



THE CITY OF NEW YORK  
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**Testimony of George Sweeting**  
**Deputy Director of the New York City Independent Budget Office**  
**To the New York City Council Committees on Recovery and Resiliency and Finance**  
**On Expenditure and Reimbursement of Federal Funds Related to Superstorm Sandy**

**April 9, 2014**

Good morning Chair Treyger, Chair Ferreras and Council Members. I am George Sweeting, deputy director of the New York City Independent Budget Office. Thank you for this opportunity to testify on the expenditure and reimbursement of federal funds in relation to Superstorm Sandy.

Superstorm Sandy wreaked extensive damage in many of the city's coastal neighborhoods, affecting thousands of residents and business owners. Rebuilding those neighborhoods and undertaking resiliency efforts will take years, as will the federal reimbursement of city funds. My testimony focuses on those federal funds flowing through the city's expense budget.

The city recognizes \$1.6 billion in federal revenue that it expects to receive as reimbursements for approved fiscal year 2013 expenditures and \$1.1 billion more for 2014. Actual receipt of reimbursements through June 30, 2013 was less: \$807 million of the 2013 total. Presumably some of the remaining revenue will be received during 2014 and a clearer picture of federal reimbursements should be available once the 2014 accounting is complete. Additionally, the city expects significant federal reimbursement for capital work related to the storm. We provide a brief breakdown of the capital commitments in 2013 and planned capital spending, although federal reimbursement for these costs is not expected until projects are completed.

There are a number of other important sources of assistance helping recovery efforts in the city, including insurance proceeds and other funds flowing directly to homeowners and businesses who suffered damage following the storm, funds spent by New York State in the city, and funds going to the Metropolitan Transportation Authority and the Port Authority of New York and New Jersey. However, because these do not flow through the city's budget, I will not be discussing them today.

The city's expense budget is counting heavily on two sources of federal recovery and rebuilding funds. Each differs somewhat in purpose, rules, and extent of assistance received so far. In the immediate aftermath of the storm the first federal funds that the city received were Federal Emergency Management Agency (FEMA) public assistance funds. These funds flow to agencies to reimburse the city for costs associated with recovery, clean-up, and rebuilding. The second primary source of federal assistance is the Disaster Recovery Community Development Block Grant (CDBG-DR). Two allocations of CDBG-DR have already been announced and will provide significant resources for rebuilding. In addition

to these two sources, the city received funds from the National Emergency Grant program to hire displaced workers for the recovery efforts and some emergency transportation funds. Table 1 summarizes these sources, as well as the other smaller revenue sources that the city has counted as Sandy revenue.

<b>Federal Sandy Recovery and Rebuilding Revenue Sources in New York City Expense Budget</b>				
<i>Dollars in thousands</i>				
Revenue Source	2013		2014 Anticipated	Two Year Total
	Recognized	Realized		
FEMA PA	\$1,231,932	\$598,927	\$229,129	\$1,461,060
CDBG DR	367,195	183,094	824,029	1,191,224
National Emergency Grant	20,698	20,698	16,231	36,929
Federal Transportation Admin	9,123	3,425	-	9,123
Federal Highway Emergency	3,600	-	8,907	12,507
Rapid Response	429	429	41	470
Urban Search and Rescue	35	35	-	35
<b>Total Federal Sources</b>	<b>\$1,633,011</b>	<b>\$806,607</b>	<b>\$1,078,336</b>	<b>\$2,711,347</b>
SOURCE: Financial Management System				
<i>New York City Independent Budget Office</i>				

**Federal Emergency Management Agency Public Assistance.** FEMA is the federal government’s first responder for disasters such as Superstorm Sandy. In the wake of the storm, FEMA provided individual assistance to thousands of New Yorkers. FEMA is also reimbursing city agencies for their costs through the FEMA Public Assistance program (FEMA PA). For 2013 and 2014, the city expects to receive a total of just under \$1.5 billion in FEMA PA aid. For 2013, the city recognized \$1.2 billion in FEMA public assistance revenue that it expects to collect; as of the end of the fiscal year just under half (\$600 million) had been realized. As noted earlier, some of the remaining amount has presumably been received in this fiscal year. Another \$229 million is expected to be recorded and received in 2014.

