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Hearing on the Fiscal Year 2013 Executive Budget

Department of Citywide Administrative Services

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DCAS Fiscal 2013 Budget Overview

The Department of Citywide Administrative Services (DCAS) ensures that City agencies have the critical resources and support needed to provide the best possible services to the public. DCAS supports City agencies' workforce needs in recruiting, hiring and training City employees; establishes and enforces uniform procedures to ensure equal employment opportunity for employees and job candidates at City agencies; provides overall facilities management, including security, maintenance and construction services for tenants in 55 public buildings; purchases, sells and leases non-residential real property; purchases goods and select services; inspects and distributes supplies and equipment; disposes of all surplus and obsolete goods; monitors City agency fleets and the City's overall compliance with fleet purchasing laws and environmental goals; establishes, audits and pays utility accounts that serve 80 agencies and more than 4,000 buildings; and implements energy conservation programs throughout City facilities.

This report presents an analysis of the Department's Fiscal 2013 budget as proposed in the Executive Budget. A financial summary for DCAS is presented, along with a discussion of the City's Heat, Light and Power Budget and the 21st Century Civic Center Plan. The report then details the changes to the Department's budget proposed in the Executive Plan, followed by a review of DCAS' capital program. Adjustments to the Fiscal 2103 budget proposed in either the November 2011 Financial Plan or the Fiscal 2013 Preliminary Plan were reviewed at DCAS' March 29, 2012 Preliminary Budget Hearing. For a summary of these changes see Appendix 1.

DCAS Financial Summary

<i>Dollars in Thousands</i>	2011 Actual	2012 Adopted	2012 Exec. Plan	2013 Exec. Plan	*Difference 2012 - 2013
Personal Services	\$143,277	\$142,023	\$143,540	\$145,786	\$3,763
Other Than Personal Services	974,327	973,396	994,846	1,050,273	76,877
TOTAL	\$1,117,604	\$1,115,419	\$1,138,386	\$1,196,060	\$80,641
Budget by Program Area					
Facilities Mgmt & Construction	\$942,058	\$966,806	\$937,072	\$1,045,416	\$78,610
Municipal Supply Services	43,579	38,221	43,047	40,181	1,960
Energy Conservation	32,782	19,867	62,029	22,028	2,161
Exec. & Fin. Admin. Services	30,897	25,870	31,992	25,559	(311)
Personnel Services	29,039	27,641	29,828	25,819	(1,821)
Admin & Security	20,679	17,135	16,937	17,242	107
Real Estate Services	13,188	14,869	12,026	14,744	(125)
Communications	3,198	2,746	3,190	2,805	60
Board of Standards & Appeals	2,185	2,265	2,265	2,265	0
TOTAL	\$1,117,604	\$1,115,419	\$1,138,386	\$1,196,060	\$80,641
Funding					
<i>City Funds</i>	NA	\$193,710	\$191,286	\$210,829	\$17,119
<i>Other Categorical</i>	NA	91,642	91,432	101,588	9,946
<i>Capital- IFA</i>	NA	10,784	10,784	8,928	(1,856)
<i>State</i>	NA	44,877	48,619	44,805	(73)
<i>Federal - Other</i>	NA	3,200	47,058	2,000	(1,200)
<i>Intra City</i>	NA	771,205	749,207	827,910	56,704
TOTAL	\$1,117,604	\$1,115,419	\$1,138,386	\$1,196,060	\$80,641
Fulltime Positions					
Facilities Mgmt & Construction	1,108	1,184	1,195	1,211	27
Municipal Supply Services	137	116	121	127	11
Energy Conservation	24	23	32	23	0
Exec. & Fin. Admin. Services	229	218	208	213	(5)
Personnel Services	249	241	241	222	(19)
Admin & Security	93	102	102	102	0
Real Estate Services	99	101	101	101	0
Communications	18	18	18	18	0
Board of Standards & Appeals	17	17	17	17	0
TOTAL	1,974	2,020	2,035	2,034	14

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

The Fiscal 2013 Executive Budget for DCAS reflects an \$80.6 million increase when compared to the Fiscal 2012 Adopted Budget. The increase can be largely attributed to a \$61.6 million increase to the City's Heat, Light and Power Budget, as well as an \$8.5 million increase for citywide leases.

