

The City of New York  
Executive Budget  
Fiscal Year 2012

Michael R. Bloomberg, Mayor

Office of Management and Budget  
Mark Page, Director

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# Message of the Mayor

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May 5, 2011

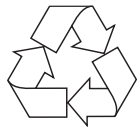
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# Contents

BUDGET AND FINANCIAL PLAN SUMMARY	
Budget and Financial Plan Overview .....	3
Contract Budget .....	8
Borough Presidents' Proposed Reallocations .....	9
Community Board Participation in the Budget Process.....	10
Economic Outlook .....	11
Tax Revenue .....	20
Miscellaneous Receipts .....	39
Capital Budget .....	44
Financing Program .....	61
ANALYSIS OF AGENCY BUDGETS	
Department of Education .....	73
Administration of Justice .....	80
Police Department .....	84
Department of Correction .....	90
Department of Social Services .....	96
Administration for Children's Services .....	105
Department of Youth and Community Development .....	113
Department of Homeless Services .....	118
Department for the Aging .....	123
Department of Health and Mental Hygiene .....	127
Fire Department .....	135
Department of Sanitation .....	140
Department of Parks and Recreation .....	145
Department of Environmental Protection .....	151
Department of Transportation .....	158
Housing Preservation and Development .....	164
Department of Citywide Administrative Services .....	169
Department of Information Technology and Telecommunications .....	176
Economic Development .....	182
Libraries .....	189
Department of Cultural Affairs .....	194
City University of New York.....	198
Pensions and Other Fringe Benefits .....	204
Judgments and Claims .....	207
COVERED ORGANIZATIONS	
Health and Hospitals Corporation .....	211
New York City Transit .....	215
APPENDIX	
Exhibit 1: Expenditure Assumptions Fiscal Years 2012-2015 .....	221
Exhibit 2: Fiscal Year 2012 Executive Budget & Projections, FY 2013-2015 .....	226
Exhibit 3: Actual Revenue: Fiscal Years 2007-2010 .....	228
Exhibit 4: Revenue Estimates: Fiscal Years 2011-2015 .....	229
Exhibit 5: Full-Time and Full-Time Equivalent Employees .....	231
Exhibit 6: Fiscal Year 2012 City Gap Closing Program .....	232
Exhibit 7: Federal Stimulus Funding in the Executive Budget .....	235
Exhibit 8: Financial Summary Comparison: FY 2006-2012 .....	238



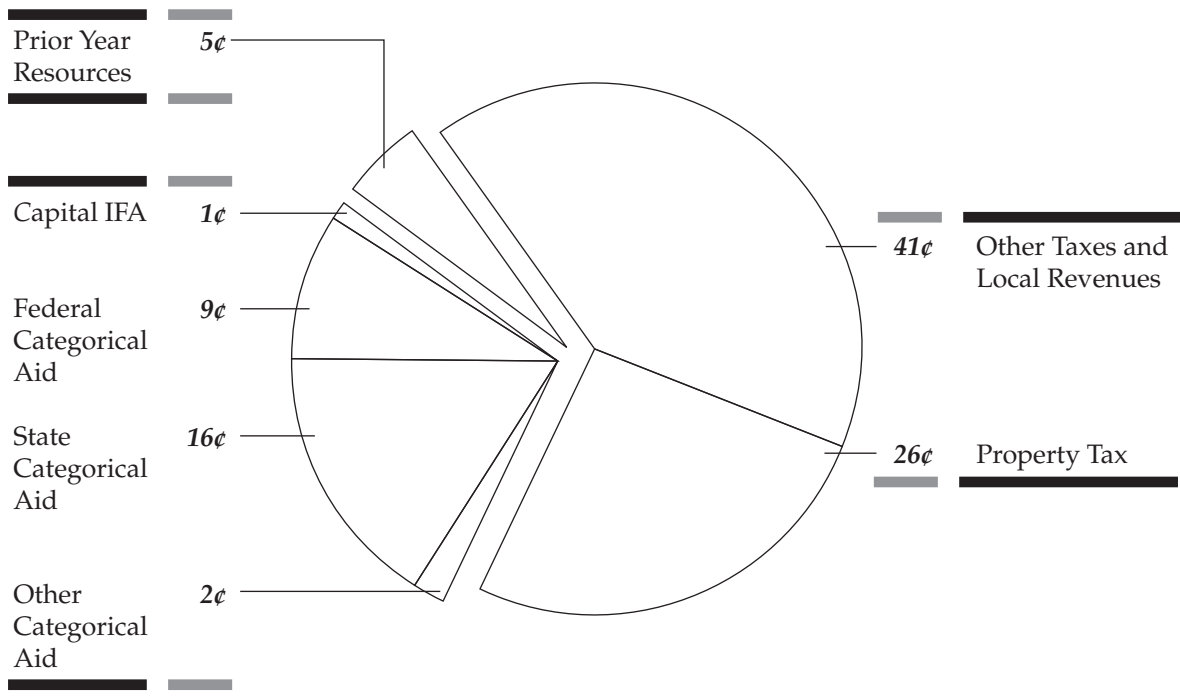
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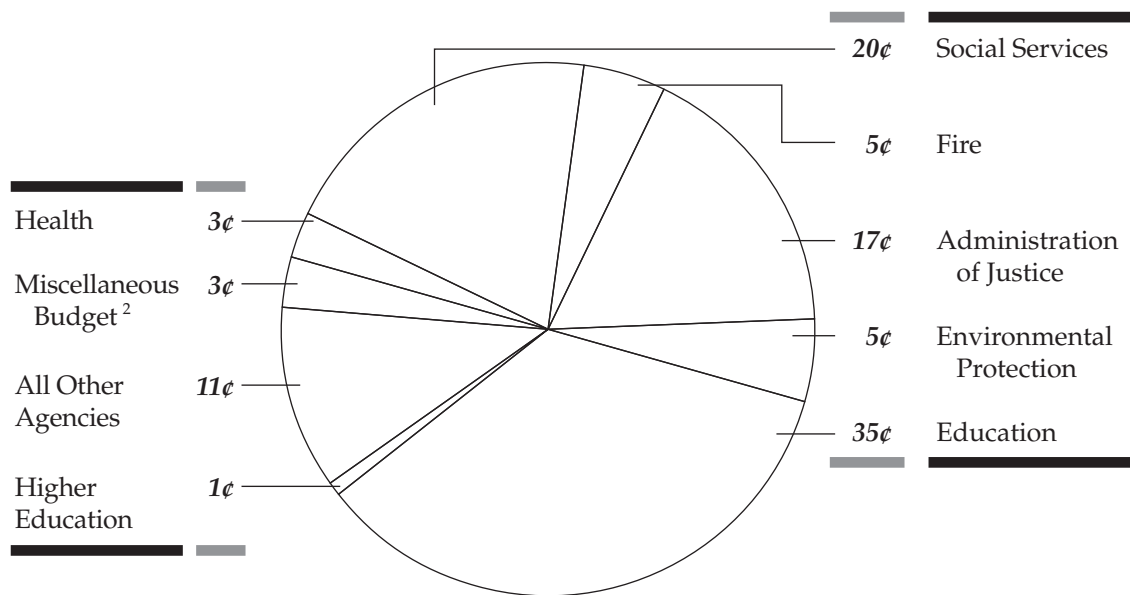
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# Budget and Financial Plan Summary

# Where the 2012 Dollar Comes From



# Where the 2012 Dollar Goes To<sup>1</sup>



<sup>1</sup> Reflects the allocation of Fringe Benefits, Pensions, Debt Service, Judgments and Claims, and Legal Services to the agencies. Excludes the impact of prepayments.

<sup>2</sup> Includes Labor Reserve, General Reserve, MTA Subsidies, and Indigent Defense Services.

## **BUDGET AND FINANCIAL PLAN OVERVIEW**

The 2012 Executive Expense Budget is \$65.7 billion. This is the thirty-second consecutive budget which is balanced under Generally Accepted Accounting Principles (GAAP), except for the application of Statement No. 49 of the Government Accounting Standards Board (“GASB 49”) which prescribes the accounting treatment of pollution remediation costs.

Major highlights of the Executive Budget and Financial Plan are:

- Forecast revenues have increased between fiscal years 2011 and 2012 by \$2.2 billion. Baseline tax revenue is projected to increase by \$2.1 billion.
- Controllable Agency Expenses increase by \$778 million or 3.7% from fiscal years 2011 to 2012 after implementation of an agency expense program.
- The agency program totals \$633 million and \$1.2 billion in fiscal years 2011 and 2012, respectively.
- Debt Service increases by \$562 million or 11.7% between fiscal years 2011 and 2012 while Non-Controllable Expenses increase by \$3.7 billion or 19.7% over this period. The increase in Non-Controllable Expenses includes \$1.8 billion for Pensions and Fringe Benefits, and \$509 million for Medicaid.
- The above actions leave the City with a forecast Operating Deficit of \$3.2 billion in fiscal year 2012 that is balanced using \$3.2 billion of surplus funds accumulated in prior years. The forecast gaps for fiscal years 2013 through 2015 are \$4.8 billion, \$5.1 billion, and \$5.3 billion, respectively.

