

# Department of Sanitation (DSNY)

## PRELIMINARY BUDGET HIGHLIGHTS

- **Recycling Initiatives under the Solid Waste Management Plan Funded.** The 2008 Preliminary Budget provides additional funding for the new Office of Recycling Outreach and Education (OROE), and funds a pilot program placing recycling bins in public places in 2007.
- **Personnel Actions.** Collective bargaining agreements add \$18.8 million a year to the DSNY budget in 2007 and 2008. The budget also provides funding for an additional 64 supervisor positions.
- **Waste Disposal Contingency.** Due to regulatory delays in the Fresh Kills closure plan, and to continuing negotiations for long-term export contracts, the Financial Plan adds a \$15 million contingency fund to the 2008 budget, growing to \$115 million by 2011.

## EXPENSE BUDGET

**Agency Overview.** The Department of Sanitation preliminary budget for 2008 projects a slight (1.6 percent) increase over 2007 current modified levels, to \$1,249.7 million. This would follow a \$134.8 million (12.3 percent) increase for the current year over 2006.

### Effects of Key Budget Proposals

**Office of Recycling Outreach and Education.** The 2008 Preliminary Budget provides a total of \$1.06 million in 2008 and beyond for the new Office of Recycling Outreach and Education, created as a condition for approval by the City Council of the Solid Waste Management Plan (SWMP), which was given state approval last November. The Office is housed within the Mayor's Council on the Environment, and will assume responsibility for policy and program development, education, expansion, enforcement, and other initiatives to promote recycling.

**Public Recycling Pilot Program.** The department included \$250,000 in 2007 for a pilot program to place recycling bins in public places such as parks, transportation hubs, and pedestrian-heavy streets. If the program is deemed successful it will be continued in future years.

**Collective Bargaining.** Settlement of contracts with the

Uniformed Sanitation Officers Association, representing sanitation workers, and other DSNY unions, will add \$18.8 million to annual costs this year and next.

**Supervisor Positions.** The Preliminary Budget provides \$271,000 in 2007, growing to \$1.4 million in 2008, to fund 64 new uniformed supervisory positions in the agency's collection and cleaning division. The department expects this action to reduce overtime spending; it also expects to realize productivity savings by increasing the number of collection trucks covered by each supervisor from six to seven.

**Waste Disposal Contingency.** Although waste export contracts are budgeted for modest growth in the 2008 budget (to \$296.0 million, from \$290.3 million this year), long-term waste export contracts are still under negotiation, leaving the eventual cost per ton to ship the city's waste to landfills and incinerators outside the city still unknown. In addition, state regulators have been slow to provide final approval of the city's closure and remediation plans for the Fresh Kills landfill, leading to delays and uncertainty about the ultimate cost of this as well. As a result, the 2008 Preliminary Budget provides a \$15 million contingency in the waste disposal budget, rising to \$50 million in 2009, \$80 million in 2010, and \$115 million in 2011.

### Agency Programs

**Collection and Cleaning.** The department's principal costs are for the collection of refuse and recycling citywide, and for street cleaning operations. Spending for this function in 2007 is set to rise by 9.2 percent over the 2006 level, to \$586.1 million, with a slight decline to \$581.7 million in 2008. The number of uniformed sanitation workers has risen over the last two years, from 7,619 at the end of 2005 to 7,917 as of December 31, 2006, while salary increases have also gone into effect—resulting in an increase of \$60.5 million agencywide since 2005 for wages for uniformed workers (excluding overtime and other pay differentials). Ninety-seven percent of agency uniformed personnel work in cleaning and collection.

**Rising Fuel Costs.** Increases in the area of "agency administration and support" largely reflect growth in the agency's motor vehicle fuel costs, and in heat, light, and power. Spending for motor vehicle fuel has risen 44 percent since 2005, to \$27.7 million agencywide in 2007.

