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# DEPARTMENT OF CULTURAL AFFAIRS

Capital Budget Workshop

FY 2012

# WHY ARE WE HERE TODAY?



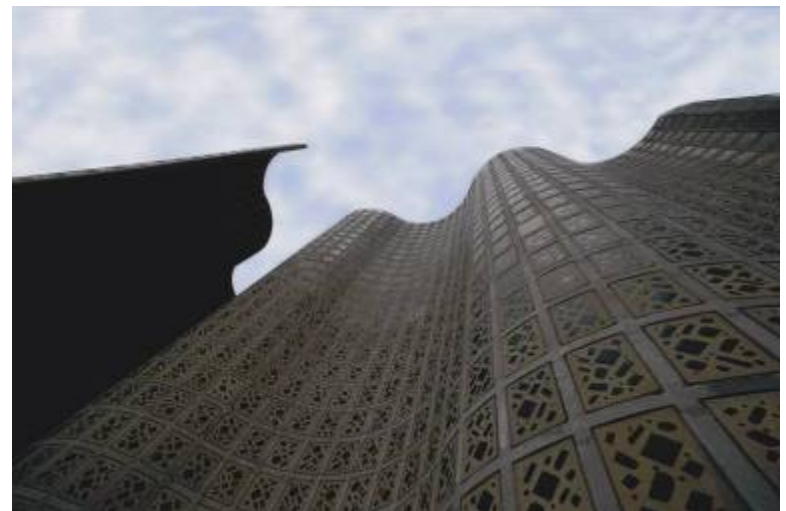
Brooklyn Academy of Music Judith R. and Alan H. Fishman Space, 250-seat flexible theater intended for educational programs and community use. This is a project, among others, in an effort to reinvigorate the cultural district in the downtown BAM area.

- ◎ **Overview the capital funding process**
  - What makes a cultural organization's capital project successful
  - Funding constraints & time frames
- ◎ **Initiate the process**
  - Meet fellow cultural organizations and learn about City agencies (DCA, DDC, EDC, DCAS, OMB) involved in the process
  - Schedule a meeting with a DCA project manager

# DCA'S GOALS FOR FUNDING CAPITAL IMPROVEMENTS

**To enhance the public experience of cultural life in New York City through projects that:**

- Increase accessibility to public cultural amenities throughout the City
- Contribute to the economic vibrancy of the City and maximize the effectiveness of public/private partnerships
- Preserve and promote the highest quality cultural facilities, programs and collections



New York Hall of Science Rendering of Interior Systems and Exterior Detail

# PUBLIC INTEREST

Every project must establish a City interest by:



Restoration of the Lillian and Amy Goldman Stone Mill, a historic, pre-Civil War industrial building.

## ⊙ City-Owned Property

## ⊙ Security Agreement

When capital funds are being used to invest in movable equipment or systems (e.g. computer system, furniture)

## ⊙ Use Restriction

The improved property or purchased equipment must be used consistently with the mission of the organization for the duration of the useful life of the improvement or equipment

# WHAT EXPECTATIONS GO ALONG WITH MY FUNDING?

- ⊙ **Organization agrees to:**
  - Follow the City process, comply with all requirements, and obtain approvals in order to successfully complete the project
  - Initiate project with DCA and respond to City requests for information in a timely manner
- ⊙ **Your funding allocation does NOT guarantee:**
  - Required approval by government entities
  - Disbursement of funding according to a pre-conceived timeline
  - Disbursement of funding for a pre-conceived scope of work or equipment purchase



LEED Gold Brooklyn Botanic Garden Visitor Center and Entrance, including ticketing, education, meeting, orientation, gift shop, and restaurant space.  
Architect of Record: Weiss/Manfredi Architects

**FUNDS ARE *NOT* SAFE  
FROM BUDGET CUTS**

# ORGANIZATION RESPONSIBILITIES



The Lincoln Center Campus Renovation is near complete. The aim was to open and update the space to the general public.