**Financial Summary—FY2006-FY2012**  
**(\$ in Millions)**

	FY 2006 <sup>1</sup>	FY 2007 <sup>1</sup>	FY 2008 <sup>1</sup>	FY 2009 <sup>1</sup>	FY 2010 <sup>1</sup>	FY 2011 <sup>2</sup>	FY 2012 <sup>3</sup>
<i>Revenues</i>							
Taxes:							
General Property Tax.....	\$12,471	\$12,958	\$13,062	\$14,338	\$16,184	\$16,830	\$17,685
Other Taxes <sup>4</sup> .....	20,965	23,799	24,523	20,587	20,248	22,253	23,752
Tax Audit Revenues .....	775	1,085	1,016	948	769	868	660
Subtotal Taxes .....	\$34,211	\$37,842	\$38,601	\$35,873	\$37,201	\$39,951	\$42,097
Miscellaneous Revenues.....	5,258	5,630	6,521	6,258	6,472	6,192	5,915
Unrestricted Intergovernmental Aid	494	35	242	327	(18)	14	12
Less: Intra-City Revenue.....	(1,396)	(1,387)	(1,477)	(1,631)	(1,782)	(1,890)	(1,532)
Disallowances .....	(542)	(103)	(114)	—	—	(15)	(15)
Subtotal City Funds .....	\$38,025	\$42,017	\$43,773	\$40,827	\$41,873	\$44,252	\$46,477
Other Categorical Grants .....	1,150	1,038	1,089	1,279	1,579	1,336	1,160
Inter-Fund Revenues.....	365	421	455	475	583	569	543
Federal Categorical Grants .....	5,243	5,471	5,692	5,941	7,716	8,325	6,525
State Categorical Grants .....	9,586	10,185	11,421	12,124	11,645	11,495	11,010
Total Revenues .....	<u>\$54,369</u>	<u>\$59,132</u>	<u>\$62,430</u>	<u>\$60,646</u>	<u>\$63,396</u>	<u>\$65,977</u>	<u>\$65,715</u>
<i>Expenditures</i>							
Personal Service.....	\$28,136	\$30,262	\$32,643	\$34,732	\$35,316	\$36,783	\$37,693
Retiree Health Benefits Trust .....	1,000	1,500	—	—	(82)	(395)	(672)
Other Than Personal Service .....	22,276	22,978	25,019	25,484	26,828	26,831	27,229
Debt Service <sup>4</sup> .....	3,379	3,606	3,700	3,644	5,004	5,037	5,914
Net Impact of Debt Defeasances ...	(200)	1,319	1,959	(312)	(2,726)	—	—
Net Impact of							
Discretionary Transfers.....	1,169	849	581	(1,276)	833	(429)	(3,217)
General Reserve.....	—	—	—	—	—	40	300
Subtotal .....	\$55,760	\$60,514	\$63,902	\$62,272	\$65,173	\$67,867	\$67,247
Less: Intra-City Expenditures .....	(1,396)	(1,387)	(1,477)	(1,631)	(1,782)	(1,890)	(1,532)
Total Expenditures.....	<u>\$54,364</u>	<u>\$59,127</u>	<u>\$62,425</u>	<u>\$60,641</u>	<u>\$63,391</u>	<u>\$65,977</u>	<u>\$65,715</u>
Surplus/(Deficit) GAAP Basis.....	<u>\$5</u>	<u>\$5</u>	<u>\$5</u>	<u>\$5</u>	<u>\$5</u>	<u>\$—</u>	<u>\$—</u>

<sup>1</sup> Actual, Comptroller's Report as of the audit of the respective fiscal year excluding subsequent restatements.

<sup>2</sup> Forecast

<sup>3</sup> Executive Budget

<sup>4</sup> Effective in FY 2010, TFA debt service and PIT retention of TFA are reflected in revenues and expenditures. See Exhibit 8 for a comparison chart that restates prior years to include TFA debt service and PIT retention of TFA.



The City's Executive Budget Financial Plan sets forth projected revenues and expenditures on a GAAP basis for fiscal years 2012 through 2015. The assumptions, upon which the four year plan revenue and expenditure estimates are based, are summarized in the Appendix section of this Mayor's Message.

**Four-Year Financial Plan  
(\$ in Millions)**

	FY 2012	FY 2013	FY 2014	FY 2015
<i>Revenues</i>				
Taxes:				
General Property Tax .....	\$17,685	\$18,203	\$18,630	\$19,060
Other Taxes.....	23,752	24,585	25,321	26,666
Tax Audit Revenue.....	660	659	666	666
Subtotal – Taxes .....	\$42,097	\$43,447	\$44,617	\$46,392
Miscellaneous Revenues .....	5,915	5,971	6,030	6,049
Unrestricted Intergovernmental Aid.....	12	12	12	12
Less: Intra-City Revenues .....	(1,532)	(1,526)	(1,523)	(1,523)
Disallowances Against Categorical Grants ..	(15)	(15)	(15)	(15)
Subtotal City Funds .....	\$46,477	\$47,889	\$49,121	\$50,915
Other Categorical Grants.....	1,160	1,158	1,156	1,153
Inter-Fund Revenues .....	543	503	503	503
Federal Categorical Grants.....	6,525	6,290	6,235	6,233
State Categorical Grants.....	11,010	11,093	11,159	11,250
Total Revenues .....	<u>\$65,715</u>	<u>\$66,933</u>	<u>\$68,174</u>	<u>\$70,054</u>
<i>Expenditures</i>				
Personal Service				
Salaries and Wages.....	\$21,277	\$21,342	\$21,558	\$21,647
Pensions .....	8,424	8,568	8,451	8,727
Fringe Benefits .....	7,992	8,420	8,935	9,500
Retiree Health Benefits Trust .....	(672)	—	—	—
Subtotal – Personal Service.....	\$37,021	\$38,330	\$38,944	\$39,874
Other Than Personal Service				
Medical Assistance .....	\$6,141	\$6,327	\$6,463	\$6,643
Public Assistance .....	1,348	1,365	1,365	1,365
All Other <sup>1</sup> .....	19,740	20,236	20,790	21,377
Subtotal – Other Than Personal Service .....	\$27,229	\$27,928	\$28,618	\$29,385
General Obligation, Lease and				
TFA Debt Service <sup>1</sup> .....	5,914	6,668	6,921	7,278
FY 2011 Budget Stabilization &				
Discretionary Transfers <sup>1</sup> .....	(3,217)	—	—	—
General Reserve.....	300	300	300	300
Subtotal .....	\$67,247	\$73,226	\$74,783	\$76,837
Less: Intra-City Expenses.....	(1,532)	(1,526)	(1,523)	(1,523)
Total Expenditures.....	<u>\$65,715</u>	<u>\$71,700</u>	<u>\$73,260</u>	<u>\$75,314</u>
<b>Gap To Be Closed .....</b>	<b>\$—</b>	<b>\$(4,767)</b>	<b>\$(5,086)</b>	<b>\$(5,260)</b>

1. Fiscal Year 2011 Budget Stabilization and Discretionary Transfers total \$3.217 billion, including GO of \$2.263 billion, TFA of \$790 million and subsidies of \$164 million.

When the 2011 budget was adopted and subsequently modified in July 2010, budget gaps of \$3.3 billion, \$4.1 billion and \$4.8 billion were projected for 2012, 2013 and 2014 respectively. The following table details how expenses and revenues have changed from the July 2010 Plan through the 2012 Executive Budget Plan.

**Financial Plan Update**  
**(Increases Gap) / Decreases Gap**  
**City Funds (\$ in Millions)**

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
<b>Gap to be Closed— July 2010 Plan.....</b>	<b>\$ —</b>	<b>(\$3,257)</b>	<b>(\$4,055)</b>	<b>(\$4,835)</b>	<b>(\$4,835)</b>
<b>Gap Opening State Actions in Final Adopted State Budget</b>					
Replace State Cut to Education with City Funds .....	\$—	(\$812)	(\$834)	(\$834)	(\$834)
Replace State Cuts Requiring Backfill in Health and Welfare with City Funds.....	(40)	(81)	(89)	(89)	(89)
Loss of Revenue Sharing .....	—	(302)	(302)	(302)	(302)
<b>Total Gap Opening State Actions .....</b>	<b>(\$40)</b>	<b>(\$1,195)</b>	<b>(\$1,225)</b>	<b>(\$1,225)</b>	<b>(\$1,225)</b>
<b>Revenue Changes— Increase / (Decrease)</b>					
Tax Revenue .....	\$1,032	\$1,245	\$1,080	\$912	\$2,687
Non-Tax Revenue (Misc. Fees and Charges)	(43)	68	92	109	129
<b>Subtotal Revenue Changes.....</b>	<b>\$989</b>	<b>\$1,313</b>	<b>\$1,172</b>	<b>\$1,021</b>	<b>\$2,816</b>
<b>Expense Changes— Increase / (Decrease)</b>					
Replace ARRA Funding for Education with City Funds .....	\$—	\$853	\$853	\$853	\$853
Medicaid (FMAP Timing).....	(142)	195	390	—	—
Other Medicaid Changes .....	(192)	(1)	(235)	(315)	(135)
Judgments and Claims .....	(50)	(90)	(120)	(150)	(180)
Pension Assumptions and Methods (Increase Cost by \$1B) .....	(600)	400	400	400	400
Other Pension Changes.....	(10)	149	192	121	516
Debt Service Savings .....	(292)	(674)	(7)	(10)	351
Reduce Reserve for Prior Payables .....	(500)	—	—	—	—
Decrease FY 2011 General Reserve from \$300M to \$40M.....	(260)	—	—	—	—
Other Expense Changes.....	411	481	358	426	1,610
<b>Subtotal Expense Changes.....</b>	<b>(\$1,635)</b>	<b>\$1,313</b>	<b>\$1,831</b>	<b>\$1,325</b>	<b>\$3,415</b>
<b>Surplus / (Gap) to be Closed May 2011 Plan.</b>	<b>\$2,584</b>	<b>(\$4,452)</b>	<b>(\$5,939)</b>	<b>(\$6,364)</b>	<b>(\$6,659)</b>
<b>Gap Closing Program</b>					
Agency Program .....	\$633	\$1,235	\$1,172	\$1,147	1,147
Pension Reform.....	—	—	—	131	252
<b>Total Gap Closing Program.....</b>	<b>\$633</b>	<b>\$1,235</b>	<b>\$1,172</b>	<b>\$1,278</b>	<b>\$1,399</b>
Prepayment of FY 2012 Expenses .....	(\$3,217)	\$3,217	\$—	\$—	\$—
<b>Gap to be Closed— May 2011 Plan .....</b>	<b>\$—</b>	<b>\$—</b>	<b>(\$4,767)</b>	<b>(\$5,086)</b>	<b>(\$5,260)</b>

The following table reflects the changes in revenues and expenses assumed in the five year plan.