Funding for the Division of Facilities Management and Construction accounts for 86.8 percent of DCAS' entire budget. The majority of this funding is dedicated to paying the heat, light and power bills for all City agencies, most of which are funded through intra-city transfers. In Fiscal 2011, the City's heat, light and power expenditures totaled \$769.7 million.

Budgeted headcount for Fiscal 2013 is impacted by multiple financial plan actions, including those in the Department's Fiscal 2013 Program to Eliminate the Gap (PEG) that would eliminate 22 positions through both attrition and lay-offs. However, variances in the Department's headcount

can be attributed to not only PEGs, but also inter-fund agreements, functional transfers, and other technical headcount modifications that readjust the Department's headcount without increasing expenditures. The net effect of all these actions result in a slight increase in the Department's overall headcount.

Federal funding, including a \$41.3 million Energy Efficiency Block Grant that was part of the American Recovery and Reinvestment Act, accounts for the spike in the Department's current Fiscal 2012 budget (2012 Exec. Plan column). Any unused federal funds in the current fiscal year will most likely be rolled into Fiscal 2013.

Citywide Heat, Light and Power

Funding for citywide heat, light and power expenditures is managed in the Department's Facilities Management and Construction Division OTPS budget. The chart below breaks out the various funding sources that comprises the City's Heat, Light and Power Budget. Other Categorical funds, approximately \$99 million in Fiscal 2013, represent reimbursements from the Health and Hospitals Corporation for heat, light and power expenses. Intra-city funds, which account for 84.4 percent of the entire heat, light and power budget for Fiscal 2013, represent transfers from other agencies. City funds go primarily toward paying expenditures related to City-owned facilities and is managed directly by DCAS.

HEAT, LIGHT, AND POWER FIVE-YEAR FUNDING ANALYSIS							
Funding Source	Actual 2008	Actual 2009	Actual 2010	Actual 2011	Adopted 2012	Current Mod 2012*	Fiscal 2013 Exec
City	\$31,881,508	\$36,694,767	\$32,153,089	\$25,364,347	\$34,294,423	\$24,427,968	\$36,072,201
Other Cat	\$84,049,148	\$91,464,798	\$86,730,987	\$89,196,928	\$88,984,633	\$88,242,433	\$98,930,634
State	\$368,580	\$366,759	\$422,896	\$423,348	\$435,979	\$434,238	\$435,979
Intra-City	\$577,154,313	\$639,321,674	\$634,208,075	\$654,734,876	\$685,091,493	\$647,151,773	\$734,976,123
Total	\$693,453,549	\$767,847,998	\$753,515,047	\$769,719,499	\$808,806,528	\$760,256,412	\$870,414,937

Total spending on heat, light and power has fluctuated over the last several years. When compared to Fiscal 2008 actual expenditures, the Fiscal 2013 Executive Budget for heat, light, and power has increased by approximately \$176.9 million (25.5 percent).

Since Adoption, the City's Heat, Light and Power Budget for Fiscal 2012 has been lowered by \$48.5 million due to an unusually warm winter which led to a reduction of the City's energy consumption. In the Executive Plan, the Fiscal 2013 Heat, Light and Power Budget is increased by \$61.6 million. The increase can be attributed to additional funding for the Health and Hospital Corporation (\$10 million), cultural institutions (\$8.5 million) and the Department of Environmental Protection (\$41 million). The DEP has since recognized a forecasting error and its heat, light and power budget will be adjusted downward by approximately \$33 million before Adoption.

21st Century Civic Center Plan

The 21st Century Civic Center Plan is the City's plan to sell City-owned buildings, while consolidating and renovating leased and existing City-owned space. Currently, there are three properties to be sold and the City anticipates more than \$100 million for the capital budget, \$100 million in private sector tax revenue and cost savings over the next 20 years by converting the public buildings to private buildings.