- ⊙ **Design approvals for non-City funded design or construction projects on city-owned property, and capital projects on privately owned property using City funds for design or construction**
  - DCA approval at design phase milestones (Schematic Design, Design Development, Construction Documents)
  - DCA approval prior to submission to PDC or LPC
  - Include information on operating implications (increased costs, maintenance, security, etc.)
  
- ⊙ **Operational Responsibilities:**
  - Filings with DOB, FDNY, etc.
  - Violations
  - Maintenance Plan
  - Certificate of Occupancy
  - Public Assembly permits
  
- ⊙ **DCA approval of donor credit, naming rights, press announcements and signage**

# FULLY FUNDING THE PROJECT

Before the project starts, any gap between funds available and total project cost must be closed through secure private sources such as:

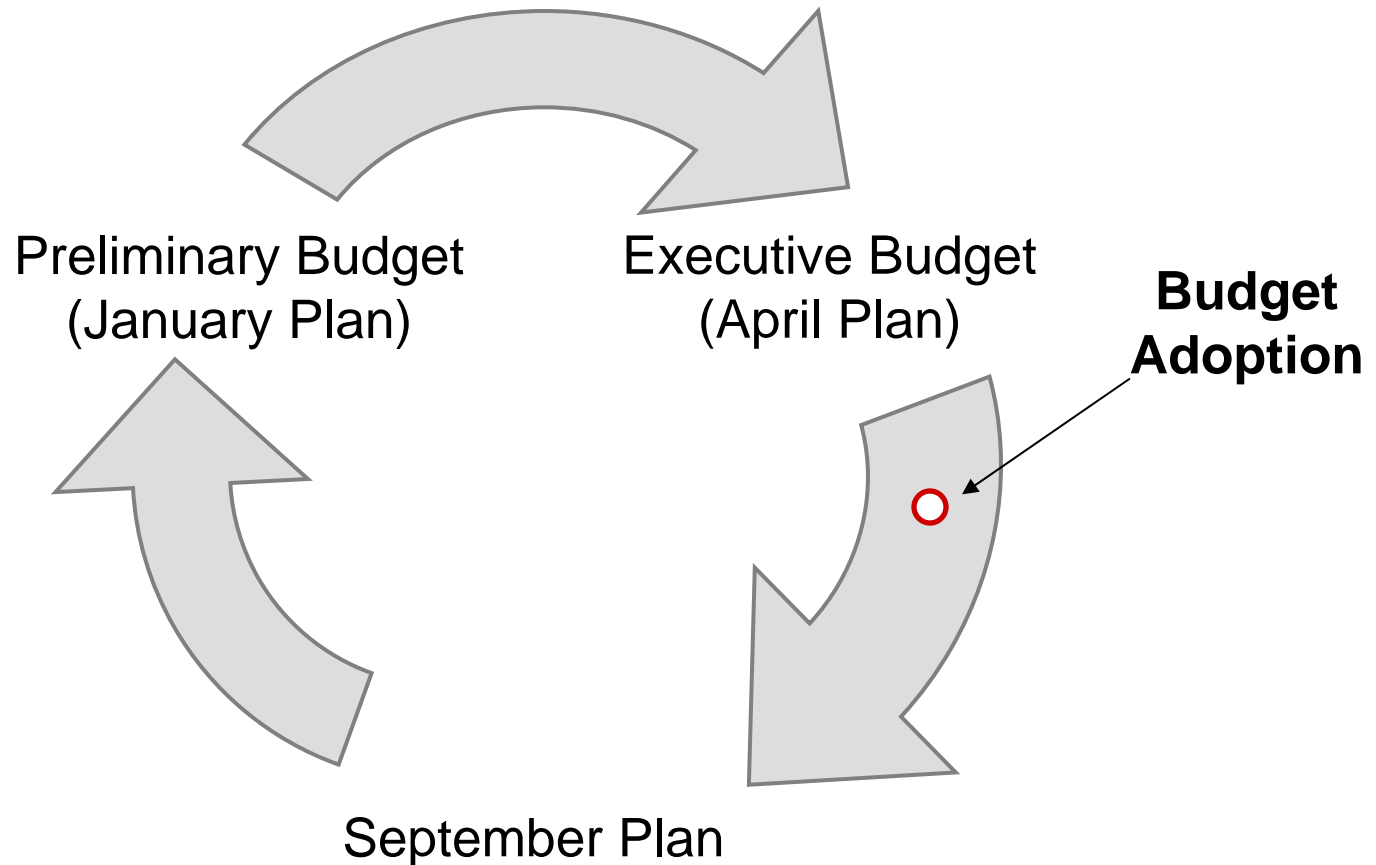
- **Non-City contributions**
- **Bank financing**