**City Revenue and Expense**  
**(\$ in Millions)**

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
<b>Revenues</b>	<b>\$44,252</b>	<b>\$46,477</b>	<b>\$47,889</b>	<b>\$49,121</b>	<b>\$50,915</b>
Year-to-Year Change		\$2,225	\$1,412	\$1,232	\$1,794
Year-to-Year Change		5.0%	3.0%	2.6%	3.7%
<b>Expenses <sup>1</sup></b>					
Controllable Agency Expenses	\$21,172	\$21,950	\$22,310	\$22,965	\$23,303
Year-to-Year Change		\$778	\$360	\$655	\$338
Year-to-Year Change		3.7%	1.6%	2.9%	1.5%
Debt Service	\$4,819	\$5,381	\$6,358	\$6,614	\$6,975
Year-to-Year Change		\$562	\$977	\$256	\$361
Year-to-Year Change		11.7%	18.2%	4.0%	5.5%
Non-Controllable Expenses <sup>2</sup>	\$18,690	\$22,363	\$23,988	\$24,628	\$25,897
Year-to-Year Change		\$3,673	\$1,625	\$640	\$1,269
Year-to-Year Change		19.7%	7.3%	2.7%	5.2%
<b>Total Expenses</b>	<b>\$44,681</b>	<b>\$49,694</b>	<b>\$52,656</b>	<b>\$54,207</b>	<b>\$56,175</b>
Year-to-Year Change		\$5,013	\$2,962	\$1,551	\$1,968
Year-to-Year Change		11.2%	6.0%	2.9%	3.6%
<b>Operating Results- Surplus/(Deficit)</b>	<b>(\$429)</b>	<b>(\$3,217)</b>	<b>(\$4,767)</b>	<b>(\$5,086)</b>	<b>(\$5,260)</b>
Current Year Roll (Cost)	(\$3,217)	\$—	\$—	\$—	\$—
Prior Year Roll - Benefit	\$3,646	\$3,217	\$—	\$—	\$—
<b>Net Impact of Surplus Roll</b>	<b>\$429</b>	<b>\$3,217</b>	<b>\$—</b>	<b>\$—</b>	<b>\$—</b>
<b>Gap to be Closed</b>	<b>\$—</b>	<b>\$—</b>	<b>(\$4,767)</b>	<b>(\$5,086)</b>	<b>(\$5,260)</b>

<sup>1</sup> Excludes the impact of prepayments.

<sup>2</sup> Non-controllable agency expenses include pensions, fringe benefits, medicaid, re-estimate of prior year's expenses, general reserve, judgments and claims, subsidies to the MTA and public assistance.

## CONTRACT BUDGET

The Contract Budget is presented as part of the 2012 Executive Budget submission. The Contract Budget includes all projected expenditures for contracts that are personal service, technical or consulting in nature, as defined in Section 104 of the City Charter. Purchase orders and open market orders, as well as small purchases that do not require registration by the Comptroller's Office, are included in the Contract Budget. Contracts for the purchase of supplies, materials and equipment are not included.

The 2012 Executive Contract Budget contains an estimated 17,214 contracts totaling over \$10.34 billion. Approximately 81 percent of the total contract budget dollars will be entered into by the Department of Social Services, the Administration for Children's Services, the Department of Homeless Services, the Department of Health and Mental Hygiene and the Department of Education. The Administration for Children's Services has over \$1.61 billion in contracts, approximately 69 percent of which represents contracts allocated for Children's Charitable Institutions (\$490 million) and Day Care (\$626 million). Of the over \$4.48 billion in Department of Education contracts, approximately 26 percent is allocated for pupil transportation contracts (\$1.15 billion).

Each agency's Contract Budget is delineated by object code within the agency's other than personal service units of appropriation. The Executive Budget Supporting Schedules further break down the Contract Budget by budget code within unit of appropriation. All object codes in the 600 object code series are included in the Contract Budget. In addition, the Executive Budget Supporting Schedules reference the 2011 Modified Budget condition for these contract object codes.

Agencies in preparing their contract budgets were requested to categorize their contracts into 50 specific contract objects. The distribution of these contracts is summarized as follows:

	Est # of Contracts	Dollars (Millions)	% Total Dollars
Social Service Related and Health Services.....	4,478	\$3,942	38.1%
• Home Care, Child Welfare, Employment Services, Public Assistance, Day Care, Family Services, Homeless Programs, AIDS, Senior Citizen Programs, Health, Mental Hygiene & Prison Health, etc.			
Youth and Student Related Services .....	1,369	3,459	33.4%
• (including Transportation of Pupils and Payments to Contract Schools)			
Other Services.....	3,063	1,041	10.1%
• Custodial, Security Services, Secretarial, Cultural Related, Employee Related, Economic Development, Transportation, Municipal Waste Exporting, etc.			
Professional Services/Consultant.....	4,594	1,463	14.1%
• Accounting, Auditing, Actuarial, Education, Investment Analysis, Legal Engineering & Architectural, System Development & Management Analysis, etc.			
Maintenance & Operation of Infrastructure .....	1,564	226	2.2%
• Lighting, Street Repair, Buildings, Parks, Water Supply, Sewage and Waste Disposal, etc.			
Maintenance of Equipment.....	2,146	219	2.1%
• Data Processing, Office Equipment, Telecommunications & Motorized Equipment, etc.			
<b>TOTAL .....</b>	<b><u>17,214</u></b>	<b><u>\$10,350</u></b>	<b><u>100.00%</u></b>

## **BOROUGH PRESIDENTS' PROPOSED REALLOCATIONS**

In accordance with section 245 of the New York City Charter, the Borough Presidents may propose modifications to the Preliminary Expense Budget during the Executive Budget process. Any recommended modifications may not result in an increase to the total appropriations proposed in the Preliminary Budget. If increases within a borough are recommended, offsetting reductions in other appropriations within the borough must also be recommended.

The Queens Borough President proposed allocation changes of \$312 million which includes eliminating targeted reductions, proposing spending increases, continuing program funds restored by the City Council in the FY 2011 budget, restoring Borough President discretionary funding, restoring prior year funding reductions plus more equitable funding for Queens. The Queens Borough President is concerned with the impact of State Budget cuts on school services and school construction and also requests \$25 million continuation of 2011 Council funding. Other suggested increases include \$37 million for the Fire Department to insure that Fire companies remain open, \$36 million to the Queens Public Library, \$3.7 million to Cultural Affairs, \$45 million for youth programs, \$55 million for seniors to keep senior centers and programs operating, \$34.8 million for the City University of New York, \$43 million for Parks, \$4 million for housing programs, \$29 million for health and mental health programs and \$3.2 million for the Borough President's office.

The Queens Borough President requests that the method of distributing funds for Cultural institutions and programs, Libraries and the Borough Presidents' offices be made more equitable.

The proposed funding sources come from procurement consolidations and efficiencies, expanding the bottle bill in New York City to capture unclaimed deposits, energy conservation at municipal agencies, eliminating school year jury duty for teachers, increasing alternative to incarceration placements for juvenile offenders, converting the multiple dwelling registration flat fee to per unit fee, extending the general corporation tax to insurance company business income and extending the income tax surcharge for New York State-supporting revenue for New York City.

The Queens Borough President did not propose specific borough reallocations of appropriations.

## COMMUNITY BOARD PARTICIPATION IN THE BUDGET PROCESS

New York City's 59 community boards provide a formal structure for local citizen involvement in the budget process as well as other areas of City decision making. Each board represents up to 250,000 residents in a community district. The Charter mandates that the community boards play an advisory role in three critical areas: changes in zoning and land use, monitoring the delivery of City services in the community district and participating in the development of the City's capital and expense budgets.

Each community board receives an annual budget to pay for a district manager, support staff and other operating expenses. In 2012 the uniform base budget for each community board is \$198,895. This excludes the cost of office rent and heat, light and power, which are in a separate unit of appropriation. Included in the rent unit of appropriation are funds for the cost of moving and telephone installation for community boards which plan to move in 2012.

Each Borough President appoints board members for staggered two year terms. City Council members in proportion to each member's share of the district's population nominate half the appointments. The fifty volunteer members of the community board either live or work in the district.

Each year agencies that deliver local services consult with community boards about budget issues and the needs of the districts, prior to preparing their departmental estimates. The boards then develop and prioritize their capital budget requests (up to 40) and expense budget requests (up to 25). For 2012 community boards submitted 1,622 capital requests to 29 agencies and 1,262 expense requests to 37 agencies. Two-thirds of the community board capital budget requests seek improvements to streets, sewers and parks. Community board expense budget requests concentrate on Citywide programs and personnel increases.

Boards also rank agencies' local service programs by their importance to the community. For 2012 community boards ranked 90 programs within 24 agencies. The top five programs are services for the elderly, youth programs, branch library services, emergency medical services and police patrol. Historically, local services have been the highest ranked.

