

June 2015

Mayor Adds \$1.3 Billion in Federal Hurricane Sandy Aid to City Budget

Slightly over \$1.3 billion in federal funding for Hurricane Sandy response was added to the city's operating and capital budgets in the Mayor's most recent financial plan. The majority of the funds, nearly \$813 million, were added to the city's operating budget, while just over \$527 million were added to the city's capital budget. The additional funding brings the total federal aid planned for Sandy-relief in the city's budget up to \$6.2 billion over the next five years, including both operating and capital support. (All years refer to city fiscal years unless otherwise noted). At least another \$689 million in federal funds are expected to be added in future financial plans.

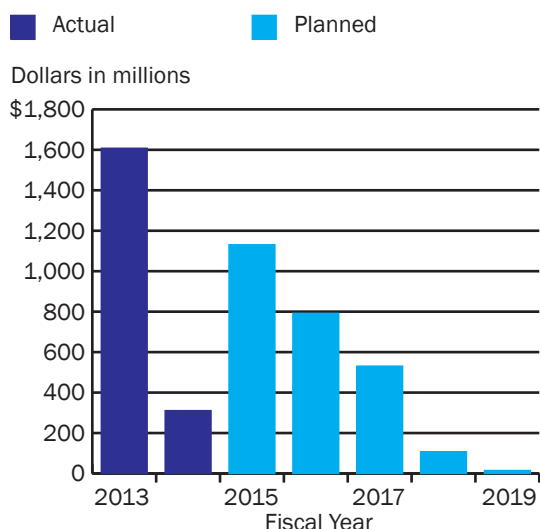
Sandy Aid Added to the City's Operating Budget. With the addition of \$813 million in aid, the federal funding for Sandy response in the city's operating budget is now

planned to total nearly \$2.6 billion from 2015 through 2019. Another \$41 million in Sandy-recovery costs is expected to be paid for with city funds over the same period. This is on top of the \$2.0 billion the city has already spent on Sandy expenses in 2013 and 2014, including \$1.9 billion in federal aid. The vast majority of funds added in the executive budget (\$805 million) are part of the city's Community Development Block Grant Disaster Relief award (CDBG-DR), while \$7.7 million are expected payments from the Federal Emergency Management Agency (FEMA), which reimburses the city for eligible recovery-related expenses.

The largest share of the Sandy aid added in the executive budget (more than \$700 million) is planned for the Build it Back program to reconstruct and repair housing damaged by the storm. Most of the funds added are for the reconstruction of one- to four-family homes and will be administered by the Department of Design and Construction (DDC). Prior to changes made in the executive budget, most Build it Back contracts for one- to four-family home repairs were administered through the Department of Environmental Protection (DEP), with some inspection and architectural costs paid through the city's Economic Development Corporation (EDC). (Costs associated with multifamily housing are included in the Department of Housing Preservation and Development's budget.) DEP is expected to continue to handle contracts for rehabilitation work, while funds for homes that need to be completely rebuilt will flow through DDC. All of the Build it Back funding is part of the city's CDBG-DR award.

In addition to the funds allocated for the Build it Back program, \$41 million of the CDBG-DR funds were added to DDC's budget for the initial planning, feasibility studies, and design contracts for the East Side Coastal Resiliency project. Through this project, the city plans to use a variety

Federal Sandy Operating Aid Now Expected to Total \$4.5 Billion



SOURCES: Fiscal Year 2016 Executive Budget; Comprehensive Annual Financial Report for 2014