Buildings To Be Sold (EDC sale through RFP on behalf of DCAS)

- **22 Reade Street** - Estimated Value: \$8 million
- **49-51 Chambers Street** - Estimated Value: \$44 million
- **346 Broadway** - Estimated Value: \$73 million

City Agency Office Relocations

- 11 office relocations to City-owned space
- 5 office relocations to leased space
- 2 office relocations to be determined

The Fiscal 2013 Executive Capital Plan includes planned commitments totaling approximately \$110.5 million for projects associated with the 21st Century Civic Center Plan. The funding will be used for agency relocation, renovation of leased spaces and the rehabilitation of the buildings to be sold. Additionally, the Executive Plan includes baseline expense funding of \$9.6 million beginning in Fiscal 2014 for leases for offices that are scheduled to be relocated.

Fiscal 2013 Executive Budget Actions

The Fiscal 2013 Executive Plan increases the Department's budget by \$74 million primarily due to an increase in City's heat, light and power expenditures.

DCAS Budget Actions in the Executive Plan						
<i>Dollars in Thousands</i>	FY 2012			FY 2013		
	City	Non-City	Total	City	Non-City	Total
DCAS Budget as of FY13 Prelim Plan	\$200,015	\$979,201	\$1,179,216	\$203,690	\$918,366	\$1,122,056
Program to Eliminate the Gap (PEGs)						
			\$0			\$0
TOTAL, PEGs	\$0	\$0	\$0	\$0	\$0	\$0
New Needs						
Auto Auction Vendor Fees	\$350		\$350	\$1,474		\$1,474
Civic Center Plan	1,103		1,103	1,220		1,220
Lighting Resource Center OTPS Needs			0	400		400
Staten Island Courthouse OTPS Needs			0	881		881
TOTAL, New Needs	\$1,453	\$0	\$1,453	\$3,975	\$0	\$3,975
Other Adjustments						
Heat, Light & Power Adjustment	(\$9,866)	(\$38,202)	(\$48,068)	\$1,777	\$59,831	\$61,608
Lease Adjustment			0	988	7,515	8,503
Misc City Adjustments	(317)		(317)	399		399
Other Categorical Grants and Adjustments		126	126			0
Federal Funding		3,575	3,575			0
Intra-City Adjustments		2,400	2,400		(482)	(482)
State Adjustments			0			0
TOTAL, Other Adjustments	(\$10,183)	(\$32,101)	(\$42,284)	\$3,164	\$66,864	\$70,028
TOTAL, All Changes	(\$8,730)	(\$32,101)	(\$40,831)	\$7,139	\$66,864	\$74,003
DCAS Budget as of FY13 Exec. Plan	\$191,285	\$947,100	\$1,138,385	\$210,829	\$985,230	\$1,196,059

New Needs

- Auto Auction Vendor Fees.** The Executive Plan includes \$350,000 in Fiscal 2012 and \$1.5 million in fees for the vendor who conducts the City's auto auctions. The vendor contract is tied to revenues generated and is adjusted accordingly. DCAS is projected to generate \$10.1 million in Fiscal 2012 and \$7.7 million in Fiscal 2013 through the auction of City-owned vehicles.
- 21st Century Civic Center Plan New Needs.** The Executive Plan includes a proposal to add four positions for the administration of the 21st Century Civic Center Plan, providing baseline funding of \$390,000 beginning in Fiscal 2013. OTPS funding to administer the plan includes \$1 million in Fiscal 2013, \$830,000 in Fiscal 2014 and \$21,000 in Fiscal 2015.

- ☑ **Staten Island Courthouse OTPS New Needs.** The Executive Plan provides baseline OTPS funding of \$881,465 for the new Staten Island Supreme Court complex beginning in Fiscal 2013. The funds will be used for general building maintenance.
- ☑ **Lighting Resource Center.** The Executive Plan includes an additional \$400,000 in Fiscal 2013 for the Division of Energy Conservation's Lighting Resource Center. The Center is responsible for coordinating the City's lighting replacement program.