District specific budget information is available in the following geographic budget reports, which accompany the release of the 2012 budget.

**Register of Community Board Budget Requests for the Executive Budget, Fiscal Year 2012** – lists the funding status for all community board proposals in priority order within community district. Also available in Council district and agency sorts.

**Geographic Report for the Executive Expense Budget for Fiscal Year 2012** – details the expense budgets of fourteen agencies that deliver local services by borough and service district. Includes 2012 Executive Budget information as well as 2011 current modified budget and budgeted headcount data.

**Executive Capital Budget for Fiscal Year 2012** – details the Mayor's Capital Budget by project within agency including two geographic sorts of the Capital Budget. One presents budget data by community district and borough. The other presents the budget by borough within project type.

**Geographic Fiscal Year 2012 Executive Budget Commitment Plan** – presents information on capital appropriations and commitments by community board, including implementation schedules for each month of 2011 and the succeeding four years for all active project identifications by budget line.

## ECONOMIC OUTLOOK

### Overview

The national economic recovery continues to strengthen modestly with an incipient revival of the job market and sustained consumption growth. While the private sector has recovered only a fraction of the nine million jobs lost during the recession, recent broad-based gains across sectors point to further momentum in the coming years. It is projected that employment growth will reach an average annual rate of over 2 million jobs per year from 2012 through 2014. Although consumption is being boosted in the short-term by the 2010 Tax Relief Act — which extended the Bush tax cuts, reduced the payroll tax rate, and increased business depreciation allowances — growth in the longer-run will be sustained by stronger job creation. In turn, rising final demand and exports will continue to spur investment spending by businesses flush with cash from strong profit growth and productivity gains. Employment growth should also foster faster household formation and, combined with high levels of affordability, boost housing demand. Residential investment is therefore also expected to grow from the current historically low level, but housing starts remain far below their 2005 peak even at the end of the forecast period. Aside from the expected slow recovery of the housing market, the main risks to future growth include the alarming jump in energy prices due to turmoil in the Middle East, the associated dip in consumer confidence and the impact of the fiscal tightening necessary to address the U.S. budget deficit.

Financial markets have rebounded quickly with most of the large banks generating strong profits as the Fed and U.S. Treasury start withdrawing crisis-era support programs. The Fed conducted a second round of stress tests on the 19 largest financial institutions. Based on the results, most of these bank holding companies were allowed to proceed with plans for new dividend payouts, unfettered by capital restrictions imposed during the crisis. Both the Fed and Treasury announced plans to begin liquidating their portfolios of securities purchased to prop up asset markets during the height of the crisis; the Fed will auction off holdings of subprime mortgage bonds from the AIG bailout, while the Treasury will sell its portfolio of agency mortgage-backed securities purchased from Fannie Mae and Freddie Mac. By far the most significant policy reversal will be the end of the Fed's second quantitative easing program in June. As a result, without major Fed purchases of long-term Treasuries, interest rates are expected to rise gradually throughout the forecast horizon. Regulators continue to flesh out details of the Dodd-Frank financial reform legislation, a process that will take several years and will likely increase banks' compliance costs. With higher interest rates and tighter regulations margins will be squeezed. Thus, Wall Street profits are expected to decline from the \$28 billion earned in 2010, the second best year on record. Adding to the Fed's already complex job is the unwelcomed rise of inflation, and a concomitant rise in expectations, due to surging commodity and energy prices. However, the increase in oil prices is expected to moderate and the excess slack in the economy should help contain inflationary pressures.

New York City is enjoying a broad based recovery, with particular help from Wall Street and the tourism sector. However, job growth is still expected to be modest. Overall private employment is projected to increase 1.2 percent in 2011, up from 0.7 percent in 2010, resulting in overall wage earnings of \$292 billion in 2011. In 2012 wage earnings are expected to finally surpass the pre-recession peak of \$295 billion. The vital securities sector added about 10,000 positions since the low point of 161,000 employees in the first quarter of 2010, but lower net revenues in the future will constrain new hiring. The rebound of Wall Street has also spilled over to the professional and business services sector, which is expected to add an average of 14,000 jobs per year in 2011 and beyond. Likewise, boosted by the resilient tourism sector, leisure and hospitality employment is expected to continue setting record highs, adding 6,000 jobs per year over the forecast period.

With the exception of the housing sector, most areas of the local economy have improved. The increase in office-using employment has led to a rebound in demand for office space. Vacancy rates continue to fall since the peak in the first quarter of 2010 and asking rents remain stable. The number of tourists flocking to the City set a new record of 48.7 million visitors in 2010 resulting in near-capacity hotel occupancy and increasing room rates, despite an expansion in the inventory of hotel rooms. However, residential real estate continues to lag the rest of the economy. Although the federal homebuyers' tax credit lifted transactions and prices in the first half of 2010, the impact was temporary as activity plunged in the second half of the year. As a result, home prices continue to fall and volume is expected to decline 12 percent in 2011. Likewise, issuance of residential permits has stalled and is expected to remain weak for the near future.

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*\* All economic data are reported on a calendar year basis.*

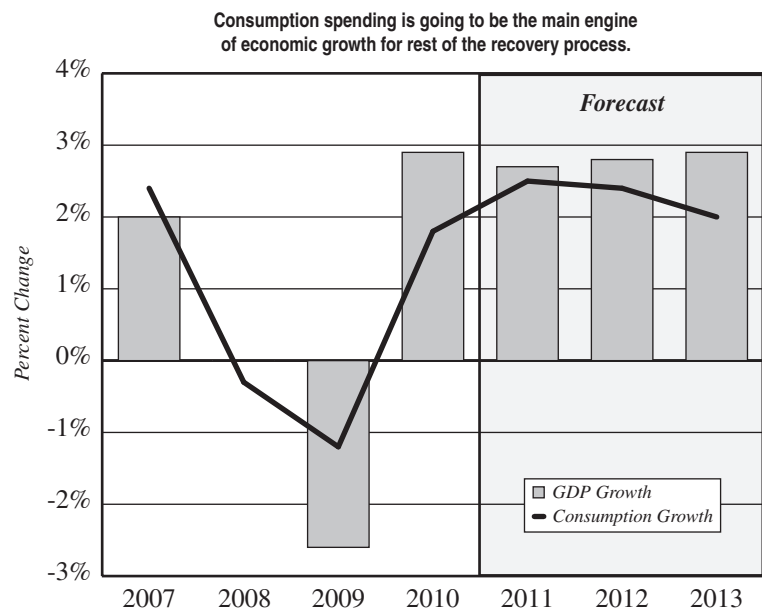


## THE U.S. ECONOMY

The fundamentals of the U.S. economic recovery are strengthening. Several vital sectors of the economy have started to gain momentum – most notable is the labor market. With accelerated job growth, overall demand is now projected to rise. However, the housing market remains the biggest factor holding the economy back as households struggle to mend their balance sheets. Other risks include the imminent fiscal tightening necessary to address the unsustainable path of public debt, the unrest in the Middle East that has resulted in sharp oil price jumps, and the supply disruptions from the earthquake in Japan. Real GDP is forecast to rise by 2.7 and 2.8 percent in 2011 and 2012, respectively, and will accelerate slightly in the out years.

Industry surveys, unemployment insurance claims and recent data on job creation show a continuing turnaround in employment. Evidence that cyclical service-providing sectors (professional & business services, leisure & hospitality, and trade) have gained jobs recently is particularly encouraging. Also, export-based manufacturing has added over 200,000 jobs since the beginning of 2010. Industrial materials & supplies, capital goods and motor vehicles & parts benefited from a relative price advantage due to the weak dollar. Exports will most likely maintain similar growth rates in the near future due to a stable exchange rate and sustained global economic growth. Construction-based manufacturing (transportation equipment, wood products, furniture, and chemicals) will join the expansion in 2012 when the residential and nonresidential housing markets start growing again. With job growth in almost all the major sectors, overall private sector employment is projected to increase 1.8 percent in 2011 and accelerate to slightly over two percent annually thereafter. However, due to a shrinking government sector, total employment will rise at a lower rate of 1.2 percent in 2011 and 1.7 percent in 2012. At this rate of job growth the economy will not return to the previous employment peak until 2014.

### GDP GROWTH



Construction-based manufacturing (transportation equipment, wood products, furniture, and chemicals) will join the expansion in 2012 when the residential and nonresidential housing markets start growing again. With job growth in almost all the major sectors, overall private sector employment is projected to increase 1.8 percent in 2011 and accelerate to slightly over two percent annually thereafter. However, due to a shrinking government sector, total employment will rise at a lower rate of 1.2 percent in 2011 and 1.7 percent in 2012. At this rate of job growth the economy will not return to the previous employment peak until 2014.