Noguchi Museum, second phase of renovation was completed in 2009, Sage and Coombe Architects intended to update the space while maintaining Noguchi's vision.

# WHERE ARE WE NOW IN THE CITY'S BUDGET CYCLE?

These plans occurs three times during the fiscal year when the City's budget is updated to reflect current project funding needs





# CAPITAL PROCESS FOR CULTURAL ORGANIZATIONS

1

DCA

Scope Review & Approval

Establish project eligibility and feasibility

2

DDC/EDC/DCA/DCAS

Administration & Management

Manage and engage architects, engineers and organization on capital project throughout design and construction process

3

OMB

Project Review & Approval

Review the project for compliance and issue necessary funding approvals

4

COMPTROLLER

Project Review & Approval

Review and authorize capital projects for conformity with applicable accounting standards and directives

# 1 TYPES OF ELIGIBLE CAPITAL PROJECTS

Two types of projects are eligible for funding:

Scope Review &  
Approval

## Construction/Renovation

- Construction of new facility
- Expansion of existing facility
- Upgrade/renovation of contiguous existing space
- Upgrade/replacement of building system e.g. HVAC

## Equipment

- Equipment systems or standalone equipment (at least \$35,000)

# 1 DIRECTIVE 10 - CAPITAL PROJECTS FUND

Project should comply with Directive 10

Scope Review &  
Approval



Future home of the Staten Island Museum, Building A at Snug Harbor. Snug Harbor, a 19<sup>th</sup> Century retirement community for “aged, decrepit and worn out sailors” was granted status as NYC’s first landmark and later converted into a cultural center. Renderings by Gluckman Mayner Architects.

- Under the new Directive 10, “comprehensive betterment” is extensive, physically connected, and usually involves all 4 trades
- New Directive does not allow work in non-contiguous spaces unless functionally related, i.e. dependent upon each other and necessary for the asset to perform its primary purpose
- If project does not meet this definition, cost of renovations to different areas of a building or element of infrastructure must each be \$35,000 minimum

# 1 CAPITAL ELIGIBILITY

Scope Review &  
Approval

Comprehensive

- Create new asset/systems
- Upgrade existing asset

City Purpose

- Provides public benefit for useful-life of improvement or equipment

Long-Term  
Investment

- **Equipment:** 5-10 years
- **Construction/renovation:** 10-30 years

Minimum City  
Contribution

- **Equipment:** at least \$35,000

# 1 *INELIGIBLE CAPITAL COSTS*

## Maintenance

- Repair/Maintenance work e.g. roof patching
- Painting & carpeting unrelated to capital project
- Extended warranties
- Maintenance agreements & service contracts

Scope Review & Approval

## Operational

- Employees' salaries
- Administrative expenses
- Training

## Studies

- Environmental assessments (as a stand-alone item)
- Feasibility studies

## Fixtures

- Fixtures or equipment that require attachments to the property is ineligible without a restrictive covenant
- Organization-specific signage/donor plaques

## Other

- Owner's representative fees, fundraising, financing, or legal fees
- Work performed prior to the capital award
- Organization's project management costs
- Custom Databases

