

THE COUNCIL OF THE CITY OF NEW YORK



Hon. Melissa Mark-Viverito
Speaker of the Council

Hon. Julissa Ferreras
Chair, Committee on Finance

Report on the Fiscal 2016 Preliminary Budget and the
Fiscal 2015 Preliminary Mayor's Management Report

Department of Design and Construction

March 4, 2015

Kenneth Grace, Legislative Financial Analyst
John Russell, Unit Head

Finance Division

Latonia McKinney, Director

Regina Poreda Ryan, Deputy Director

Nathan Toth, Deputy Director

Table of Contents

Department of Design and Construction Overview	1
Financial Summary	1
Fiscal 2016 Preliminary Budget Highlights	1
Capital Program	3
Capital Budget Summary	3
Preliminary Capital Commitment Plan Highlights	3
Preliminary Mayor’s Management Report	5
Appendix A: Budget Actions in the November and the Preliminary Plans	6
Appendix B: Fiscal 2015 Preliminary Mayor’s Management Report Performance Measures	7
Appendix C: Fiscal 2015 Contract Budget	8

Department of Design and Construction Overview

The mission of the Department of Design and Construction is to deliver the City's capital construction projects in a safe, cost-effective manner while maintaining the highest degree of architectural, engineering and construction quality. Projects range from roadways, sewers and water mains to public safety, health and human services facilities, as well as cultural institutions and libraries. DDC uses a combination of in-house staff and private consultants and contractors to execute its mission.

As the City's capital construction agency, DDC is given much latitude in determining the method by which capital contracts are let. DDC utilizes several different special contracting procedures for awarding capital work, including, but not limited to, requirements contracts, pass-thru contracts, negotiated acquisitions and sole-source contracts. These methods allow DDC to award contracts in instances when competitive sealed bidding is not practicable or advantageous. The Fiscal 2015 Adopted Budget included funding for 1,302 employees, which is six positions fewer than the current Preliminary Plan, which calls for 1,308 employees.

Financial Summary

DDC Financial Summary						
<i>Dollars in Thousands</i>	2013	2014	2015	Preliminary Plan		*Difference
	Actual	Actual	Adopted	2015	2016	2015 - 2016
Spending						
Personal Services	\$87,231	\$90,955	\$98,801	\$103,517	\$104,532	\$5,731
Other Than Personal Services	50,911	36,313	22,431	126,887	22,447	16
Total	\$138,142	\$127,267	\$121,232	\$230,404	\$126,979	\$5,747
Funding						
City Funds			\$6,823	\$7,075	\$7,231	\$409
Capital- IFA			114,409	118,697	119,728	5,319
Federal - Community Development			0	102,144	0	0
Federal - Other				323	13	13
Intra City			0	2,164	7	7
Total	\$138,142	\$127,267	\$121,232	\$230,404	\$126,979	\$5,747
Budgeted Headcount						
Full-Time Positions	1,142	1,192	1,302	1,311	1,308	6
Total	1,142	1,192	1,302	1,311	1,308	6

*The difference of Fiscal 2015 Adopted Budget compared to Fiscal 2016 Preliminary Budget.

Fiscal 2016 Preliminary Budget Highlights

The Preliminary Budget includes DDC funding of \$127 million for Fiscal 2016, an increase of \$5.7 million when compared to the Department's Fiscal 2015 Adopted Budget. The increase is primarily due to additional funding for collective bargaining adjustments. For Fiscal 2016, Personal Services funding totals \$105 million to support the Department's 1,308 budgeted full-time positions. City tax-levy funding totals \$7.2 million and represents less than six percent of the Department's total Budget for Fiscal 2016.

The Department's Fiscal 2015 Budget increases significantly when compared to the Adopted Budget primarily as a result of the recognition of \$100 million in Housing Recovery Office funding for the Build it Back Program to assist with recovery from super storm Sandy.

Since Adoption, the Department has identified \$399,000 in new needs for Fiscal 2016, most notably additional funding for the Science Technology Engineering Architecture and Mathematics (STEAM) Initiative. Other adjustments total \$5.5 million for Fiscal 2016 which represents collective bargaining adjustments.