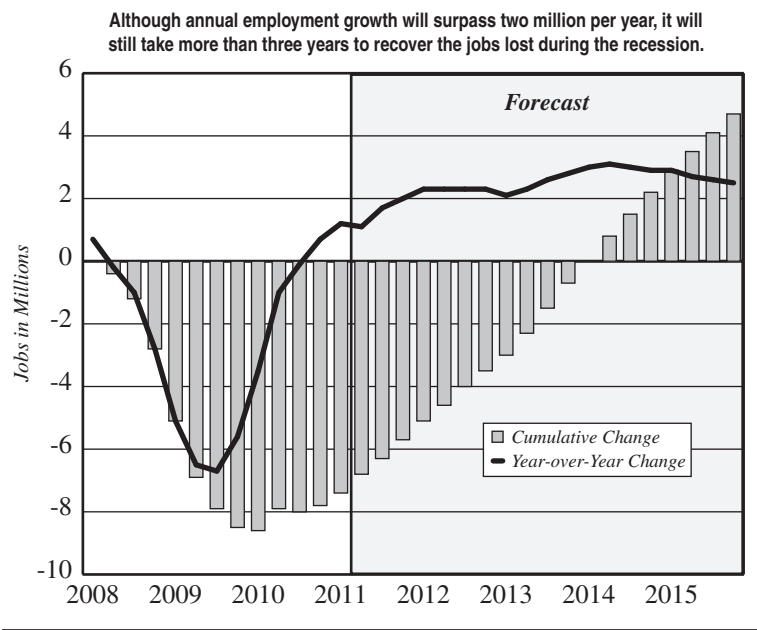
Although job growth is an essential driver of long-term consumption spending, overall demand has also been boosted by short-term individual and business tax reductions. It is anticipated that the added fiscal stimulus provided by the 2010 Tax Relief Act – the two percentage point payroll tax reduction for wage earners, the full expensing of depreciation allowance, and the extension of the earlier Bush tax cuts – will add 0.8 percentage point to growth in 2011. However, the recent run-up in energy prices could harm U.S. and global economic growth. Domestic gasoline prices have risen by a dollar over the last six months. If the current level remains close to \$4.00 per gallon for the rest of the year, it will completely offset the benefits of the payroll tax reduction, which was expected to contribute \$110 billion to disposable income. Furthermore, consumer discretionary spending is also dependent on consumer sentiment. The recent events in the Middle East and Japan and the real possibility of a prolonged period of painful federal budget rebalancing have caused confidence to fall. After trending up since the end of the recession, the Michigan sentiment index has suddenly retracted to where it was about two years ago. As a result, real



consumption spending is forecast to grow at a modest 2.5 percent in 2011, decelerating slightly in the subsequent two years as the release of pent-up demand after years of retrenchment loses some steam.

Business investment will respond to rising demand. Even when the economy was contracting, business productivity and profitability grew, resulting in a surfeit of cash accumulations. Ample liquidity and the deeper depreciation allowances passed by Congress have helped businesses replace old and obsolete computers, machines, tools, equipment and software. A strong rebound in spending in this category has made up over 80 percent of the recession loss. With final demand rising, firms are in an extremely favorable position to further add to long-term capital investment. Nonresidential fixed investment is forecast to rise a hefty 9.0 percent this year and 7.4 percent in 2012.

## U.S. EMPLOYMENT



While the housing market remains the laggard of the recovery there are several promising signs. Housing affordability, which is already at record high levels, will be buoyed by rising income even if interest rates rise as expected. Job growth will revive household formation, which dropped precipitously in the recession. Currently new households are forming roughly at the rate of 350,000 per year compared to an annual average of over 1.6 million during the last expansion. Given the more than 2.6 million new jobs expected to be added each year starting 2012, there is the potential for a sharp rise in household formation. Both this behavioral change and higher levels of affordability will be important determinants of housing demand in the near future. On the supply side of the housing market, mortgage delinquency rates have been declining along with the number of homes in the foreclosure pipeline. Thus, the residential real estate market is poised for a pick-up after six years of downslide. Nevertheless, while residential fixed investment is projected to rise at double-digit rates over the next several years due to already depressed levels, housing starts remain far below the peak of 2005 even by the end of the forecast period.

Financial markets have recovered much more quickly than the housing sector. Most of the large financial firms and banks have returned to profitability and are replenishing their capital bases. Measures of financial market duress and volatility have returned to their pre-crisis levels and equity markets continue to rise with the prospects of strong corporate earnings and the potential economic recovery. In particular, the stock market continues to rally, despite the unrest in the Middle East and higher commodity prices. The S&P500 and Dow were up 5.4 and 6.4 percent, respectively, in Q1 2011. At the same time, volatility continues to be low. The CBOE volatility index, sometimes called the “fear index”, averaged around 19, below the pre-crisis average of 20. Likewise, the proportion of S&P 500 trading days with index changes in excess of one percent – the trading days ratio – was only 20 percent in the first quarter this year, down from an average of 30 percent in 2010.

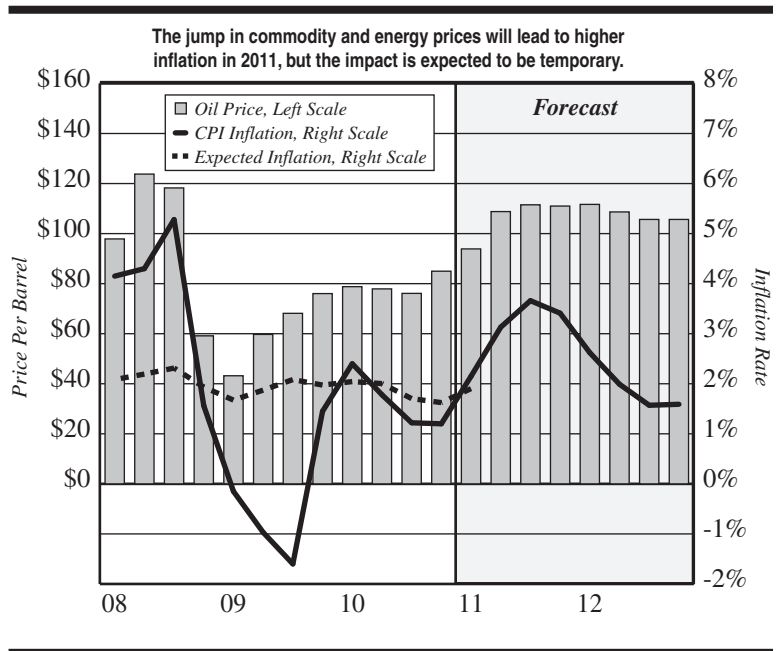
Given the favorable conditions, banking regulators are taking tentative steps to slowly withdraw the supports that have been aiding the financial sector for over two years now. The Fed has begun to scale back

or end programs established during the crisis. Actions include looser restrictions on bank capital distributions, plans for auctioning off its portfolio of subprime mortgage securities acquired from AIG and the resumption of its “exit strategy.” Similarly, the U.S. Treasury announced plans to sell its portfolio of agency mortgage-backed securities.

In March the largest 19 financial institutions learned the results of their second round of “stress tests,” conducted by the Fed in January. While the first round was aimed at bolstering public confidence in the banking system, the second round was conducted to determine which banks would be given permission to resume dividend payments and other capital distributions. Unlike the first round when results were widely publicized, the individual firm-level outcomes of the second round were not revealed. However, five of these U.S. bank holding companies failed to announce new dividend plans, implying that they continue to operate under Fed restrictions.<sup>1</sup> The rest were given the green light to implement new distributions.

At the end of March, the Fed announced plans to start liquidating the \$15.7 billion portfolio of subprime mortgage bonds it acquired at the end of 2008 as part of the AIG bailout. In a similar move, the Treasury Department announced it would start selling its \$142 billion portfolio of agency mortgage-backed securities it purchased at the height of the crisis from Fannie Mae and Freddie Mac. By far the most significant reversal will be the end of the Fed’s second phase of long-term Treasury purchases commonly known as Quantitative Easing 2 (QE2). Started in November 2010 and scheduled to end in June 2011, QE2 entails purchases of up to \$600 billion of long-term Treasury securities. At the same time, the reinvestment of principal payments from agency debt and mortgage-backed securities will add another \$300 billion, pushing the Fed’s balance sheet to a record \$2.8 trillion. Both stages of quantitative easing have suppressed longer term interest rates, aiding the housing market and other interest rate-sensitive activities. The impending conclusion of QE2 and a strengthening economy will result in increasing interest rates, with the 10-Year Treasury yield projected to rise from 3.7 percent in 2011 to 4.2 percent in 2012. Likewise, short term rates are expected to climb in the first quarter of 2012 as the Fed starts to gradually raise the fed funds target rate from the current 0 to 0.25 percent range to 2.5 percent at the end of 2012.

#### U.S. INFLATION AND ENERGY COSTS



While crisis-era support programs are being shuttered, regulators continue fleshing out the details of the Dodd-Frank financial regulatory reform law. The new legislation requires regulators to define hundreds of rules, a process that will take several years. Currently, there are major draft proposals spanning an array of areas including the retention of credit risk, bonus payments, margin requirements for derivatives trading and resolution plans – also known as living wills. Tighter regulations will inevitably affect the behavior of the major banks and will most likely lead to diminished profits and higher compliance costs. For instance, the Volcker Rule restrictions on proprietary trading have already led to staff departures and spin-offs at a number of large banks.

<sup>1</sup> The five institutions are Bank of America, Capital One Financial, Regions Financial, MetLife, and Morgan Stanley.

Reports of first quarter earnings at the top five financial institutions hint at a slowdown of profits. Net income fell by 32 percent compared to the same quarter a year ago. Nevertheless, profit levels are still relatively high, since Q1 2010 was a very strong quarter. Of note, investment banking revenue increased 12 percent. First quarter U.S. IPOs are up 29 percent from the same quarter last year, while M&A deals declined by 5 percent. Retail banking remains in the doldrums, with weakness in housing and job markets curtailing lending. Smaller regional banks continue to be hurt by their exposure to residential and commercial real estate. At the end of 2010, there were 884 banks on the FDIC's problem-bank list, up from 860 the previous quarter. One bright spot is the fact that through the end of March, only 26 banks have been shuttered by the FDIC. Over the same period last year 41 institutions were closed.