# 1 LOCAL LAWS AND CITY POLICIES

**These Local Laws and City Policies may apply to your Capital project and should be discussed with DCA.**

Scope Review &  
Approval

## Local Law 86: Green Buildings Law

- Applies to capital projects with City contribution over \$2M or >50% of project costs
- Sustainable design intended to reduce energy consumption
- LL86 analysis meeting held before design starts
- [www.nyc.gov/oec](http://www.nyc.gov/oec)
- [http://www.nyc.gov/html/oec/html/green/ll86\\_basics.shtml](http://www.nyc.gov/html/oec/html/green/ll86_basics.shtml)

## Local Laws 118, 119, 120 & 121: EPP

- Applies to projects >15,000sf and requiring a DOB permit but not covered by LEED requirements of LL86
- Requires Environmentally Preferable Purchasing of certain construction products cited in NYC EPP Minimum Standards
- Equipment Purchases (<\$100K) and Emergencies are exempt
- [www.nyc.gov/html/mocs/html/programs/epp.shtml](http://www.nyc.gov/html/mocs/html/programs/epp.shtml)

## Tropical Hardwoods

- Maximum reduction of the use of tropical hardwoods

# 1 LOCAL LAWS AND CITY POLICIES

Scope Review &  
Approval

## M/WBE Legislation

- Sets goals for participation of minority or women owned construction and professional service firms in City projects
- <http://www.nyc.gov/html/law/html/opportunities/opportunities.shtml>

## Project Labor Agreement (PLA)

- PLA allows the City to enter into one General Construction contract instead of four separate prime contracts (typically, General Construction, Plumbing, HVAC and Electrical) previously required by Wick's Law.
- Union Referral system related to hiring
- M/WBE goals still apply
- <http://home2.nyc.gov/html/mocs/html/vendors/pla.shtml>

## Interfund Agreement Fees (IFA)

- Applies to all capital projects
- An administrative fee that is deducted from your capital funding allocation, ranges from 2.5-14%

# 1 LOCAL LAWS AND CITY POLICIES

Scope Review &  
Approval

## Landmarks Preservation Commission (LPC)

- Applies to landmarked property
- Conceptual, preliminary and final designs are reviewed and approved
- <http://www.nyc.gov/html/lpc/html/home/home.shtml>

## Public Design Commission

- Applies to exterior work **on or above** City-owned property
- Conceptual, preliminary and final designs are reviewed and approved
- <http://home2.nyc.gov/html/artcom/html/home/home.shtml>

## Introductory Number 1010-A (FDNY)

- Applies to all cultural organizations
- As of June 29, 2009, inspections performed by the FDNY are subject to a fee, paid for by the organization
- [http://www.nyc.gov/html/fdny/pdf/firecode/2009/fire\\_code\\_1126\\_2008\\_amended\\_1137\\_41\\_64\\_2009\\_final\\_complete.pdf](http://www.nyc.gov/html/fdny/pdf/firecode/2009/fire_code_1126_2008_amended_1137_41_64_2009_final_complete.pdf)

## Department of Buildings (DoB)

- Applies to all construction/renovation projects
- Fees for inspections and permits performed by the DoB
- <http://www.nyc.gov/html/dob/html/home/home.shtml>



# 1 LOCAL LAWS AND CITY POLICIES

## State/City Environmental Review Act (SEQRA/CEQR)

- Applies to city-owned property
- Evaluates a project's impact on the environment  
e.g. purpose, appearance or condition of a structure or natural resource
- [www.dec.nyc.gov](http://www.dec.nyc.gov) and  
[www.nyc.gov/html/oec/html/ceqr/technical\\_manual.shtml](http://www.nyc.gov/html/oec/html/ceqr/technical_manual.shtml)

Scope Review &  
Approval

## ADA Local Law 58

- Exterior and interior accessible routes from public sidewalk, on-site parking, and primary entrance to interior rooms and exterior facilities
- Public toilet rooms, telephones, drinking fountains, parking lot spaces, signs, emergency warning devices
- <http://www.nyc.gov/html/mopd/html/waiver/waiver.shtml>

## Greater, Greener Building Plans: Local Laws 84, 85, 87 & 88

- Energy conservation laws apply to privately-owned commercial and mixed-use buildings that meet the following criteria:
  - Building is at least 50,000 gross square feet OR
  - Two or more buildings on the same tax lot that together exceed 100,000 gross square feet OR
  - Two or more buildings held in the condominium form of ownership that are governed by the same board of managers and that together exceed 100,000 gross square feet

