



DEMOCRATIC CONFERENCE / COUNSEL AND FINANCE

Date: April 2, 2017
To: Senate Democratic Conference Members
From: Counsel and Finance Staff
Re: Capital Projects Agreed-Upon Budget Superhighlights

This memorandum includes analysis of the Three-Way Agreed Upon Capital Projects Budget Bill.

Agriculture and Environment

Department of Agriculture and Markets

The Final Budget provides a total of \$66 million for Department of Agriculture and Markets capital projects, including the following notable project support:

- \$52.5 million State Fair: The Final Budget includes the Executive's proposal to fund a second round of State Fairground renovations. This second installment of state capital investment follows \$50 million approved for this purpose in the SFY 2015-16 Enacted Budget.
- \$5 million Local Fairs: The Final Budget includes competitive funding for grants, up to \$200,000 each, for renovations of capital structures at county fairgrounds. This item was proposed by both the Senate and Assembly Majorities.
- \$5 million Humane Societies: The Final Budget includes grant funding for municipal and non-profit pounds, shelters and humane societies. Individual awards are capped at \$200,000 for facilities serving individual municipalities and \$500,000 for facilities serving either multiple municipalities or New York City.

Department of Environmental Conservation

The Final Budget provides a total of \$3.4 billion for Department of Environmental Conservation capital projects, largely consisting of a new \$2.5 billion water quality appropriation. Notable project support includes the following:

\$2.5 billion Clean Water Infrastructure Projects: This funding level was increased from \$2 billion proposed within the Executive Budget (other proposals, including a \$5 billion bond act, are reported to have fallen out of the final agreement). This program will be financed through State agency debt. The Executive's original proposal provided a menu of eligible project categories with no individual spending caps, and directed funding to be allocated \$400 million annually for 5 years. The Final Budget provides for specific pots of funding for project categories and does not provide a distribution timeline. Individual spending lines are as follows:

- \$1 billion- Environmental Facilities Corporation (EFC) projects pursuant to the NYS Water Infrastructure Improvement Act of 2017 (forthcoming in article VII language);
- \$150 million- EFC intermunicipal projects
- \$245 million- non-point source pollution control including:
 - \$25 million- road salt management
- \$50 million- green infrastructure
- \$110 million- land acquisition/source water protection
- \$50 million- agricultural concentrated animal feeding operations environmental compliance
- \$130 million- hazardous waste site remediation
- \$20 million- DOH lead service line replacement
- \$200 million- NYC water quality projects located within the NYC watershed
- \$75 million- EFC program to replace septic systems and cesspools
- \$10 million- EFC water infrastructure emergency assistance
- \$100 million- EFC municipal support for projects that may not otherwise qualify for state support or require additional support
- \$10 million- development of information technology systems related to water infrastructure.

\$300 million Environmental Protection Fund (EPF): The Final Budget accepts the Executive's proposal of a \$300 million EPF with multiple modifications to internal spending accounts and line items. Notable program funding includes:

- \$2 million- municipal and foodbank food donation and food scrap recycling
- \$8 million- environmental justice (\$1 million increase)
- \$1 million- SUNY Stony Brook 1,4 Dioxane testing and water treatment pilot projects
- \$1 million- East River Esplanade 107th street pier
- \$3.2 million- Hudson River Park Trust (increased from \$2.5 million provided last year)
- \$2.7 million- Albany Pinebush
- \$5 million- Bay Park wastewater treatment plant, monitoring well testing, and Long Island Nitrogen Management Plan funding
- \$2 million- Long Island Pine Barrens
- \$900,000- Long Island South Shore Estuary Reserve
- \$250,000- Long Island Commission for aquifer protection
- \$1 million- Scajaguada Creek cleanup activities
- \$300,000- Cornell neonicotinoid study
- \$500,000- Cornell Hemlock Woolly Adelgid control

The EPF includes a \$2 million offload of an OPRHP Aid to Localities program that partially reimburses localities for expenses incurred for enforcing the navigation law. This offload was broadly opposed by environmental organizations and the SDC.

Arts and Cultural Affairs

Office of Parks, Recreation and Historic Preservation

The Final Budget provides a total of \$208.7 million for OPRHP capital projects, the same level as proposed by the Executive. Notable funding lines, including recreational appropriations administered by other agencies are as follows:

- \$120 million NY Works Parks Infrastructure Funding: This amount is the same as proposed in the Executive Budget, and is a \$30 million increase over last year. It is the latest installment in an overall \$900 million investment in the State Park System by 2020.
- \$200 million Empire State Trail: The Final Budget includes the Executive's full proposal for the Empire State Trail, appropriating \$123 million for this purpose to the Hudson River Valley Greenway Communities Council for the Hudson River valley portion of the Trail, and \$77 million to the NY Power Authority for the Erie Canalway portion of the Trail.