In the most recent FOMC statement, the Fed noted that "Increases in the prices of energy and other commodities have pushed up inflation in recent months." Yet due to the excess slack in the economy, Fed officials believe that the danger of commodity price spikes spilling over to other sectors is small and that any impact will be transitory. Nevertheless, most measures of inflation expectations are rising. Furthermore, the yield spread between 5-year Treasuries and same duration TIPS has increased steadily from 1.7 to 2.2 percent over the first quarter. In addition, model based estimates of inflation expectations made by the Cleveland Fed, which correct for known data and pricing problems such as risk premiums, have likewise risen since September 2010.

The most recent inflation measures are starting to accelerate. Headline CPI inflation rates jumped to 2.7 percent (year-over-year) in March, up from 2.2 percent in February, the highest level in over a year. Core CPI inflation rates, which exclude more volatile food and energy sectors, rose slightly to 1.2 percent in March, up from 1.1 percent the previous month. The Fed's preferred inflation gauge, the core PCE rate, rose in February to 0.9 percent, up slightly from 0.8 percent in January – the 27th consecutive month that this measure has remained below the Fed's informal 2 percent upper bound for acceptable price stability. The forecast assumes that inflation remains subdued and expectations do not become disruptive. Oil prices will rise throughout the forecast horizon, averaging \$106/bbl in 2011 but growing only modestly to about \$108 in 2012. As a result, headline inflation will peak at 3.1 percent in 2011 and moderate thereafter, partly due to a tightening of monetary policy starting in early 2012.

## THE NEW YORK CITY ECONOMY

New York City is in the midst of a broad based recovery: nearly every sector of the economy has improved over the past year. Wall Street has posted strong profits, labor markets have firmed, and office vacancy rates have declined. Tourists continue to flock to the City and there are even some signs of life in the residential market. Nonetheless, it is likely the local recovery will remain modest as the national economy faces headwinds and Wall Street profitability slows.

Wall Street earned profits of \$28 billion in 2010, the second best year in history. The Federal Reserve's accommodative monetary policy has enabled firms to reduce their borrowing costs dramatically. Concurrently, equity and bond markets soared, while underwriting and M&A activity picked up. The earnings enabled firms to boost their payrolls. Since bottoming out in the first quarter of 2010 at approximately 161,000 employees, securities firms hired about 10,000 staff. In addition, firms distributed over \$60 billion in wage earnings (including bonus) in 2010, up from \$55 billion in 2009.<sup>1</sup>

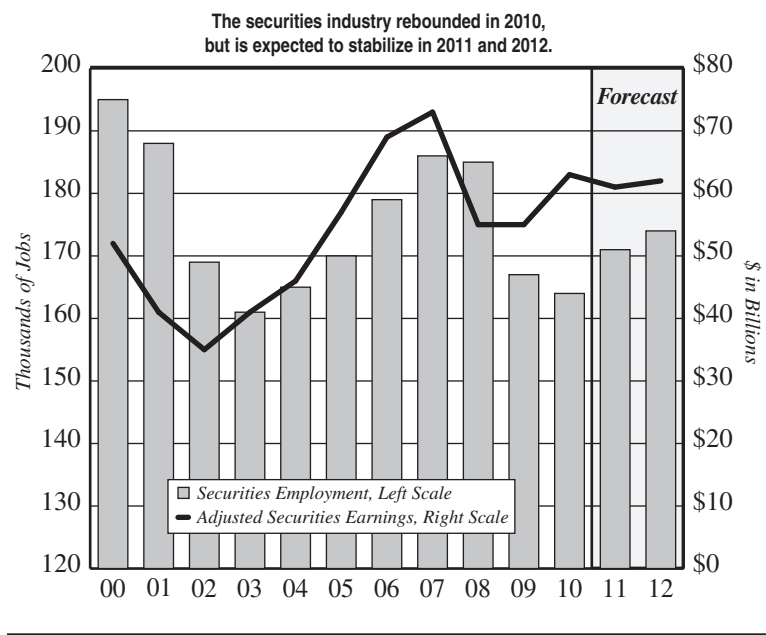
Profitability is projected to ease in 2011 and 2012, to \$20 billion and \$14 billion, respectively. Proprietary trading gains are expected to decrease with tighter financial regulation and interest rates are anticipated to rise gradually in 2012. The lower revenues result in limited new hiring on Wall Street and a slight decline in bonuses. As a result, securities sector wage earnings stabilize in 2011 and 2012.

Success on Wall Street and the gradual improvement in the national economy has boosted growth in the professional and business services sector. Since the start of the recovery, this sector has added jobs in employment services, computer services, advertising, consulting services, and accounting. Further expansion is expected with an average gain of 14,000 jobs per year from 2011-2015.

The information sector is slated to gain 4,000 jobs in 2011 and 2,000 in 2012. This sector is still restructuring as old and new media continue to evolve. After reaching 200,000 in 2001, employment fell 20 percent to 160,000 by 2005. Throughout the forecast period, employment levels in information are expected to remain far below the dot-com peak.

Tourism maintains its position as an economic stronghold for the City. Both domestic and foreign tourists visited in droves, spurred on by the City's cultural attractions and the continuing weakness of the dollar. As a result, 2010 saw a record 48.7 million visitors flocking to the City. The average daily room rate at local hotels rebounded from \$237 in 2009 to \$254 in 2010, while the occupancy rate settled at 85 percent, the fifth highest level in history. The most astonishing development was that hotels maintained a near-capacity occupancy level even as over 6,000 new hotel rooms were added to the City's inventory, resulting in an all-time high 25.7 million room nights sold in 2010.<sup>2</sup>

### SECURITIES WAGE EARNINGS AND EMPLOYMENT



<sup>1</sup> Securities wage earnings are adjusted. The first quarter bonus payments are accrued to the prior calendar year to reflect when the actual wages were earned not distributed.

<sup>2</sup> NYC & Company

However, the City's tourism industry is not entirely impervious to adversity. The severe winter weather slowed tourist activity in the first two months of the year. Additionally, the ongoing European debt crises and the natural disaster in Japan could pose challenges to the sector. In spite of these developments, activity in the tourism sector is expected to press on at a steady pace. Occupancy rates are expected to maintain their stance above 80 percent throughout the forecast period, even as another 1,000 new hotel rooms come on line annually. Room rates will rise from current levels, albeit at a slow pace due to the continuing growth of budget hotels in the City.

The leisure and hospitality industry will continue to set record highs in employment, but hiring will occur at a slower pace. After gaining 11,000 jobs in 2010, this sector is expected to add only 6,000 jobs on average from 2011-2015. Retail trade also benefitted from tourism and a pickup in the national economy. This sector added 10,000 jobs in 2010, but is forecast to add an average of only 3,000 jobs per year through the end of the forecast period.

Office-using employment has increased by 35,000 since the end of 2009, which has boosted demand for office space.<sup>3</sup> Leasing activity topped 26 million square feet in 2010 and has been brisk in the first quarter of 2011. As a result, vacancy rates have fallen to under 11 percent from a peak of 12.5 percent in the first quarter of 2010. Asking rents have held steady at approximately \$61 per square foot in the primary market, well below the \$85 per square foot charged in the middle of 2008.

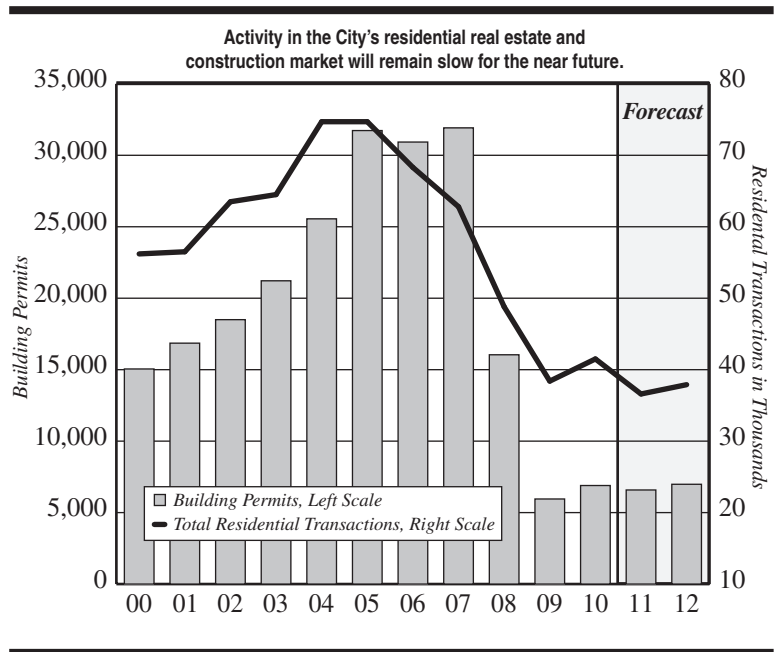
Stable employment growth will generate further demand for office space in 2011 to 2013. Vacancy rates improve to below 9 percent and asking rents rise by approximately 4.5 percent per year to reach over \$70 per square feet on average by 2013. However, increased supply (for example, the completion of over four million square feet in the World Trade Center) will likely pressure the market, pushing vacancy rates up and causing asking rent appreciation to pause.

The residential real estate market had an up and down year in 2010. The first half of the year was marked by a continuation of brisk activity by individuals moving their purchase dates forward to beat the June deadline for the federal homebuyer's tax credit, which caused prices to briefly rise from May through August 2010. A sharp decline in transaction activity in the second half of 2010 followed the expiration of the federal incentive. Total residential transactions in the City fell 11 percent and 25 percent year-over-year in the third and fourth quarters of 2010, respectively.