The uses of the FEMA PA money are shown in the appendix table. I will highlight a few. The city recognized \$187 million for debris removal in 2013 and has received nearly all of it—\$156 million. An additional \$17 million for debris removal is expected in 2014. These costs were some of the earliest to be incurred and therefore a larger share of the revenue has been realized. As would be expected, the Department of Sanitation was the largest recipient with \$120 million recognized in 2013 and over \$100 million in revenue realized. The parks department, which was responsible for clean-up at city beaches and parks damaged in the storm, recognized \$40 million in FEMA revenue for debris removal, of which \$33 million was realized by June 2013. Other agencies receiving debris removal revenue in excess of \$1 million in 2013 include the departments of design and construction, fire, transportation, and environmental protection.

The largest category of FEMA public assistance aid to the city is for emergency protective measures. These funds are used for emergency actions during and after the storm to protect lives, health and property and the city recognized \$939 million in revenue in 2013, of which \$438 million has been received. An additional \$157 million is expected this year. The Department of Environmental Protection, which implemented the Rapid Repairs program, recognized \$491 million of this revenue in 2013 (with \$179 million realized) and expects another \$79 million this year. The police department recognized \$140 million last year, with \$126 realized, and expects an additional \$5 million. The Health and Hospitals Corporation recognized \$80 million in expenses (\$66 million received) and expects \$3 million in additional funds.

Another large category of FEMA PA funds is for repairs to buildings and equipment. The city recognized \$28 million in 2013 and expects an additional \$37 million this year. Just under \$2 million of the revenue recognized in 2013 had been received by the end of June 2013. Not surprisingly, because many agencies suffered damage from Sandy, these funds are spread over 31 city agencies. FEMA is expected to reimburse the city with nearly \$70 million for utilities, mainly \$66 million to the Department of Environmental Protection. Most of the funds were recognized in 2013, although less than \$2 million was realized by the end of the fiscal year.

The remaining categories of FEMA public assistance aid are for parks and recreational facilities, water control facilities and roads and bridges. In 2013, the city recognized \$9 million for parks and expects another \$16 million this year (almost entirely through the parks department). The roads and bridges category has \$2 million expected in 2013 and 2014 with \$804,000 received so far.

**Community Development Block Grant Disaster Recovery Funds.** The city is receiving more than \$3.2 billion from the first two tranches of Disaster Recovery Community Development Block Grant funds. The first allocation was in March 2013 for \$1.8 billion and the second in November 2013 for \$1.4 billion. Because the city is awaiting approval for their amended Action Plan reflecting the second award, the city's financial systems only reflect the first award, and even that has not been fully processed in the system. A third tranche is also expected.

<b>Community Development Block Grant Disaster Relief (First Tranche) Expenditures in Agency Budgets</b>			
<b>Agency</b>	<b>2013 Expenditure</b>	<b>2014 Expenditures</b>	
		<b>Anticipated</b>	<b>Actual</b>
HHC	\$183,000,000	\$0	\$0
Environmental Protection	0	367,022,269	908,906
Small Business Services	0	362,724,257	2,347,609
Social Services	0	50,000,003	9,226,487
Housing Preservation & Development	6,970	26,084,200	2,717,399
Investigations	0	8,000,000	0
DOITT	610,415	7,254,373	627,411
Mayorality	68,116	2,542,783	1,580,685
City Planning	0	373,395	52,552
<b>Total</b>	<b>\$183,685,501</b>	<b>\$824,001,280</b>	<b>\$17,461,050</b>
SOURCE: Financial Management System			
<i>New York City Independent Budget Office</i>			

Unlike the FEMA funds, which are shown in the city's financial system as revenue in individual agencies, CDBG-DR revenue is shown as revenue of the Mayorality. This can make it harder to trace to specific programs. Last year, the city recognized \$367 million in CDBG-DR funds and \$183 million had been received as of June 2013. An additional \$824 million, for a total of \$1.9 billion, is expected this year and \$12 million in 2015. Table 2 provides some breakdown on the uses of the CDBG-DR money by looking at the expenses funded with the revenue.

The largest expenditure in the city's budget for the CDBG-DR funds is \$183 million for the Health and Hospitals Corporation in 2013. The Department of Information Technology and Telecommunications spent \$610,000 in 2013 to establish the Housing Recovery Office. Additionally, personnel costs in 2013 were \$68,000 in the Mayor's office and \$7,000 at the Department of Housing Preservation and Development.

The city has booked just \$17 million in CDBG-DR funded expenditures so far in 2014, out of a total of \$824 million planned for the year. The Department of Social Services spent \$9 million on contract costs associated with a case management system for the Housing Recovery office. The housing department has spent \$3 million so far this year, with about \$550,000 for rental voucher payments. Another \$2 million was spent by the Department of Small Business Services which is administering a business loan and grant program. The Department of Environmental Protection has spent \$909,000 for costs associated with the Housing Recovery Office costs, and an additional \$606,000 has been spent through DOITT for the Housing Recovery office.

