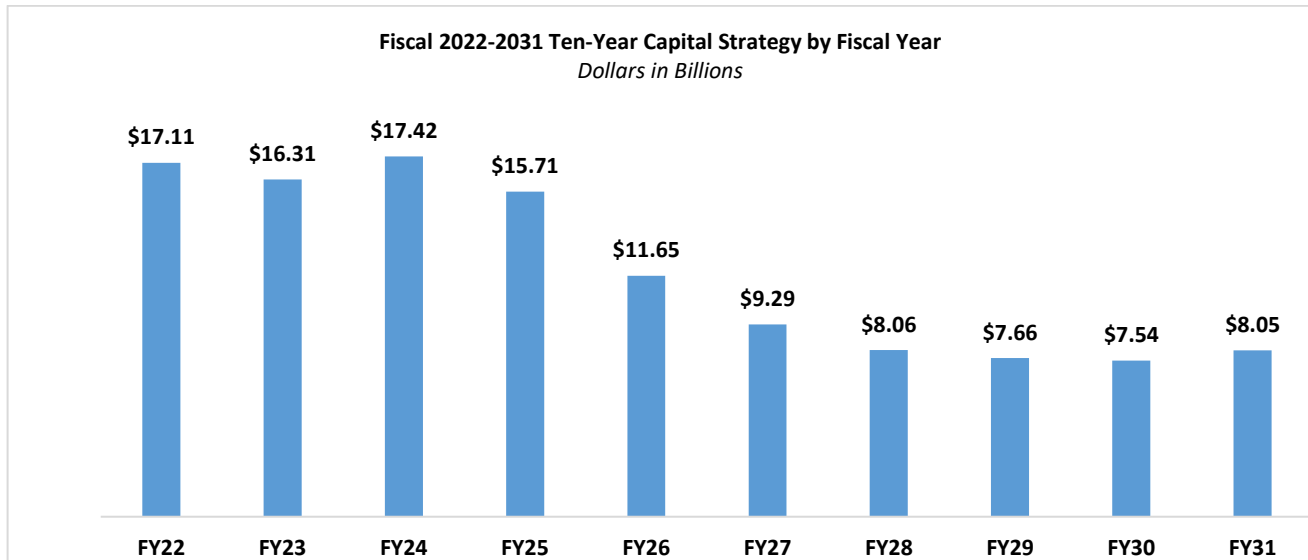
In total, five agencies account for 75 percent of the growth in the Strategy, including:

- A \$4.02 billion increase to DEP to fund improvements to wastewater treatments plants citywide and to replace water mains.
- A \$2.11 billion increase to the DOE primarily to maintain the useful life of current schools.
- A \$3.10 billion increase for the DOT to maintain the useful life of bridges.
- A \$1.96 billion increase to the DCAS for energy efficiency and sustainability projects.
- A \$1.49 billion increase to the HPD to preserve affordable housing.

Within the agencies the Ten-Year Strategy has 195 spending sub-categories. Forty-three sub-categories have at least \$500 million in planned spending. These 46 sub-categories account for 89 percent, or \$105.6 billion, of the Strategy's total planned spending.

Beyond agencies and their sub categories another view of the Strategy is by the type of capital project that funding is planned for. The plan is broken out into three areas: state of good repair, the capital maintenance of infrastructure to increase its' useful life; programmatic replacement, which involves the replacement of infrastructure and equipment that is past its period of probable usefulness; and program expansion, which is the creation of new infrastructure to meet the City's needs. State of good repair work is the largest portion at \$62.2 billion or 52 percent of the Strategy. Primary drivers of spending in this area are: reconstruction and rehabilitation of schools at \$13.9 billion, East River and other bridges at \$10 billion, housing preservation and rehabilitation at \$7.4 billion, and reconstruction and resurfacing of streets and highways at \$7.1 billion. Program expansion is \$26.4 billion or 26 percent of the Strategy and is mainly comprised of \$7.1 billion for new schools and \$5.5 billion for new and special needs housing. Lastly, programmatic replacement is \$30.2 billion or 22

percent of the Strategy and is led by \$8.1 billion for new jail facilities and \$5.2 billion for water pollution control plants.



The above graph shows the Strategy broken out by its ten fiscal years. While improved from the previous Ten-Year Capital Strategy, the sharp drop off in planned spending in the outyears of the Strategy is unrealistic. The City is not going to need half as much funding for state of good repair, expansion, or replacement needs in the out-years of the Strategy. Spending of \$8.05 billion in Fiscal 2031, which is 47 percent of the planning, \$17.11 billion in Fiscal 2022 is significantly understating the City's capital needs.