Due to the sudden drop in activity, home prices as measured by the S&P/Case-Shiller (C-S) Index reached a new low for the current cycle in February 2011. Thus far, the C-S index has fallen 23 percent from the peak reached in June 2006 and soft market conditions will persist for the near future. In turn, total transactions are expected to slide 12 percent in 2011, and pick up gradually thereafter. Likewise, prices will continue their downward trend in 2011 and 2012, and recover slowly in the out-years.

Slack conditions in the residential real estate market have taken a toll on new construction activity. New residential permits totaled 6,895 in 2010, a slight improvement over 2009, but nowhere near the average of roughly

### NYC RESIDENTIAL REAL ESTATE



3 Office using employment includes financial, business and information services.

28,000 permits issued per year from 2005 through 2008. Due to excess building during the boom years, permit activity will be muted for the foreseeable future. This does not bode well for construction employment. After losing 21,000 jobs from 2008 through 2010, construction is expected to lose 8,000 jobs in 2011 and 1,000 in 2012.

The traditionally non-cyclical sectors of education and health services continued to add jobs throughout the recession and early stages of the recovery. Education and health gained 19,000 jobs in 2010. There is some uncertainty whether this pace can continue as federal, state and local budget cuts may have a negative impact on these local private industries due to their high level of public funding. Therefore, the forecast calls for an addition of 15,000 in 2011 and only 11,000 in 2012.

The long-term contraction of the manufacturing sector is expected to persist in coming years. Manufacturing cut 5,000 jobs in 2010, leaving the employment level at a new record low of 77,000. In the last decade, the size of this sector has shrunk by half. From 2011-2015, manufacturing is expected to lose 4,000 jobs a year on average.

### New York City Job Growth Forecast

NYC Employment (Ths.)	2010 Level	2011 Level Change	2012 Level Change
Total	3,708	28	29
Private	3,150	38	30
Financial Activities	429	6	1
Securities	164	7	3
Professional & Business Services	577	13	9
Information	164	4	2
Education	171	7	4
Health & Social Services	583	8	7
Leisure & Hospitality	320	6	7
Wholesale & Retail Trade	439	5	4
Transportation & Utilities	119	(1)	1
Construction	112	(8)	(1)
Manufacturing	77	(3)	(4)
Other Services	161	0	1
Government	558	(10)	(1)

Overall, private employment in New York City is anticipated to increase 1.2 percent in 2011 following a 0.7 percent rise in 2010. The modest growth rate of 1.2 percent is expected to continue from 2012-2015. The average annual wage rate is expected to grow 3.2 percent in 2011 and 2.5 percent through the rest of the forecast horizon. As a result, overall wage earnings in the City rise to \$292 billion in 2011. In 2012, wage earnings hit \$299 billion surpassing the 2008 pre-recession mark of \$295 billion.

There remain concerns regarding the path of New York City's economic recovery. Tension in the Middle East leading to higher oil prices, possible unknown long-term impacts from the earthquake in Japan, higher interest rates and subpar U.S. growth can negatively affect the local economy. Assumptions for continued profitability on Wall Street are predicated on continued stability and the Federal Reserve's ability to stave off inflation and eventually unwind their balance sheet. Lastly, the serious fiscal conditions of New York State could further adversely impact the City's economy.



**Forecasts of Selected Economic Indicators for the United States and New York City**  
Calendar Year 2010-2015

	2010	2011	2012	2013	2014	2015	1979-2009*
<b>NATIONAL ECONOMY</b>							
<b>Real GDP</b>							
Billions of 2005 Dollars .....	13,248	13,612	13,989	14,398	14,918	15,393	
Percent Change .....	2.9	2.7	2.8	2.9	3.6	3.2	2.7%
<b>Non-Agricultural Employment</b>							
Millions of Jobs .....	129.8	131.3	133.6	136.0	139.0	141.7	
Level Change .....	-1.0	1.5	2.3	2.4	3.0	2.7	
Percent Change .....	-0.7	1.2	1.7	1.8	2.2	1.9	1.3%
<b>Consumer Price Index</b>							
All Urban (1982-84=100).....	218.1	224.8	229.2	233.4	238.5	243.7	
Percent Change .....	1.6	3.1	1.9	1.8	2.2	2.2	3.7%
<b>Wage Rate</b>							
Dollars Per Year .....	49,337	50,847	52,473	53,917	55,379	56,950	
Percent Change .....	2.8	3.1	3.2	2.8	2.7	2.8	4.2%
<b>Personal Income</b>							
Billions of Dollars .....	12,547	13,195	13,678	14,306	15,151	16,028	
Percent Change .....	3.1	5.2	3.7	4.6	5.9	5.8	6.1%
<b>Before-Tax Corporate Profits</b>							
Billions of Dollars .....	1,801	1,681	1,672	2,065	2,223	2,145	
Percent Change .....	36.8	-6.7	-0.6	23.5	7.6	-3.5	5.4%
<b>Unemployment Rate</b>							
Percent .....	9.6	8.8	8.3	7.8	7.1	6.4	6.2% avg
<b>10-Year Treasury Note</b>							
Percent .....	3.2	3.7	4.2	4.6	4.8	5.6	7.3% avg
<b>Federal Funds Rate</b>							
Percent .....	0.2	0.2	1.2	3.4	3.6	4.7	6.2% avg
<b>NEW YORK CITY ECONOMY</b>							
<b>Real Gross City Product**</b>							
Billions of 2005 Dollars .....	576.9	580.9	586.2	596.7	612.8	627.7	
Percent Change .....	6.6	0.7	0.9	1.8	2.7	2.4	2.5%
<b>Non-Agricultural Employment***</b>							
Thousands of Jobs .....	3,708	3,736	3,765	3,797	3,844	3,894	
Level Change .....	14	28	29	32	47	51	
Percent Change .....	0.4	0.8	0.8	0.8	1.2	1.3	0.4%
<b>Consumer Price Index</b>							
All Urban (1982-84=100).....	240.9	248.0	253.4	258.5	264.7	271.0	
Percent Change .....	1.7	3.0	2.2	2.0	2.4	2.4	4.0%
<b>Wage Rate</b>							
Dollars Per Year .....	78,122	80,612	81,933	83,758	86,207	88,847	
Percent Change .....	5.8	3.2	1.6	2.2	2.9	3.1	5.3%
<b>Personal Income</b>							
Billions of Dollars .....	431.4	451.6	461.6	479.3	505.2	532.5	
Percent Change .....	3.8	4.7	2.2	3.8	5.4	5.4	6.4%
<b>NEW YORK CITY REAL ESTATE MARKET</b>							
<b>Manhattan Primary Office Market</b>							
<b>Asking Rental Rate****</b>							
Dollars per Square Feet .....	61.94	64.58	67.49	71.16	70.26	74.29	
Percent Change .....	0.0	4.2	4.5	5.4	-1.3	5.7	2.2%
<b>Vacancy Rate****</b>							
Percent .....	11.0	10.0	9.7	8.8	10.3	10.0	10.8% avg

\* Compound annual growth rates for 1979-2009. Compound growth rate for Real Gross City Product covers the period 1980-2009; Personal Income 1978-2008.

\*\* GCP estimated by OMB. The GCP figures have been revised due to a methodological change.

\*\*\* Employment levels are annual averages.

\*\*\*\* Office market statistics are based on 1987-2009 data published by Cushman & Wakefield.

## TAX REVENUE

### Overview

Total tax revenue\*, excluding audits, is forecast to increase 7.7 percent in 2011 and 5.2 percent in 2012.

### Forecast Summary for 2011

*Non-property tax* revenues are forecast to increase 10.0 percent in 2011, after a decline of 8.1 percent in 2010. The growth in revenues reflects the impact of continuing wage income growth and high Wall Street profitability in calendar years 2009 and 2010 on the City's economically sensitive tax base.

In 2011, *personal income tax* revenue is forecast to increase 11.0 percent following two years of declines. Employment gains and Wall Street strength increase personal income tax liability through moderate wage income growth and strong nonwage income growth, the result of a rebound in capital gains realizations. *General corporation tax* revenue is forecast to rebound 14.4 percent following three consecutive years of declines. The turnaround in growth is supported by tax payments from both finance and non-finance sectors, reflecting the national and local economic recovery. Tax payments from large finance sector firms, however, have lagged the rebound in Wall Street profitability and are expected to lift general corporation tax revenue in 2012. *Banking corporation tax* revenue is forecast to increase 27.5 percent, following a decline of 13.4 percent in 2010. Bank tax payments remain generally robust in 2011, reflecting a high level of bank profitability due to Federal monetary stimulus as well as a decline in the level of refund payouts, as firms with large overpayments on account have applied most of the overpayments to tax payments on estimated liability. *Unincorporated business tax* revenue is forecast to increase 7.4 percent, following a decline of 11.3 percent in 2010, reflecting increased tax payments from smaller finance sector firms, particularly hedge funds, and from non-finance sector firms recovering from the deep local recession. *Sales tax* revenue is forecast to increase 6.7 percent, following two consecutive years of declines, as employment gains and rising consumer confidence lift taxable consumption in the City. Sales tax revenue growth is also supported by strong tourist consumption as the number of City visitors, both foreign and domestic, remains high.

*Real property transfer tax* revenue is forecast to increase 18.4 percent after declining 17.2 percent the prior year, resulting from a rebound in high-value commercial transactions. *Mortgage recording tax* revenue is forecast to increase 16.0 percent, compared to last year's decline of 29.2 percent, as the credit market conditions improve for commercial transactions and refinancing of residential properties continues despite weakness in residential transactions.

*Property tax* revenue is forecast to increase 4.2 percent, based upon 4.2 percent growth in billable assessed value. *Commercial rent tax* revenue is forecast to increase 1.5 percent.