**Capital Spending for Recovery.** In addition to the funds reflected in the city's operating budget, the capital plan includes about \$2.8 billion for Sandy capital projects (excluding contingency amount and interfund agreements). The city committed \$417 million in capital funds in 2013 and plans to commit

another \$2.0 billion this year. Another \$360 million and \$1.5 billion are planned for 2015 and 2016, respectively.

Health and Hospitals Corporation capital commitments total \$712 million from 2013 through 2015, with more than \$650 million planned in 2014. Three hospitals that sustained major damage in the storm are now seeing significant capital spending. These are: Bellevue Hospital (\$158 million), Coney Island Hospital (\$118 million), and Coler Memorial (\$113 million). Another \$269 million is in the capital plan for corporation-wide reconstruction that has not been allocated to specific facilities.

The Department of Parks and Recreation has \$681 million in actual and planned commitments with \$224 million committed in 2013. Most of the funds, over \$500 million, are for repairs to storm-damaged beaches.

The transportation department has actual and planned commitments of \$678 million; just \$14 million was committed in 2013. Resurfacing and reconstruction of streets is the most costly item, at about \$440 million. Another \$82 million is for repair and replacement of signals, lights, and data modems. Repairs to the Battery Park City underpass will cost \$43 million, while bridges damaged in the storm are expected to require about \$37 million in repairs.

The Department of Education is planning to spend a total of about \$400 million on repairs to schools that were damaged.

Thank you. I will be happy to answer your questions.

**Sandy FEMA Public Assistance Revenue by Category and Agency**

	2013		2014 Anticipated	Two-Year Total
	Recognized	Realized		
<b>Debris Removal Total</b>	<b>\$187,120,430</b>	<b>\$155,597,526</b>	<b>\$16,719,066</b>	<b>\$203,839,496</b>
Sanitation	120,247,843	100,421,316	325,484	120,573,327
Parks and Recreation	40,303,070	33,373,407	5,599,654	45,902,724
Design and Construction	7,359,557	7,359,557	2,784,875	10,144,432
Fire	8,499,785	7,668,460	368,179	8,867,964
Transportation	5,970,019	5,970,019	2,180,622	8,150,641
Environmental Protection	3,338,749	533,923	4,603,906	7,942,655
Citywide Admin Services	96,043	0	646,000	742,043
CUNY	509,282	60,341	0	509,282
Small Business Services	296,514	6,952	90,312	386,826
Education	153,518	0	0	153,518
Mayorality			120,034	120,034
NY County DA	115,552	113,606	0	115,552
Health	105,819	20,584	0	105,819
Corrections	46,195	46,195	0	46,195
Emergency Management	45,859	0	0	45,859
Taxi and Limousine	13,848	13,848	0	13,848
Police	9,000	0	0	9,000
HHC	5,180	5,180	0	5,180
HPD	4,597	4,138	0	4,597
<b>Emergency Protective Measures Total</b>	<b>\$938,608,104</b>	<b>\$437,858,454</b>	<b>\$156,963,197</b>	<b>\$1,095,571,301</b>
Environmental Protection	490,836,888	178,756,439	79,293,495	570,130,383
Police	139,669,315	126,335,409	5,129,987	144,799,302
Citywide Admin Services	75,657,693	12,788,914	17,276,171	92,933,864
HHC	80,175,530	65,511,158	2,932,048	83,107,578
Education	40,668,740	23,133,849	0	40,668,740
Homeless Services	14,592,259	0	11,661,243	26,253,502
Emergency Management	9,623,827	1,539,812	7,676,873	17,300,700
HPD	9,613,525	1,599,230	6,829,000	16,442,525
Fire	13,619,199	12,896,287	1,954,936	15,574,135
Parks and Recreation	9,929,925	15,563	4,222,695	14,152,620
Investigation	12,895,712	0	597,451	13,493,163
Social Services	6,402,268	5,331,562	5,196,748	11,599,016
Buildings	4,536,420	2,865,536	3,700,000	8,236,420
Small Business Services	1,978,490	152,486	5,213,350	7,191,840
Board of Elections	5,372,731	48,355	25,600	5,398,331
Sanitation	4,955,109	92,752	0	4,955,109
DOITT	4,252,316	0	701,349	4,953,665
Corrections	3,225,856	0	0	3,225,856