Highlights of DDC's Fiscal 2016 Preliminary Budget include the following:

- **Housing Recovery Office Funding.** The Housing Recovery Office (HRO) has provided \$100 million to DDC in Fiscal 2015 to assist the City's efforts to rebuild the coast line which was devastated by Superstorm Sandy in the Fall of 2012. The funding is designed to assist homeowners, landlords, and tenants in the five boroughs who participate in the Build-it-Back Program. Over 15,000 homeowners across Sandy-impacted areas of Brooklyn, Queens and Staten Island have applied to this program. Unused Build it Back funding at year's end will likely be rolled over into the next fiscal year.
- **Hill Task Order Funds.** DDC entered into a Task Order agreement with Hill International to assist with construction management services as it pertains to the Build it Back Program. The cost of this one-year contract is \$1.6 million for Fiscal 2015.
- **Collective Bargaining Agreements.** Due to the Administration's recent labor agreement settlements, DDC's budget includes nearly \$3.3 million in collective bargaining adjustments for Fiscal 2016 which will increase to \$3.8 million in Fiscal 2017.
- **Staffing for STEAM.** DDC has created the division for Community Partnerships and STEAM Initiatives to lead the Department's efforts in outreach programs to enhance student awareness from middle school through employment. Funding totaling \$400,000 was baselined to support six full-time positions.

Capital Program

Capital Budget Summary

The Fiscal 2016 Preliminary Capital Commitment Plan includes \$5.4 billion in Fiscal 2015-2018 for DDC (including City and Non-City funds). This represents approximately 13.7 percent of the City's total \$39.3 billion January Plan for Fiscal 2015-2018. The agency's Preliminary Commitment Plan for Fiscal 2015-2018 is seven percent more than the \$5.1 billion scheduled in the September Commitment Plan, an increase of \$356 million.

The majority of the 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 2014, DDC committed \$2.6 billion or 54 percent of its annual capital plan. Therefore, it is assumed that a significant portion of the agency's Fiscal 2015 Capital Commitment Plan will be rolled into Fiscal 2016, thus increasing the size of the Fiscal 2015-2018 Capital Commitment Plan. Since adoption last June, the citywide total Capital Commitment Plan for Fiscal 2015 has increased from \$17.9 billion in the September Capital Commitment Plan to \$19 billion in the Preliminary Capital Commitment Plan, an increase of \$1.1 billion or 6.1 percent.