Other Adjustments

- ☑ **Lease Adjustment.** As the City renegotiates its leases, costs are generally increased. In the Executive Plan, DCAS' budget increases by \$8.5 million in Fiscal 2013 and \$7.6 million in Fiscal 2014 and in the outyears for additional lease costs.

DCAS Capital Budget Summary

The Executive Capital Commitment Plan includes \$2.4 billion in Fiscal 2012-2016 for DCAS. This represents 6.1 percent of the City's total \$39.52 billion Executive Plan for Fiscal 2012-2016. Compared to the Preliminary Commitment Plan, DCAS' Executive Commitment Plan for Fiscal 2012-2016 increases by \$42 million or 1.8 percent.

The majority of capital projects span multiple fiscal years and it is common practice for an agency to roll unspent capital funds from the current fiscal year into future fiscal years. Therefore, it is assumed that a significant portion of the agency's Fiscal 2012 Capital Plan will be rolled into Fiscal 2013, thus increasing the size of the Fiscal 2013-2016 Capital Plan.

DCAS 2012-2016 Commitment Plan: Preliminary and Executive Budget

Dollars in Thousands

	FY12	FY13	FY14	FY15	FY16	Total
Prelim						
Total Capital Plan	\$1,123,527	\$715,932	\$204,308	\$158,883	\$158,306	\$2,360,956
Exec.						
Total Capital Plan	\$884,001	\$972,374	\$223,655	\$160,930	\$162,505	\$2,403,465
Change						
Level	(\$239,526)	\$256,442	\$19,347	\$2,047	\$4,199	\$42,509
Percentage	-21.3%	35.8%	9.5%	1.3%		1.8%

Capital Program Overview

DCAS' Capital Program includes the budgets of Citywide Equipment and Financing (PU), Public Buildings (PW), Courts (CO), and Real Estate Services (RE). Although the funding is in DCAS' Capital Program, many projects are managed by other City agencies. The chart below breaks out the capital budgets that comprise DCAS' Capital Program.

DCAS Executive Capital Commitment Plan for Fiscal 2012-2016

Dollars in Thousands

	2012	2013	2014	2015	2016	2012-2015
Citywide Equipment & Financing (PU)	\$415,799	\$432,158	\$128,840	\$80,840	\$63,840	\$1,121,477
Public Buildings (PW)	\$362,760	\$461,465	\$64,644	\$37,407	\$59,182	\$985,458
Courts (CO)	\$100,832	\$76,000	\$28,566	\$39,441	\$36,147	\$280,986
Real Estate Services (RE)	\$4,610	\$2,751	\$1,605	\$3,242	\$3,336	\$15,544
TOTAL	\$884,001	\$972,374	\$223,655	\$160,930	\$162,505	\$2,403,465

Planned Commitments for Fiscal 2012-2016

In the Executive Capital Plan, planned commitments for DCAS' combined capital budget (PW, PW, CO, RE) for Fiscal 2012-2016 increase by \$42.5 million.

Significant changes in the Executive Plan that lead to this net increase include:

- New planned commitments totaling \$25 million for the renovation of the City Hall rotunda;

- New planned commitments totaling \$27 million for the renovation of leased space for offices that will be relocated as part of the 21st Century Civic Center Plan. Planned commitments totaling \$110.5 million are allocated for projects related to the plan;
- A decrease of \$5.1 million in planned commitments related to renovations at the Municipal Building; and
- A decrease of \$4.7 million in planned commitments for the citywide fuel management system.

Funding for other large-scale DCAS projects in the Executive Capital Plan for Fiscal 2012-2015 include the following.