## 2 PROJECT ADMINISTRATION & MANAGEMENT

There are **FOUR** ways to manage your project:

Administration &  
Management

- a) **DDC Managed**
- b) **DDC Cultural Capital Grant**
- c) **EDC Funding Agreement**
- d) **Equipment Purchase DCA, DCAS, or DDC**



New 200,000 square-foot facility for the Whitney Museum at the terminus of the High Line Park, building will house Whitney's entire permanent collection (as opposed to only 10% in its current space). Architect is Renzo Piano, construction in progress as of groundbreaking on May 24

# 2 DCA DETERMINES MANAGING AGENCY

Administration & Management

## Step 1

DCA, a representative from the proposed managing agency and cultural organization establishes:

- Public purpose
- Capital eligibility
- Project complexity
- Organization capacity
- City requirements
- Project budget

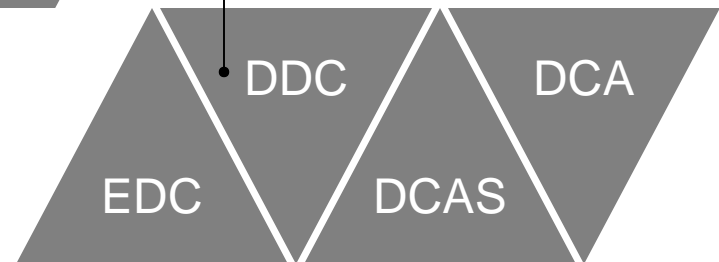
## Step 2

DCA/DDC & the cultural organization finalize the “program”/ equipment list

**The Program:**  
DCA document that describes the scope of the project, overall development plan and a project budget

## Step 3

DCA sends the program to the appropriate managing agency



# 2 PROCESS OVERVIEW

Administration & Management

DCA sends program to appropriate managing agency:

DDC Managed  
Design + Construction

DDC Cultural  
Capital Grant

EDC Funding  
Agreement

Equipment  
Purchase  
through:

- [ DCA ]
- [ DDC ]
- [ DCAS ]



52<sup>nd</sup> Street Project interior construction from design to realization, facilities include 150-seat flexible theater, rehearsal space and classrooms, offices, and an open lounge area for students

## 2a DDC MANAGED PROJECT CRITERIA

### Administration & Management



Phases of the Chen Dance Center second floor renovation including this Cultural Hub Bulletin Board with two flat screens and an orange “floating” cloud display shelf, renovation also included a multi-use dance studio for classes, rehearsals and receptions, as well as exterior improvements

- Cultural organization that would benefit from DDC’s project management and design resources
- Project phases to be managed include design and construction (DDC does not manage design only)

## 2a DDC MANAGED

### DDC administers your project and its funding:

- Procurement and compliance of consultants & contractors
- Management of contracts for design and construction
- Review and approval of design
- Regulatory approval review
- Construction progress
- Budget management and oversight
- Compliance and payment administration

Administration & Management



Frederick Douglass Memorial Circle, Percent for Art commission of artists Algernon Miller and Gabriel Koren for new plaza design including plaza paving, a bronze statue of Douglass and a sculptural wall with water feature.

**Project Team: Cultural organization, DCA, DDC and consultants**  
DDC-managed projects use both in-house resources and private consultants and contractors

# 2a DDC MANAGED TIMELINE

*Note: Timeframes depend on the scale, budget and complexity of the project. The timeline shown above represents optimal durations without delays, and is based on complete submissions + timely actions; RESTRICTIVE COVENANTS may require additional time to the schedule.*

Administration & Management



Management transfer DCA to DDC

Project Scope Creation (DCA & DDC)

3

Architect Procurement

4

Project Design

17

Construction Contract Bidding

6

Construction

18 minimum

Project Closeout

3

# 2a DDC MANAGED: DESIGN PROCESS

**DDC can contract for design in THREE ways:**

Administration &  
Management

## Design & Construction Excellence

- A quality-based selection for procurement of design services.
- This process allows the City to hire firms based on their qualifications and the established quality of their past work, rather than on the more traditional lowest bid methodology.
- Selection and Award takes about 3 months.
- Design Schedule varies from 9 months – 2 years depending on the size of the project.