DDC 2015-2018 Capital Commitment Plan

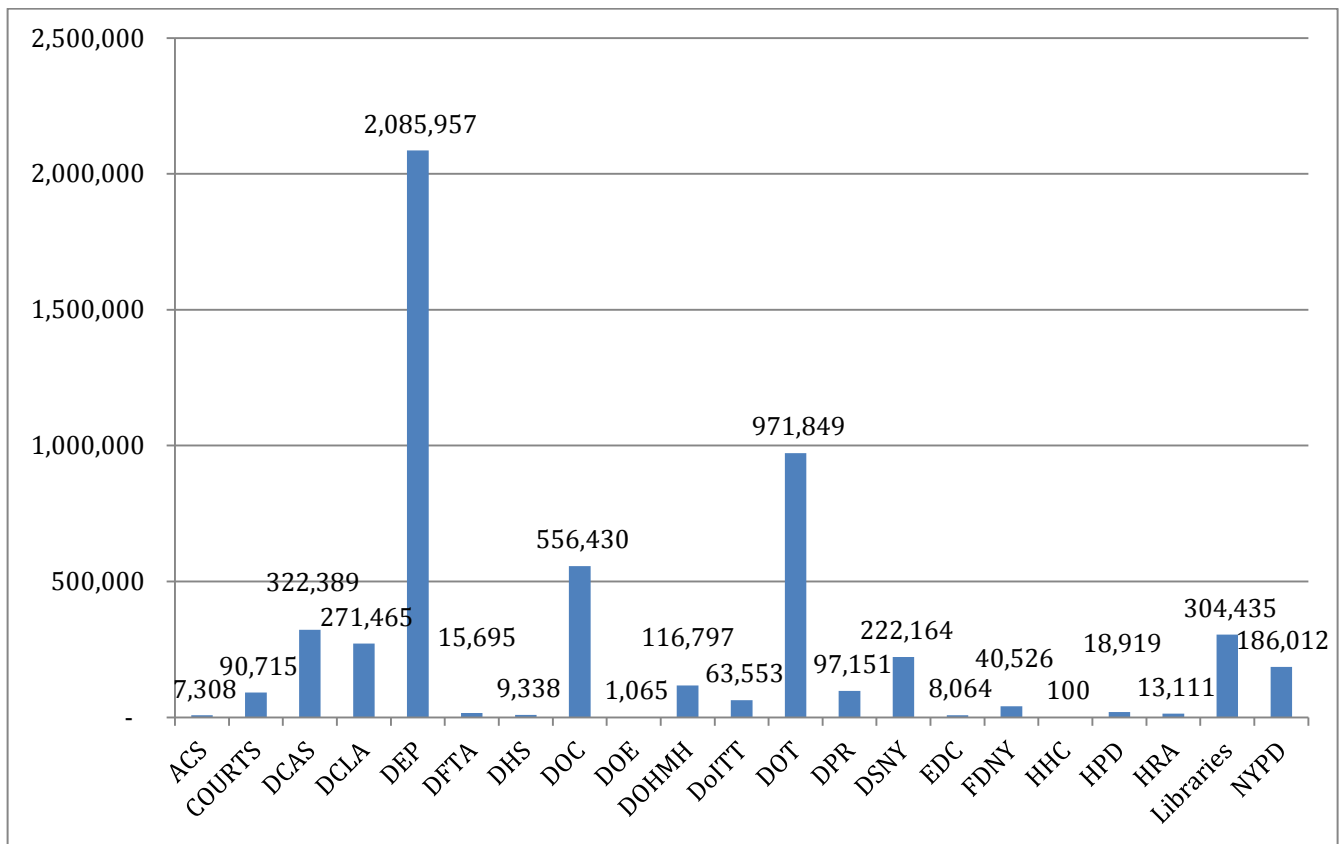
<i>Dollars in Thousands</i>	FY15	FY16	FY17	FY18	Total
Preliminary Plan	\$2,691,678	\$1,669,455	\$936,557	\$105,353	\$5,403,043
Adopted Plan	\$2,711,120	\$1,793,019	\$452,431	\$90,127	\$5,046,697
Change	(\$19,442)	(\$123,564)	\$484,126	\$15,226	\$356,346
Percentage Change	-1%	-7%	52%	14%	7%

Preliminary Capital Commitment Plan Highlights

The Preliminary Capital Commitment Plan for DDC for Fiscal 2015-2018 has increased by \$357.35 million to a total of \$5.4 billion, which is an increase of seven percent when compared to the Department's Fiscal 2015 Adopted Plan. This increase is primarily due to the addition of \$528 million in federal aid for projects related to Superstorm Sandy. The additional funding will help the Department to reconstruct infrastructure damaged by the storm. The majority of the increase is currently shown as city-funded commitments because Superstorm Sandy capital funding is currently forecasted in the Preliminary Capital Commitment Plan as City funds. The City will treat these funds as grants and the commitments will be transferred to a federal budget code as they are spent.

Department of Design and Construction's FY 2015-2018 Preliminary Capital Commitment Plan by Agency

Dollars in Thousands, excluding IFA and contingency



Currently, DDC manages all or a portion of the capital budgets of 30 client agencies. The table above summarizes DDC's Fiscal 2015 Preliminary Capital Commitment Plan by client agency. DDC manages a portfolio of more than \$5.4 billion in the City's capital program.

Preliminary Mayor's Management Report

The Mayor's Management Report (MMR), which is mandated by the City Charter, serves as a public report card on City services affecting New Yorkers. The MMR is released twice a year. The Preliminary MMR provides an early update of how the City is performing four months into the fiscal year. The final MMR, published each September, looks retrospectively at the City's prior fiscal year's performance.