Olympic Regional Development Authority

The Final Budget provides \$38 million for ORDA capital projects. This funding includes \$20 million specifically for modernization projects at the Whiteface, Gore, and Mount Van Hoevenberg ski resorts, and \$8 million for projects at the Belleayre ski resort in the Catskills.

Arts and Cultural Facilities Improvement Program

The Final Budget includes funding for a \$10 million competitive grant for not-for-profit arts or cultural facilities for the purpose of improving the quality, efficiency, and accessibility of arts and cultural organizations. This proposal was included in the Executive Budget proposal.

Economic Development

Urban Development Corporation/Empire State Development

The Final Budget modifies the Executive proposal for Capital Projects with a reduction of \$60 million for a total of \$2.3 billion for the Urban Development Corporation.

The Final Budget modifies the following Executive proposals:

- Adds \$1 million for a total of \$200 million for the New York Works Economic Development Fund; and
- Adds \$20 million for a total of \$320 million for the Life Sciences Initiative.

The Final Budget rejects the following Executive proposals:

- Life Sciences Laboratory Public Health Initiative (\$150 million); and
- Orlando LGBT Terrorist Attack Memorial (\$1 million).

The Final Budget adds \$70 million for the Restore New York’s Communities Initiative, which is a current program that provides municipalities with financial assistance for revitalization of commercial and residential properties.

The Final Budget accepts the following Executive proposals:

- Clarkson-Trudeau Partnership for biotech industry in North Country (\$5 million);
- NY SUNY 2020 Challenge Grant Program (\$55 million);
- NY CUNY 2020 Challenge Grant Program (\$55 million);
- New York Power Electronic Manufacturing Consortium (\$33.5 million);
- Retention of professional football in Western New York—Buffalo Bills (\$2.278 million);
- Market NY Program (\$8 million);
- Regional Economic Development Council Initiative (\$150 million);
- Cultural, Arts and Public Spaces Development Fund (\$10 million);
- Kingsbridge National Ice Center (\$108 million); SDC supports this funding;
- Moynihan Station Project (\$700 million);
- SUNY Polytechnic Strategic Projects Program (\$207.5 million);
- Drinking Water Upgrade for the City of Auburn & the Town of Owasco (\$2 million); and
- Buffalo Billion Squared (\$400 million); SDC supports this funding.

Education

State Education Department

Not included in the Capital Projects Budget Bill

Energy & Telecommunications

New York Energy Research and Development Authority (NYSERDA)

The Final Budget accepts the Executive proposal of \$15.6 million for Capital Projects.

General Government

Audit and Control

The Final Budget accepts the Executive’s proposal of \$32 million for Capital Projects in Audit and Control, of \$249.6 million for Capital Projects in the Office of General Services, and of \$85.7 million for Capital Projects in the Office of Information Technology Services.

Health and Medicaid

Department of Health

The Final Budget provides \$187.6 million in All Funds Capital support. This represents a decrease of \$500 million from the Executive Budget and is attributed to the elimination of the Health Care Facility Transformation Program.

Higher Education

Not included in this Capital Projects Budget Bill

Human Services

Office of Children and Family Services

The Final Budget concurs with the Executive proposal in the amount of \$152.6 million.. This appropriation includes \$110 million associated with the Raise the Age Initiative.

Office of Temporary and Disability Assistance

The Final Budget concurs with the Executive Budget proposal in the amount of \$64 million.

Nonprofit Infrastructure Capital Investment Program

The Final Budget includes a new \$20 million appropriation for this competitive program.

Mental Hygiene

Office of Alcoholism and Substance Abuse Services

The Final Budget provides \$78 million in All Funds Capital support, which represents a \$10 million increase over the Executive Budget. This increase is attributed to the Community Alcoholism and Substance Abuse Facilities Program for the development, expansion, and or operation of treatment recovery, prevention or housing services for people with heroin and opiate disorders.

Office of Mental Health

The Final Budget provides \$384.5 million in Capital funding, which represents \$10 million increase over the Executive Budget. This increase is attributed to services and expenses of not-for-profit agencies licensed, certified or approved by the Office of Mental Health, to support the preservation, restructuring, or expansion of children's behavioral health services.

Office for People with Developmental Disabilities

The Final Budget concurs with the Executive recommendation of \$86 million in Capital funding.