New York City Independent Budget Office



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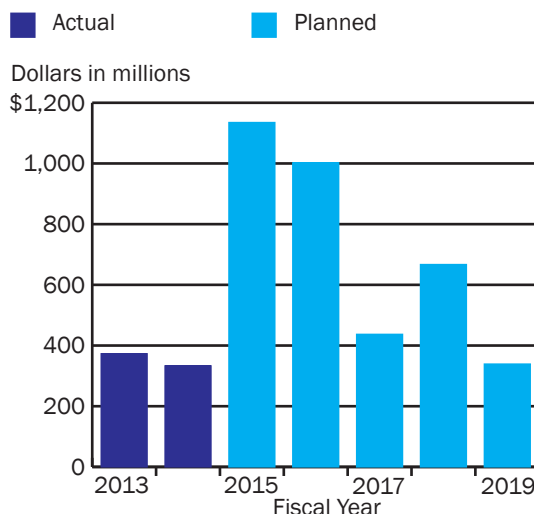
of measures, such as raised land, walls, and pavilions, to protect the east side of Manhattan—from lower Manhattan to East 23rd Street—from future storms. In total, the east side resiliency project is projected to cost \$338 million, all in federal funds. The majority of the project's costs are expected to be paid through the city's capital budget, but that funding has yet to be added as the city plans to complete the feasibility and planning studies before allocating the capital dollars.

Some CDBG-DR funds were also added to EDC's budget for a variety of projects, including \$15 million to install shoreline protection walls on Coney Island and Staten Island and \$10 million to procure planning studies on a range of issues from flood insurance affordability to waterfront inspection protocols. Just over \$17 million was added to the budget of the Department of Information Technology and Telecommunications for costs associated with the city's Housing Recovery Office, which is overseeing the city's Sandy housing programs. The city's most recent operating budget also included an additional \$7.7 million in FEMA funds, most of it expected to be used to cover equipment costs incurred by the fire department during Sandy response.

Sandy Aid for Capital Projects Increased. Along with the funds added to the city's operating budget, \$527 million in federal aid was added to the city's Capital Commitment Plan for 2015 through 2019. This brings total federal funding for Sandy-related capital projects planned over the next five years to \$3.6 billion, with \$1.1 billion planned for 2015. Another \$178 million in Sandy-recovery costs is expected to be paid for with city capital funds over the same period, for a total of nearly \$3.8 billion in planned Sandy-related capital commitments over the next five years. This is in addition to \$795 million the city already committed for Sandy capital projects in 2013 and 2014, including \$706 million in expected federal aid for those projects. The majority of the capital funds added in the executive budget are expected to be received as FEMA reimbursements, while only \$68 million is part of the city's CDBG-DR award—the inverse of the funding split on the operating side.

Roughly two-thirds of the funds added in the executive budget (\$351 million) were allocated to the capital commitment plan of the city's Health and Hospitals Corporation (HHC) for reconstruction of hospitals damaged by Sandy. The majority of the funds are expected to go to three hospitals, Coney Island, Bellevue, and Coler, which sustained the most damage during the storm. This allocation brings the total Sandy-related federal aid for HHC projects to \$1.4 billion over the next five years.

Federal Sandy Capital Aid Now Expected to Total \$4.3 Billion



SOURCE: Fiscal Year 2016 Executive Capital Commitment Plan
New York City Independent Budget Office

Just over \$145 million in federal aid was added to the park's department capital budget. The majority of new funds (\$121 million) were allocated to a holding code for hazard mitigation projects in parks, with funding for specific projects to be broken out in future plans. Another \$18 million was added to the capital budget of the Department of Small Business Services for repair of city-owned buildings damaged during the storm.

Additional CDBG-DR Funds Expected. Roughly \$689 million in additional Sandy aid is expected to be allocated to city agencies in upcoming financial plans through the federal CDBG-DR program. In total, the city was awarded just over \$4.2 billion in CDBG-DR funding for Sandy recovery through three rounds of awards. Of that, the city recorded close to \$513 million in revenue in 2013 and 2014 and just over \$3 billion is budgeted from 2015 through 2019, including the funds that were added in the executive budget. While the Department of Housing and Urban Development, which administers the grant, has approved the city's planned uses for all the funds, the city has yet to draw down the remaining \$689 million of the award. It is anticipated that most of these funds will flow through the city's capital budget for large resiliency projects, such as the East Side Coastal Resiliency project, for which planning studies are being undertaken before the funding is budgeted.

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