Performance Goals and Measures:

- ✓ **Complete projects on time and within budget.**
- ✓ **Meet quality assurance and site safety standards for all active projects.**
- ✓ **Improve customer satisfaction ratings.**

DDC is experiencing a downward trend in design projects completed early or on time over the three year period spanning Fiscal 2012 through Fiscal 2014. Total design projects completed on time have declined from 90 percent in Fiscal 2012 to 87 percent in Fiscal 2013 to 86 percent in Fiscal 2014. The target rate for this category is 88 percent. Construction projects completed early or on time have also declined from 84 percent in Fiscal 2012 to 81 percent in Fiscal 2013 and stabilized at 81 percent in Fiscal 2014. The target for early or on time performance is 82 percent.

DDC's customer satisfaction is at or above the target rate of 93 percent over the last two years but has shown a decline from 95 percent in Fiscal 2013, to 93 percent in Fiscal 2014 and 80 percent through the first four months of Fiscal 2015.

Appendix A: Budget Actions in the November and the Preliminary Plans

<i>Dollars in Thousands</i>	FY 2015			FY 2016		
	City	Non-City	Total	City	Non-City	Total
DDC Budget as of the Adopted 2015 Budget	\$6,823	\$114,409	\$121,232	\$6,823	\$114,409	\$121,232
New Needs						
OTPS Adjustment	\$0	\$44	\$44	\$0	\$0	\$0
Staffing for STEAM Division	205	0	205	320	0	320
Staffing for STEAM Division	39	0	39	79	0	79
Subtotal New Needs	\$244	\$44	\$288	\$399	\$0	\$399
Other Adjustments						
BK 12 Roof Repair	\$0	\$132	\$132	\$0	\$0	\$0
Coastal Resiliency	0	500	500	0	0	0
Collective Bargaining (CTL) DC37	8		8	10		10
Collective Bargaining (F) DC37		8	8		10	10
Collective Bargaining (F) L300		3	3		3	3
Collective Bargaining (IC) DC37		11	11		11	11
Collective Bargaining (IFA) DC37		3,139	3,139		3,665	3,665
Collective Bargaining (IFA) L237		9	9		9	9
Collective Bargaining (IFA) L300		100	100		95	95
DDC Install Cameras		4	4			0
FHWA Grant 2015		218	218			0
Hill Task Order Funds		1,644	1,644			0
HRO Funding		100,000	100,000			0
I/C DDC FY15		88	88			0
I/C W/DDC For Constuction		189	189			0
I/C W/ DDC Maint Software		78	78			0
I/C W/DDC Oil/Water		375	375			0
I/C W/DDC		343	343			0
PS Adjustment		980	980		1,534	1,534
Transfer FY15 plaNYC Funds		476	476			0
I/C DC37 Collective Bargaining Agreement		4	4		4	4
IC W/DDC - Various Sites		385	385			0
IC W/DDC - Lead Abatement		17	17			0
Labor Transfer for Non-Union Employees (IC)		6	6		7	7
Lead Abatement		73	73	0	0	0
Sandy Sidewalk Repair		94	94	0	0	0
Subtotal Other Adjustments	\$8	\$108,876	\$108,884	\$10	\$5,338	\$5,348
Total All Changes	\$252	\$108,920	\$109,128	\$409	\$5,338	\$5,747
DDC Budget as of the Preliminary 2016 Budget	\$7,075	\$223,329	\$230,404	\$7,232	\$119,747	\$126,979

Appendix B: Fiscal 2015 Preliminary Mayor's Management Report Performance Measures