**Recycling.** As part of its approval of the Solid Waste

<b>Department of Sanitation (DSNY)</b>				
<i>Budget by agency programs</i>				
	<b>2005</b>	<b>2006</b>	<b>2007 Current Modified</b>	<b>2008 Preliminary</b>
<b>Cleaning and Collection Operations</b>				
Executive Administration*	\$39,936,424	\$41,571,974	\$181,287,775	\$177,143,422
Collection, Street Cleaning, and Field Support*	440,963,964	475,927,486	386,920,347	386,920,347
Lot Cleaning	11,297,606	12,064,549	13,629,332	13,425,857
Safety & Training, Aux.				
Field Force, Derelict Vehicle Ops.	6,599,546	7,210,402	4,231,989	4,231,989
<b>Total, Cleaning and Collection</b>	<b>\$498,797,541</b>	<b>\$536,774,411</b>	<b>\$586,069,443</b>	<b>\$581,721,615</b>
<b>Recycling</b>				
Metal, Glass and Plastic Processing Fees	12,707,229	12,978,464	14,228,565	15,000,000
Office of Recycling Outreach and Education	-	-	665,713	1,061,600
<b>Total, Recycling</b>	<b>\$25,816,625</b>	<b>\$25,150,598</b>	<b>\$28,068,531</b>	<b>\$27,634,889</b>
<b>Waste Disposal</b>				
Waste Management Facilities & Long Term Export	\$5,665,459	\$6,360,308	\$8,247,878	\$6,882,671
Waste Disposal Operations				
Bureau of Waste Disposal				
Operations & General	14,508,142	14,665,232	19,469,442	19,151,679
Waste Export Contracts	258,460,214	270,231,555	290,287,885	296,013,828
Transfer Stations	4,425,288	4,761,896	7,803,159	7,803,159
Landfill Closure Operations	17,447,034	16,224,212	44,575,000	52,191,801
Waste Disposal & Landfill Closure Contingency	-	-	-	15,000,000
<i>Subtotal, Waste Disposal Operations</i>	<i>\$294,840,677</i>	<i>\$305,882,895</i>	<i>\$362,135,486</i>	<i>\$390,160,467</i>
<b>Total, Waste Disposal Operations</b>	<b>\$300,506,136</b>	<b>\$312,243,204</b>	<b>\$370,383,364</b>	<b>\$397,043,138</b>
<b>Enforcement</b>	<b>\$11,115,272</b>	<b>\$11,596,138</b>	<b>\$17,511,806</b>	<b>\$16,467,823</b>
<b>Agency Administration &amp; Support</b>				
Agency Administration	\$70,421,062	\$80,532,985	\$92,721,330	\$91,639,422
Community Services	1,584,221	1,615,667	1,860,189	1,860,189
Bureau of Building Management	14,252,019	16,222,082	17,162,875	17,382,332
Bureau of Motor Equipment	68,771,726	71,919,753	78,911,492	80,334,858
<b>Total, Agency Admin &amp; Support</b>	<b>\$155,029,028</b>	<b>\$170,290,487</b>	<b>\$190,655,886</b>	<b>\$191,216,801</b>
<b>Snow Removal</b>	<b>\$43,681,151</b>	<b>\$38,838,842</b>	<b>\$36,969,018</b>	<b>\$35,646,381</b>
<b>GRAND TOTAL, DSNY</b>	<b>\$1,034,945,754</b>	<b>\$1,094,893,681</b>	<b>\$1,229,658,048</b>	<b>\$1,249,730,647</b>
<b>Full-time Staffing</b>	<b>9,531</b>	<b>9,698</b>	<b>9,992</b>	<b>10,084</b>
Uniformed	7,619	7,733	7,917	7,775
Civilian	1,912	1,965	2,075	2,309

SOURCES: IBO; Mayor's Office of Management and Budget.

NOTE: \*Overtime and other pay differentials are budgeted centrally under Executive Administration, and transferred as needed to Cleaning and Collection to cover actual expenses.

Management Plan last year, the City Council created a new Office of Recycling Outreach and Education, housed outside of the sanitation department, to promote recycling efforts in the city. Since the recycling program was partially suspended in 2003, the diversion rate—the share of the total waste stream handled by DSNY that gets recycled—has not completely

returned to its pre-suspension level. With the price of waste export rising, an increase in the recycling diversion rate may help lower the city's total bill for waste management as the differential in the cost per ton for handling recycling versus exported waste narrows. The new office will develop policies and programs to promote recycling, undertake outreach and

<b>Sanitation and Recycling Violations and Fines Paid</b>				
	2003	2004	2005	2006
<b>Violations Issued</b>				
Sanitation	360,957	304,111	278,833	376,378
Recycling	107,013	107,064	125,861	143,902
<b>Total</b>	<b>467,970</b>	<b>411,175</b>	<b>404,694</b>	<b>520,280</b>
<b>Penalty Payments Received</b> <i>Dollars in millions</i>				
Sanitation	\$16.5	\$21.6	\$21.1	\$28.7
Recycling	2.2	2.5	2.7	3.2
<b>Total</b>	<b>\$18.8</b>	<b>\$24.1</b>	<b>\$23.8</b>	<b>\$31.9</b>

SOURCES: IBO; Environmental Control Board.

education initiatives, and advocate for recycling expansion and enforcement of recycling laws. The office is funded at \$666,000 this year, and \$1.06 million annually beginning in 2008.