## Request for Proposal (RFP)

- A custom RFP and contract is written for projects that require special expertise.
- Firm is chosen based on specific project needs and process typically exceeds 6 months.
- Design Schedule varies greatly depending on project size, but it is recorded in the contract with the architect.

## Requirements Contract

- Specialized firms in mechanical, electrical, engineering, exterior, landmark and landscaping that are on retainer contract with DDC.
- Selection takes 4–6 months
- Design Schedule takes 6-12 months.



## 2a DDC MANAGED: CONSTRUCTION PROCESS

DDC contracts for construction in TWO ways:

Administration &  
Management

Public BID

- The DDC openly and competitively bids the project
- Selection Time: 5-6 months.
- Construction Schedule varies, typically 1 – 2 years.
- DDC manages project in-house or supplements management with a construction manager

JOCS

(Job Order Contracting System)

- On-call, requirement contracts that are best used for small, simple projects.
- Construction Schedule varies, but typically shorter because of small size of projects - 1 year or less.

## 2b DDC CULTURAL CAPITAL GRANT

Administration &  
Management

A “CCG” allows a cultural organization to manage its own project while protecting the City’s investment of public dollars. A “CCG”:

- Guarantees scope at a fixed price
- Allows capital funds to be reimbursed to the organization and cost overruns are borne by the organization
- Assures robust public-private funding partnerships



Newly-Restored Roosevelt Island Historical Society Visitors Kiosk, which stripped away a layer of century-old paint to reveal cast iron and copper materials

# 2b DCA PENDING REVIEW FOR 'CCG' ELIGIBILITY

**The following is a sample of requirements to establish organizational capacity to manage a project:**

Administration & Management

## Project Planning

- Clear rationale for project
- Comprehensive, recent masterplan or strategic plan: Project is technically complex and has special scheduling needs
- Project types include major renovation and construction (Contract mechanism is ideal for construction)
- Compliance Paperwork (Vendex, Insurance, RC etc.)

## Project Managerial Capacity

- Relevant project management experience
- Addresses future maintenance/operation changes
- Familiarity with approvals (ULURP, LPC, PDC etc.)

## Organization Managerial Capacity

- Successful execution of mission
- An actively engaged Board
- Effective leadership/administration staff

## Financial Capacity

- City funding is at least \$1 million in current fiscal year
- Capacity to fully finance project / cover all cost overruns
- Capital campaign/plan with realistic goals
- Institutional track record of successful fundraising campaigns

# 2b DDC 'CCG' TIMELINE

*Note: Timeframes depend on the scale and complexity of the project. The timeline shown above represents optimal durations without delays, and is based on complete submissions + timely actions; RESTRICTIVE COVENANTS may require additional time to the schedule.*

Administration & Management



CCG INITIATION (Application to DDC for Technical Compliance Review)



Submit CCG Package

2.5

Package Review and Approval  
Presentation Held



CCG Finalization  
Legal Agmt and Restrictive Covenant  
Compliance Paperwork

2

Issuance of the Certificate to Proceed (OMB)



Comptroller Registration

1.5

Construction



Project Closeout



## 2c EDC FUNDING AGREEMENT

**Contract between EDC and a non-City organization allocated City capital funding, which meets the following conditions:**

Administration & Management



Interior Renovation of David H. Koch Theater at Lincoln Center, home of the NYC Ballet, renovation includes a larger orchestra pit and increased seating. © Elliott Kaufman Photography, Architect of Record: JCJ Architecture

- Project has an economic development focus
- Organization has capacity to implement and maintain its capital project
- Project is technically complex and has special scheduling needs
- Organization is responsible for any cost overruns
- Specific requirements, approvals and the Funding Agreement (FA) process in order to receive funds
- Project requires significant private contribution
- City funding is at least \$500K and <50% of total project cost

