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Testimony of Elizabeth Brown
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To the New York City Council Committee on Finance and Subcommittee on Capital Budget
Regarding Reporting on Capital Expenditures
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Good Morning Chairman Dromm, Chairwoman Gibson, and members of the Committee on Finance and the Subcommittee on Capital Budget. I am Elizabeth Brown a supervising analyst at the New York City Independent Budget Office. Thank you for the opportunity to testify today regarding Intros 113 and 32. Both Intros would expand the information the city is required to report on its capital projects.

Intro 113 requires the city to establish a public database of pending capital projects with data on each project's schedule and cost—including information on delays and cost-changes—as well as their location. Intro 32 requires that similar information be provided solely to the affected Council Members, Borough President, and community boards and only if a capital project is delayed or if there is a cost increase of 10 percent or more of the estimated cost.

IBO's role is to provide nonpartisan information on the city's budget to members of the Council, other elected officials, and the public. Although we generally do not make recommendations, we support efforts to increase government transparency, especially when it comes to expense and capital budget data and for reporting additional information of the sort required in the Intros being discussed today, particularly when that information is reported to the public.

IBO often receives questions about the city's capital projects. These questions range from the status of a local project to broader questions about the city's capital budgeting process. While we can provide information on changes in the overall budget and shifts in funding for specific projects, we often run into roadblocks when trying to identify and explain the causes of project delays and cost overruns—which are often what requesters most want to know.

Identifying a delay in or a cost overrun for a specific capital project is difficult given the nature of New York City's Capital Commitment Plan, the city's capital planning document. First, the Capital Commitment Plan is divided by budget line and then by project. A project may be either for discrete work (for example, "Reconstruction of 1st Avenue, Brooklyn") or it may be for a bundle of similar projects (for example, "Improvements to Highway Bridges and Structures, Citywide"). How capital projects are defined varies widely both among the city agencies, but also even within one agency's capital plan.

Next, while the commitment plan provides the total funding planned for a project—however it is defined—there is little detail on funding for the project’s individual components. Moreover, it is often unclear if the funding levels represent the total estimated cost of the project. If funding is increased in subsequent plans, it can be difficult to discern whether the new funding level represents an increase in cost (an overrun), a change of scope, or if the additional funds were part of the initial cost estimate, but are just newly reflected in the city’s budget documents.

In terms of delays, the Capital Commitment Plan provides little detail on the planned timeframe of a capital project. The commitment plan does contain a “milestone” field to indicate the project’s current status along with projected start and end dates. Unfortunately these fields are generally left blank. Even when status is included, it is rarely updated between plans.

Last week IBO provided similar [testimony](#) at a hearing of the Committee on Parks and Recreation regarding Intro 161, which would expand the information the parks department is required to report on its online Capital Project Tracker—a useful tool that already provides detail on each parks capital project’s location, phase, funding level, and timeline. As far as we know, the parks department is the only agency that currently makes such data public. The new data required by Intro 161 would include information on the reasons for capital project delays and the cause and extent of cost overruns—similar to what is also required in Intro 113. The parks tracker is a valuable resource that we use routinely and we often assist members of the public in using it as well.

Given IBO’s support for increased transparency and data sharing in general, the enhanced Parks Capital Project Tracker could be an example for other agencies on how to communicate progress and provide detailed information on their capital projects.

Thank you and I am happy to answer any questions.