- Planned commitments totaling approximately \$436.2 million for energy efficiency capital projects citywide remain in the Plan. The majority of this funding (\$296.3 million) resides in a lump sum project line that operates as a holding code. Funding is transferred from this line as needs are identified. (PU)
- Planned commitments totaling approximately \$213 million for Citywide Administrative Systems. This funding resides in a lump sum project line. (PU)
- Planned commitments totaling approximately \$129.1 million for over 130 Council-supported projects, with a large portion allocated for non-City owned facilities. (PW)
- The Executive Capital Plan includes planned commitments totaling approximately \$288.4 million for the reconstruction and rehabilitation of Court Facilities. (CO)
- Planned commitments of approximately \$100 million for DoITT's backup facility and Data Center build-out related to its new consolidated Data Center that will house technology infrastructure for more than 40 City agencies, and which is projected to reduce City expenditures by \$100 million over the next five years. (PW)
- Planned commitments totaling approximately \$142 million are allocated for EDP equipment and infrastructure. This funding resides in two lump sum project lines (current year, out year). (PU)
- Planned commitments totaling approximately \$69 million are allocated for FISA EDP equipment and infrastructure. This funding also resides in two project lines (current year, out year). (PU)
- Planned commitments totaling approximately \$43 million for CityTime, a secure web-based time and attendance system for over 80 City agencies. (PU)
- Planned commitments totaling approximately \$25.7 million for the Financial Management System (FMS). (PU)
- Planned commitments totaling approximately \$23.3 million for NYCAPS, employee self-service software that allows instant access to human resources, payroll, tax and benefits data. (PU)
- Planned commitments totaling approximately \$15.5 million for the rehabilitation of DCAS-managed properties, the majority of which goes toward pier and bulkhead reconstruction. (RE)

Appendix 1: Budget Actions in the November, Prelim. & Exec. Plans

<i>Dollars in Thousands</i>	FY 2012			FY 2013		
	City	Non-City	Total	City	Non-City	Total
DCAS Budget as of Fiscal 2012 Adopted Plan	\$193,711	\$921,709	\$1,115,420	\$206,216	\$918,410	\$1,124,626
Program to Eliminate the Gap (PEGs)						
Energy Savings from Retrofit Projects			\$0	(\$1,461)		(\$1,461)
Photocopier Cost Containment	(523)		(523)	(122)		(122)
Reduce 3rd Party Trucking Service @ Storehouse			0	(132)		(132)
Lease Audit Payment Recoveries	(750)		(750)			0
OCME Training Reduction			0		(10)	(10)
Agency Broadbanding of Managerial Vacancies			0	(485)		(485)
Administrative Staff Sharing			0	(159)		(159)
Elimination of 16 Positions via Attrition			0	(881)		(881)
TOTAL, PEGs	(\$1,273)	\$0	(\$1,273)	(\$3,240)	(\$10)	(\$3,250)
New Needs						
Firefighter Exam Consultant	\$4,190		\$4,190			\$0
DEC Consent Order	216		216			0
MCMS Maintenance & Support	772		772			0
Generators/Hurricane Irene	6		6			0
Hurricane Irene PS	71		71			0
Hurricane Irene OTPS	7		7			0
Family Justice Center - Mn			0	14		14
Auto Auction Additional Revenue	350		350	1,474		1,474
Civic Center Plan	1,103		1,103	1,220		1,220
Lighting Resource Center			0	400		400
Staten Island Courthouse			0	881		881
PEG Restoration: City Record Printing	1,100		1,100			0
TOTAL, New Needs	\$7,815	\$0	\$7,815	\$3,989	\$0	\$3,989
Other Adjustments						
Heat, Light & Power Adjustment	(\$9,866)	(\$38,202)	(\$48,068)	\$1,777	\$59,831	\$61,608
Lease adjustment			0	988	7,515	8,503
Misc City Adjustments	898		898	1,099		1,099
Other Categorical Grants and Adjustments		532	532			0
Federal Funding		43,859	43,859			0
Intra-City Adjustments		15,459	15,459		(482)	(482)
State Adjustments		3,743	3,743		(34)	(34)
TOTAL, Other Adjustments	(\$8,968)	\$25,391	\$16,423	\$3,864	\$66,830	\$70,694
TOTAL, All Changes	(\$2,426)	\$25,391	\$22,965	\$4,613	\$66,820	\$71,433
Agency Budget as of Fiscal 2013 Executive Plan	\$191,285	\$947,100	\$1,138,385	\$210,829	\$985,230	\$1,196,059