The city pays a fee to its vendor, Hugo Neu, for its metal, glass, and plastic recyclables. In 2005 the city paid \$51 per ton from July through March, then \$53 per ton through June. The price rose to \$55 per ton in April 2006, and rises to \$57 this year. In contrast, the city receives revenue for recycled paper, although the average price has fallen from \$16 per ton in 2005 to under \$10 per ton in 2006; with the Bloomberg Administration apparently anticipating a similar price this year and in 2008.

*Waste Disposal.* Waste export contracts, which rose 7 percent in 2007 (from \$270.2 million to \$290.3 million) as the result of renegotiating several contracts, are budgeted for modest growth of less than 2 percent in 2008, to \$296.0 million. The department is still in the process of negotiating long-term waste export contracts, and the final prices and annual escalation factors are not yet settled.

The state Department of Environmental Conservation has delayed final approval of the city's plans for closing the Fresh Kills site, raising concerns about the city's long-term monitoring plan. This year the department has budgeted \$44.6 million for closure construction and monitoring, and \$52.2 million next year.

To address the uncertainties around long-term export costs and the ultimate cost of closing and environmental monitoring at Fresh Kills, the 2008 Preliminary Budget provides a \$15 million contingency in the waste disposal budget, which rises

to \$50 million in 2009, \$80 million in 2010, and \$115 million in 2011.

In addition to export contracts, the cost of operating the city's waste transfer stations will rise by \$1.5 million this year, to \$7.8 million, to reflect the opening of the Staten Island Transfer Station in November, 2006.

*Enforcement.* The 2007 budget funded 58 new sanitation enforcement agents, to reduce illegal dumping, increase recycling, and strengthen enforcement of compliance with city sanitation laws. Budgeted 2007 spending for enforcement is \$17.5 million (including \$980,000 for vehicle purchases), more than 50 percent above 2006 spending of \$11.6 million. The Preliminary Budget provides \$16.5 million for enforcement.

Issuance of sanitation and recycling violations had already increased substantially in 2006, after declines in 2004 and 2005. Even with the decline in issuance, the doubling of penalties for sanitation violations brought in more revenue.

## CAPITAL BUDGET

*Agency Overview.* Planned capital commitments for the Department of Sanitation over the next four years total \$1.5 billion—more than three times the \$512 million committed over the last four years.

The largest component of the plan—\$600.8 million—is devoted to construction, reconstruction, and site acquisition for sanitation garages, including \$172.3 million for construction of a new garage on East 73<sup>rd</sup> Street in Manhattan and \$172.0 million for the new Westside garage for districts 1, 2 and 5. Funding is also included for construction of the district 3/3A garage in Brooklyn (\$47.6 million), and for site acquisition (\$112.8 million). Finally, the plan provides \$62.0 million for reconstruction and improvements to existing garages and other facilities.

<b>Recycling Tonnage and Revenues/(Costs)</b>				
	2005	2006	2007	2008
<b>Paper</b>				
Tons	415,083	398,908	n.a.	n.a.
Revenue	\$6,654,533	\$3,929,425	\$3,600,000	\$3,600,000
<b>Metal, Glass, and Plastic</b>				
Tons	246,637	242,568	n.a.	n.a.
Processing Fees	(\$12,707,299)	(\$12,978,464)	(\$14,228,565)	(\$15,000,000)

SOURCES: IBO; Department of Sanitation.  
NOTE: 2007 and 2008 are budgeted.

The department replaces its collection trucks and other vehicles on a regular cycle. The commitment plan provides \$485 million for replacement of trucks and other vehicles over the next four years.

With the approval of the Solid Waste Management Plan last November, the department has begun the design and construction of the four marine transfer stations authorized in the SWMP. Construction costs range from \$79 million (East

91<sup>st</sup> Street) to \$92 million (Hamilton Avenue, Brooklyn), and total \$367 million, including an \$18 million contract for construction management. The commitment plan also provides \$33.6 million for development of the Southwest Brooklyn recycling facility to be built and operated by Hugo Neu.

Other costs include development of the Fresh Kills end-use plan (\$7.1 million), and acquisition of new radio and computer equipment, for \$59.0 million.