Health	2,900,846	2,462,538	0	2,900,846
Design and Construction	1,839,889	1,839,889	715,965	2,555,854
Mayoralty	1,981,495	786,680	407,121	2,388,616
Transportation	1,700,000	138,720	618,043	2,318,043
Children's Services	275,130	275,130	1,535,653	1,810,783
Cultural Affairs	71,575	0	1,086,808	1,158,383
CUNY	612,288	283,691	0	612,288
Aging	448,345	430,525	0	448,345
Youth/Community Dev	45,423	27,526	188,661	234,084
Finance	217,579	217,579	0	217,579
Taxi and Limousine	203,986	89,097	0	203,986
Law	99,950	89,954	0	99,950
CCRB	69,347	47,061	0	69,347
Probation	61,798	44,040	0	61,798
FISA	25,865	19,397	0	25,865
Richmond County DA	12,554	12,554	0	12,554
Records and Information	9,277	0	0	9,277
NY County DA	8,701	8,700	0	8,701
Consumer Affairs	7,119	6,887	0	7,119
Collective Borrowing	5,427	5,427	0	5,427
Admin Trials and Hearings	4,705	4,705	0	4,705
Public Advocate	1,002	1,002	0	1,002
<b>Roads and Bridges Total</b>	<b>\$966,368</b>	<b>\$804,443</b>	<b>\$1,214,683</b>	<b>\$2,181,051</b>
Transportation	937,477	804,443	1,214,683	2,152,160
Small Business Services	28,891	0	0	28,891
<b>Water Control Total</b>	<b>\$12,065</b>	<b>\$12,065</b>	<b>\$0</b>	<b>\$12,065</b>
Small Business Services	12,065	12,065	0	12,065
<b>Buildings and Equipment Total</b>	<b>\$28,259,768</b>	<b>\$1,825,142</b>	<b>\$36,476,370</b>	<b>\$64,736,138</b>
Police	5,244,190	0	12,884,064	18,128,254
Transportation	2,847,962	47,962	9,530,655	12,378,617
Fire	1,922,248	0	7,244,900	9,167,148
Education	5,219,460	1,183,472	2,079,907	7,299,367
Sanitation	2,657,168	0	849,956	3,507,124
Citywide Admin Services	3,397,282	0	0	3,397,282
Small Business Services	1,834,168	0	334,845	2,169,013
Parks and Recreation	1,455,482	71,824	276,546	1,732,028
Health	734,611	0	462,616	1,197,227
CUNY	1,184,015	6,300	0	1,184,015
NY County DA	64,777	0	1,039,228	1,104,005
Corrections	44,421	61,621	1,039,278	1,083,699
Homeless Services	714,168	52,482	0	714,168
HPD	204,314	24,765	303,000	507,314
Social Services			259,773	259,773

Environmental Protection	225,000	57,261	0	225,000
CCRB	131,881	26,697	0	131,881
Investigation	30,720	30,720	77,552	108,272
FISA	36,184	36,184	53,289	89,473
Probation	73,992	54,491	0	73,992
Law	51,587	46,428	0	51,587
Board of Elections	41,264	0	0	41,264
Brooklyn BP	9,408	9,408	29,000	38,408
Admin Trials and Hearings	32,022	28,820	0	32,022
Children's Services	29,619	29,619	0	29,619
Finance	27,079	27,078	0	27,079
Taxi and Limousine	13,315	0	0	13,315
Consumer Affairs	12,662	12,662	0	12,662
City Council	0	0	11,761	11,761
Records and Information	11,393	7,972	0	11,393
Mayorality	9,376	9,376	0	9,376
<b>Utilities Total</b>	<b>\$67,685,008</b>	<b>\$1,554,239</b>	<b>\$1,847,017</b>	<b>\$69,532,025</b>
Environmental Protection	65,858,025	1,554,239	0	65,858,025
Fire	1,826,983	0	1,847,017	3,674,000
<b>Parks, Recreational Facilities Total</b>	<b>\$9,279,826</b>	<b>\$1,275,419</b>	<b>\$15,908,263</b>	<b>\$25,188,089</b>
Parks and Recreation	7,430,057	38,405	15,624,711	23,054,768
NY Public Library	1,208,993	1,208,993	0	1,208,993
Environmental Protection	309,097	0	0	309,097
Fire			266,862	266,862
Police	198,545	0	0	198,545
Transportation	100,000	0	16,690	116,690
Small Business Services	33,134	28,021	0	33,134
<b>TOTAL</b>	<b>\$1,231,931,569</b>	<b>\$598,927,288</b>	<b>\$229,128,596</b>	<b>\$1,461,060,165</b>
SOURCE: Financial Management System				
<i>New York City Independent Budget Office</i>				