Housing

Division of Housing and Community Renewal

The Final Budget concurs with the Executive recommendation of \$623 million for Capital Projects. The Final budget removes language for the \$2.5 billion reappropriations, eliminating specific funding amounts for each program. This change is consistent with budget submitted in the Senate One-House proposal.

New York State Special Infrastructure Account

The Final Budget reduces the appropriation for this program by \$103 million, providing a total of \$200 million as follows:

- \$100 million for downtown revitalization programs including transformative housing and community renewal, economic development, transportation and community projects;
- \$100 million to prepare, prevent, deter or respond to acts of terrorism or natural or man made disasters. This a reduction of \$103 million from the original Executive proposal of \$203 million.

Public Protection

The Final Budget concurs with the Executive Budget proposal for all public protection agencies including:

- \$401 million for the Department of Correction and Community Supervision;
- \$53 million for the Division of Homeland Security and Emergency Services;
- \$57 million for the Division of Military and Naval Affairs; and,
- \$51.5 million for the State Police.

State and Municipal Facilities Program

The Final Budget includes a new appropriation in the amount of \$385 million. This new appropriation would include two new categories of projects that would become eligible for State and Municipal Facilities Program (SAM) funding. These new categories are as follows:

- Equipment and other capital assets including vehicles in support of health, safety, technology, or innovation; and,
- Special Act school districts, schools for the Blind and Deaf (4201 schools), and private schools for students with disabilities (853 schools).

These two categories are also updated to be included in reappropriation language.

Transportation

Department of Transportation

The Final Budget Capital Projects appropriation provides an additional \$225 million relative to the 30-Day Amendments, which had added \$270 million in “settlement” funds. Overall, the Final Budget appropriations for DOT increased by \$495 million since the Executive Budget in January to approximately \$6.9 billion.

Non-MTA Transit

The Final Budget appropriations increase non-MTA transit capital funding by \$20 million. *The Conference supports increased appropriations to complete the five-year capital plans for non-MTA operators, though the SDC Budget Letter noted the importance of the funds actually being released, which has not happened historically.*

NY Works

The Final Budget appropriations increase NY Works funding by \$140 million to \$1.7 billion, a total increase of \$310 million from the January Executive Budget. The appropriations adds are as follows:

- \$10 million additional for State Aviation Capital Grants to \$22.5 million within NY Works;
- Preserves \$503 million for the DOT five-year capital plan, an increase of \$270 million from the first Executive Budget;
- \$130 million additional for accelerating “infrastructure and facilities of regional and community importance” consistent with DOT planning and engineering processes and “pursuant to plans provided by the speaker of the assembly and the temporary president and majority leader of the senate.”

The Final Budget appropriations also reallocate \$6 million in design and construction appropriations to shift the funds to state workforce lines rather than nonpersonal service/contractual expenditures. The Assembly one-house reallocated \$6.4 million for this purpose.

The appropriations language also eliminates the “design-build” extension that had been included in numerous portions of the Executive’s Capital Projects appropriations.

CHIPS/Extreme Winter Recovery

The Final Budget adds \$65 million in Extreme Winter Recovery appropriations, which would be distributed pursuant to the CHIPS formula for local highways and bridges. This effectively increases CHIPS and Marchiselli assistance from \$478 million to \$543 million. *The Conference sought a \$150 million increase to CHIPS and \$50 million in additional local BRIDGE NY funds.*

Department of Motor Vehicles

The Final Budget keeps DMV appropriations at the Executive recommended level of \$231.4 million. As in the past, DMV operations continue to be primarily funded by the Dedicated Highway and Bridge Trust Fund. The Executive's proposed modification of the appropriations language to permit expenditure of these funds on a consolidated administrative hearing officer plan has been removed.

Metropolitan Transportation Authority

The Final Budget increases MTA capital appropriations by \$65 million, to \$1.5 billion. This increase is intended to offset the Executive's proposed reduction of \$65 million related to MTA Payroll Tax modifications in 2011, in which a commitment was made to provide alternative funding sources to the MTA related to the Payroll Tax reductions. Unlike that commitment, which provided State General Funds for transit operations, this appropriation is for capital purposes and is similar to a proposal made by the Assembly one-house bill. Advocates, like the Riders Alliance and Straphangers, have raised concerns about offsetting operating funds with one-time capital funds and note that this \$65 million reduction in operating funds is roughly two-thirds of the drastic service cuts from 2009. The agreed-upon capital funding language, which comes from the Capital Projects Fund, must also be released to the MTA no later than December 31, 2018.