### Strategy Guiding Principles

According to the Strategy, it “provides a venue for the City to demonstrate the comprehensive infrastructure planning that the City undertakes as part of its responsibility to all New Yorkers, across all neighborhoods, and explain the connection between capital investment and strategic priorities.” It strives to do this through four guiding principles, which are:

1. Maintain New York City's financial responsibility;
2. Promote forward-looking, holistic capital planning that anticipates neighborhood needs of tomorrow;
3. Advance a more equitable New York City through capital investment;
4. Consider community perspectives in capital planning and decision-making.

Two years ago, when the Administration was last required to release the Strategy, seventeen pages were included outlining the City's efforts to specifically meet these criteria. In their absence not only does the Ten-Year Strategy not appear to be linked to the capital plan, this year the Administration has chosen not to detail how it intends to try to meet these principles.

As a result of the COVID-19 pandemic, several credit ratings agencies have downgraded the City's bonds and its future economic outlook. The Strategy does not detail any actions taken to address these changes.

Data on demographics and the City at large is published in various reports by the Department of City Planning (DCP) and the agency is a co-author of the Strategy. However, the extent of this data's use in the individual agency's efforts to plan long-term commitments is not clear. Overall, the planned spending in the Strategy more realistically reflects logical spending in the outyears with two glaring areas where this is not the case, the DOE and DPR.

The Strategy estimates DOE's spending to be \$4.64 billion, \$4.51 billion, and \$3.74 billion in the first three fiscal years followed by a drop to \$1.17 billion in Fiscal 2025. To put this in context, in Fiscal 2022 the Strategy estimates DOE will be the largest area of spending at \$4.64 billion, eclipsing DEP's \$2.39 billion. By Fiscal 2025, DEP's \$2.98 billion will more than double DOE's \$1.17 billion spending. This cliff in DOE's estimated spending is almost entirely due to no planned spending on system expansion to address overcrowding in schools and the need for more seats after Fiscal 2024.

The improvements made across most agencies in terms of outyears planning have not reached DPR. In the first four years of the Strategy, DPR is estimated to spend \$1.1 billion on average. In Fiscal 2026, the fifth year, this falls 73 percent to \$288.3 million. The last five years of the Strategy together only anticipate \$392.3 million in spending. This low leveling of spending in the outyears can't be justified against the reality of current spending, the demand for more green space in New York City, and the regular life cycle of playground renovations.



## Appendix

### Preliminary Capital Commitment Plan for Fiscal Year 2021-2025 vs. Adopted Capital Commitment Plan for Fiscal Year 2021-2025

AGENCY	Preliminary Plan FY21-FY25	Adopted Plan FY21-FY25	Variance FY21-FY25
Administration for Children's Services	\$264,485	\$264,485	\$0
City University of New York	629,664	629,686	(22)
Department for The Aging	39,058	44,001	(4,943)
Department of Citywide Admin Services	8,126,265	8,746,714	(620,449)
Department of Correction	6,809,582	6,949,841	(140,259)
Department of Cultural Affairs	1,050,175	1,050,227	(52)
Department of Education	17,281,102	17,015,557	265,545
Department of Environmental Protection	12,661,635	11,123,336	1,538,299
Department of Health and Mental Hygiene	1,072,684	1,094,195	(21,511)
Department of Homeless Services	425,515	492,910	(67,395)
Department of Housing & Development	6,003,346	6,003,346	0
Department of Human Resources	241,645	278,646	(37,001)
Department of Parks and Recreation	4,992,369	4,899,110	93,259
Department of Sanitation	1,981,938	2,049,094	(67,156)
Department of Transportation	9,701,311	10,435,948	(734,637)
Economic Development Corporation	2,773,209	3,005,961	(232,752)
Health & Hospitals Corporation	2,637,941	2,465,423	172,518
Libraries	903,660	908,127	(4,467)
Metropolitan Transportation Authority	1,516,475	1,516,475	0
New York City Housing Authority	2,993,399	2,993,075	324
New York Fire Department	977,206	977,206	0
New York Police Department	1,043,369	1,040,869	2,500
<b>Grand Total</b>	<b>\$ 84,126,033</b>	<b>\$83,984,232</b>	<b>\$141,801</b>