# 2c EDC FUNDING AGREEMENT TIMELINE

*Note: Timeframes depend on the scale and complexity of the project. The timeline shown above represents optimal durations without delays, and is based on complete submissions + timely actions; RESTRICTIVE COVENANTS may require additional time to the schedule.*

Administration & Management



Define Scope & Budget

2

Prepare FA Document

.5

Procurement

2

Compliance Documentation

5.5

OMB Review

3

Execute FA

<.5

Comptroller Review

1

Payments

1.5

## 2d DCA EQUIPMENT: THE BASICS

Administration &  
Management

All equipment contracts are governed by the New York City Comptroller's Directive 10-Charges to the Capital Projects Fund, NYS law, Chapter 13 of the City Charter and the Rules of the NYC Procurement Policy Board



Department of Cultural Affairs Commissioner Kate D. Levin discusses the new lighting system at the Chocolate Factory Theater



Exit Art Lighting System Lighting and Audio Visual Systems

## 2d DCA EQUIPMENT: THE BASICS

What constitutes an equipment system project?

Administration & Management

- Each system **must** be \$35K or over, unless it is initial outfitting
- If there are multiple components to the system, it **must** be demonstrated how each part or group of parts is interrelated and integral to the system
- Useful life of equipment **must** be at least 5 years



Film Forum Projectors



# 2d CAPITAL EQUIPMENT PURCHASE TIMELINE

Administration & Management

*Note: Timeframes shown are optimal durations without delays and based on complete submissions and timely actions.*



Define Scope/Specifications with DCA

3

Budget Approval & Security Agreement

4

Procurement by DCA

4

DCAS (12 months min)

12

Comptroller Registration

1

Receipt, Inspection & Final Payment

1

## 2d DCA EQUIPMENT: CAPITAL ELIGIBILITY

Capitally Eligible

- ⊙ **Equipment Systems**
  - Theatrical lighting
  - Audio Visual systems
  - Sound systems
  - I.T. systems

- ⊙ **Vehicles**

*An additional equipment meeting  
will be held in Mid-August*

Not Capitally Eligible

- ⊙ Laptops, PDA's, other handheld devices
- ⊙ Software

**Ineligible in a system purchase**

- ⊙ Carrying cases
- ⊙ Projection screens
- ⊙ Equipment that needs to be attached or mounted to non-City owned property is ineligible without a Restrictive Covenant

Administration &  
Management

# 2d DCA EQUIPMENT: PROCUREMENT

Administration & Management

Who manages the procurement process?

All Equipment Purchases

Contract  
<\$100K

DCA, DDC or EDC  
manages purchase

Contract  
>\$100K

DCAS manages

Vehicles

DDC manages



St. George Theater Equipment

# 3 OMB (OFFICE OF MANAGEMENT AND BUDGET)

- ⦿ **OMB reviews project documentation:**
  - Capitably eligible project scope
  - Itemized Budget & Funding status
  - Legal Agreement (contract)
  - City ownership

**-OR-**

  - If Non-City ownership, Restrictive Covenant and/or Security Agreement
- ⦿ **Review time is estimated to be 60 days**
- ⦿ **If OMB approves the project, OMB will issue a Certificate to Proceed (CP)**

Project Review & Approval



Museum of the Moving Image, renovation and expansion including new film theater, galleries, entry lobby, bookstore, café, education center, and outdoor courtyard for seasonal screenings

## ➤ NEXT STEP

Prepare compliance paperwork and award

Submit to Comptroller for registration

# 4 COMPTROLLER

- ⦿ Comptroller verifies procedural compliance and accuracy of agreement information
- ⦿ Process includes 30 days for Comptroller review
- ⦿ Once Comptroller gives approval, the contract or purchase order is registered, the grant is filled or equipment is ordered

Project Review & Approval



Queens Theatre in the Park, theatre expansion including new circular lobby, administration offices and cabaret bar

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