DDC Performance Indicators	Actual			Target		4-Month Actual	
	FY12	FY13	FY14	FY15	FY16	FY14	FY15
Design projects completed	141	127	128	153	*	28	32
- Infrastructure	63	65	75	*	*	19	23
- Cultural institutions and libraries	55	41	27	*	*	7	7
- Health and human services	10	8	15	*	*	1	0
- Public safety	13	13	11	*	*	1	2
Total design projects completed early/on time (%)	90%	87%	86%	88%	88%	N/A	N/A
- Completed early/on time: Infrastructure (%)	91%	83%	85%	88%	88%	N/A	N/A
- Completed early/on time: Public buildings (%)	89%	90%	87%	88%	88%	N/A	N/A
Construction projects completed	111	117	118	123	*	32	30
- Infrastructure	48	48	50	39	*	14	10
- Cultural institutions and libraries	47	42	32	20	*	14	11
- Health and human services	9	16	20	37	*	2	2
- Public safety	7	11	16	27	*	1	7
Total construction projects completed early/on time (%)	84%	81%	81%	82%	82%	N/A	N/A
- Completed early/on time: Infrastructure (%)	87%	81%	87%	82%	82%	N/A	N/A
- Completed early/on time: Public buildings (%)	81%	82%	76%	82%	82%	N/A	N/A
Average cost change for all completed consultant design and construction supervision projects (excluding programmatic scope changes) (%)	1.1%	2.0%	2.7%	3.0%	3.0%	3.1%	2.9%
Average cost change for all completed construction projects (excluding programmatic scope changes) (%)	1.0%	1.8%	2.1%	3.0%	3.0%	2.0%	2.5%
Projects completed within budget (%)	92%	94%	89%	*	*	90%	84%
Lane miles reconstructed	28.0	51.8	42.6	27.5	*	13.0	3.6
- Construction completed on schedule (%)	93%	83%	85%	82%	82%	88%	83%
Sewers constructed (miles)	8.5	9.9	12.8	12.8	*	4.1	2.7
- Construction completed on schedule (%)	92%	88%	84%	82%	82%	100%	84%
Sewers reconstructed (miles)	5.8	8.8	6.7	8.7	*	1.2	1.5
- Construction completed on schedule (%)	91%	82%	86%	82%	82%	88%	94%
Water mains (new and replaced) (miles)	31.5	38.2	31.8	31.6	*	11.4	14.2
- Construction completed on schedule (%)	89%	80%	88%	82%	82%	85%	97%
Active design projects: Early/on time (%)	86%	84%	86%	88%	88%	87%	86%
Active construction projects: Early/on time (%)	88%	86%	88%	82%	82%	91%	82%
Active design projects: Difference between projected and scheduled duration (%)	1.2%	1.6%	2.0%	1.5%	1.5%	2.0%	1.1%
Active construction projects: Difference between projected and scheduled duration (%)	1.9%	1.9%	2.4%	2.5%	2.5%	1.8%	2.4%

Appendix C: Fiscal 2015 Contract Budget

DDC Fiscal 2016 Preliminary Contract Budget				
Category	Fiscal 2015 Adopted	Number of Contracts	Fiscal 2016 Preliminary	Number of Contracts
Cleaning Services	\$20,000	3	\$20,000	3
Contractual Services - General	785,000	1	785,000	1
Data Processing Equipment Maintenance	100,000	2	100,000	2
Maintenance and Repairs - General	20,000	4	20,000	4
Office Equipment Maintenance	125,000	3	125,000	3
Prof. Services - Computer Services	985,715	30	985,715	30
Prof. Services - Other	5,892,602	1	5,892,602	1
Security Services	145,700	1	145,700	1
Training Program for City Employees	165,000	17	165,000	17
Transportation Services	10,000	1	10,000	1
Fiscal 2016 Preliminary Contract Budget	\$8,249,017	63	\$8,249,017	63

The City's Contract Budget, as proposed, totals \$12.42 billion in Fiscal 2016, an increase of \$437.8 million or 3.65 percent when compared to the Fiscal 2015 Adopted Budget of \$11.98 billion. For DDC, the contract budget for Fiscal 2016 is approximately \$8.25 million, including one contract valued at \$5.9 million for the Underground Storage Fuel Tank Remediation Program. The contractual obligation in DDC's Budget is for petroleum contaminated soil and ground water remediation, and clean-up and investigation for City owned and operated sites.