### Forecast Summary for 2012

*Non-property tax* revenues are forecast to increase 5.4 percent, reflecting continuing employment gains, a reduced but still high level of Wall Street profitability and the continuing national economic recovery. *Personal income tax* revenue is expected to increase 5.1 percent and reflects continued wage income growth and increased tax payments on nonwage income, the result of another year of strong capital gains realizations. Tax payments from *business taxes* are forecast to increase 8.2 percent and reflect strong finance sector profitability in calendar years 2010 and 2011 and continued profitability from non-finance sector firms. *Sales tax* revenue is forecast to increase 4.8 percent as local consumption continues to improve along with the local economic recovery.

*Real property transfer tax* revenue is forecast to increase 6.3 percent in 2012, reflecting a continued rebound in the Manhattan commercial market. *Mortgage recording tax* revenue is forecast to increase 18.1 percent, reflecting a further improvement in credit market conditions.

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\* Unless otherwise stated, the tax revenue growth rates in this section are reported on a common rate and base, except for the table at the end of the section. The March 2011 report, "Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2010-2014" discusses the tax forecasting techniques used in this Executive Budget.



*Property tax revenue* is forecast to increase 4.8 percent based upon 5.6 percent growth in billable assessed value. *Commercial rent tax* is forecast to increase 3.2 percent, reflecting increasing office-using employment that translates into lower vacancy rates and higher asking rents for commercial office space in Manhattan.

**2011 and 2012 Tax Revenue Forecast**  
(**\$ in Millions**)

Tax	2011 Forecast	2012 Executive Budget	Increase/(Decrease) From 2011 to 2012	
			Amount	Percent Change
Real Property	\$16,830	\$17,685	\$854	5.1%
Commercial Rent	603	622	19	3.2%
Real Property Transfer	728	774	46	6.3%
Mortgage Recording	424	500	76	17.9%
Personal Income	7,618	8,171	553	7.3%
General Corporation	2,312	2,725	413	17.9%
Banking Corporation	1,261	1,227	(34)	(2.7%)
Unincorporated Business	1,660	1,799	139	8.4%
Sales and Use	5,539	5,797	259	4.7%
Utility	393	413	20	5.1%
Cigarette	70	70	(1)	(1.0%)
Hotel	418	398	(20)	(4.9%)
All Other	515	466	(49)	(9.4%)
<b>Subtotal</b>	<b>\$38,370</b>	<b>\$40,646</b>	<b>\$2,275</b>	<b>5.9%</b>
STAR Aid	712	792	80	11.2%
Tax Audit Revenue	868	660	(208)	(24.0%)
<b>Total†</b>	<b>\$39,951</b>	<b>\$42,097</b>	<b>\$2,147</b>	<b>5.4%</b>

† Totals may not add due to rounding.

## REAL PROPERTY TAX

The real property tax is projected to account for 42.0 percent of total tax revenue in 2012, or \$17,685 million.

Tax detail and legislative history can be found in the OMB publication “Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2010-2014.”

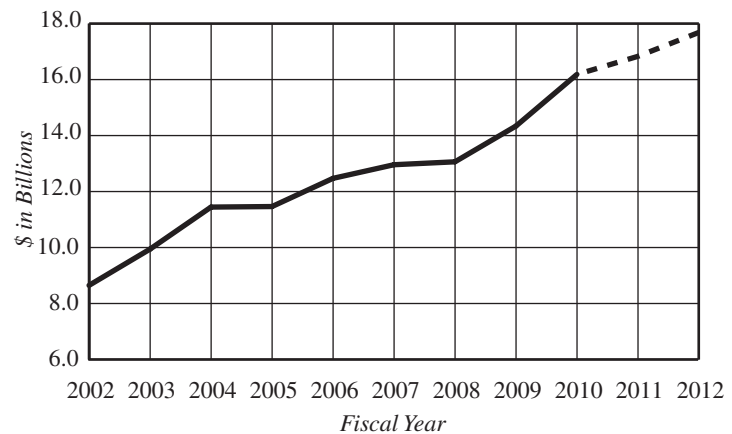
**2011 Forecast:** Property tax revenue (including lien sale proceeds) is forecast at \$16,830 million, growth of 4.0 percent, a decrease of \$16 million from the February 2011 Plan. The 2011 revenue growth is based on the billable assessed value growth of 4.2 percent seen on the 2011 final roll. The plan change results from a decrease of \$25 million in lien sale proceeds due to the delay of the lien sale from 2011 to 2012 and an increase of \$17 million in the reserve for uncollectible taxes. These reductions are partially offset by an increase of \$16 million in collections from prior year delinquencies and a reduction of \$10 million in the refund forecast.

**2012 Forecast:** Property tax revenue (including lien sale proceeds) is forecast at \$17,685 million, growth of 5.1 percent, an increase of \$42 million from the February 2011 Plan. The revenue change results from the delay of the lien sale that shifted the sale proceeds to 2012, as well as additional sale proceeds expected to be raised through the City’s expanded authority to sell emergency repair program charges under the recent lien law reauthorization.

The levy is expected to increase by \$1,025 million to \$19,349 million, growth of 5.6 percent over 2011. The property tax levy forecast is based on the 2012 tentative roll, released by the Department of Finance on January 14, 2011. Citywide, total billable assessed value on the 2012 tentative roll (after accounting for the veterans’ and STAR exemptions) increased by \$9.7 billion over 2011 to \$157.3 billion, growth of 6.6 percent. The total billable assessed value on the 2012 tentative roll is expected to be reduced by \$1.3 billion on the final roll (to be released on May 25, 2011) as a result of Tax Commission actions, Department of Finance changes by notice and the completion of exemption processing. The billable assessed value on the final roll (before accounting for the veterans’ and STAR exemptions) is forecast to grow at 5.6 percent.

In the out years, with the forecast rise in long-term interest rates, capitalization rates are projected to increase as well, putting downward pressure on future market value growth. As a result, Class 2 market values are forecast to decline slightly while Class 4 market values are projected to grow only at a modest rate. With weakness in the Class 2 and Class 4 market values offsetting the existing ‘pipeline’ of deferred assessment increases yet to be phased in from the prior years, property tax revenue is expected to grow at an annual average rate of 2.5 percent from 2013 through 2015, consistent with the levy growth forecast of 2.4 percent during the same period.

## REAL PROPERTY TAX 2002-2012



### Distribution of Property Parcels by Class

	Parcels*	Percentage Share
Class 1	702,059	68.15%
Class 2	238,201	23.12%
Class 3	306	0.03%
Class 4	89,636	8.70%
Citywide	1,030,202	100.00%

\* FY 2011 final roll

## COMMERCIAL RENT TAX

The commercial rent tax is projected to account for 1.5 percent of total tax revenue in 2012, or \$622 million.

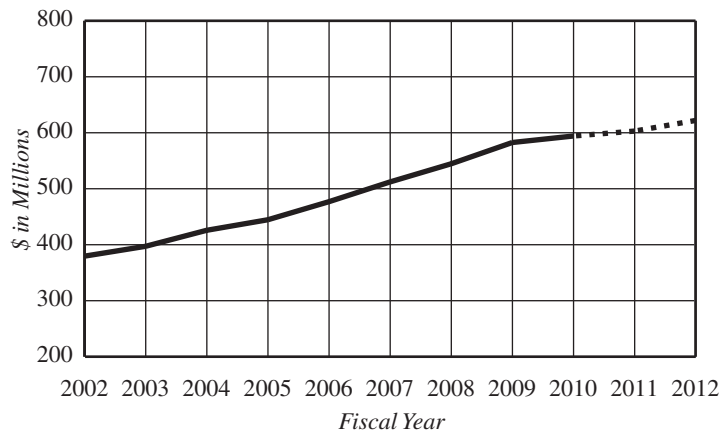
Tax detail and legislative history can be found in the OMB publication “Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2010-2014.”

**2011 Forecast:** Commercial rent tax revenue is forecast at \$603 million, growth of 1.5 percent, the weakest growth seen since 2002 and no change from the February 2011 Plan. Even though the commercial office market is showing signs of recovery in 2011, existing tenants with expiring leases are renewing their leases at the current low asking rents, causing commercial rent tax collections to grow at a slower pace.

**2012 Forecast:** Commercial rent tax revenue is forecast at \$622 million, growth of 3.2 percent, no change from the February 2011 Plan. Tax revenue growth forecast for 2012 reflects the forecast of continued improvement in commercial office leasing activity. In particular, the availability of subleased space, which flooded the commercial market and dragged down asking rents for the last couple of years, is now declining as the demand for space from primary leaseholders is rising. As office-using employment is forecast to grow, primary market vacancy rates are expected to drop and asking rents are to increase.

Commercial rent tax revenue is projected to grow at an average of 3.3 percent from 2013 through 2015, reflecting a continued improvement in the commercial real estate market driven by a rebounding local economy. The primary office market will benefit from an increasing demand for office space as office-using employment continues to improve, resulting in higher asking rents and lower office vacancy rates during the forecast period.

## COMMERCIAL RENT TAX 2002-2012



## REAL PROPERTY TRANSFER TAX

The real property transfer tax is projected to account for 1.8 percent of total tax revenue in 2012, or \$774 million.

Tax detail and legislative history can be found in the OMB publication “Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2010-2014.”

**2011 Forecast:** Real property transfer tax revenue is forecast at \$728 million, growth of 18.5 percent over the prior year, a decrease of \$40 million from the February 2011 Plan.

In 2011, total tax collections year-to-date through March grew 20.6 percent over the prior year, reflecting a 1.0 percent decline in revenue from residential transactions offset by a 67.7 percent growth in revenue from commercial transactions.

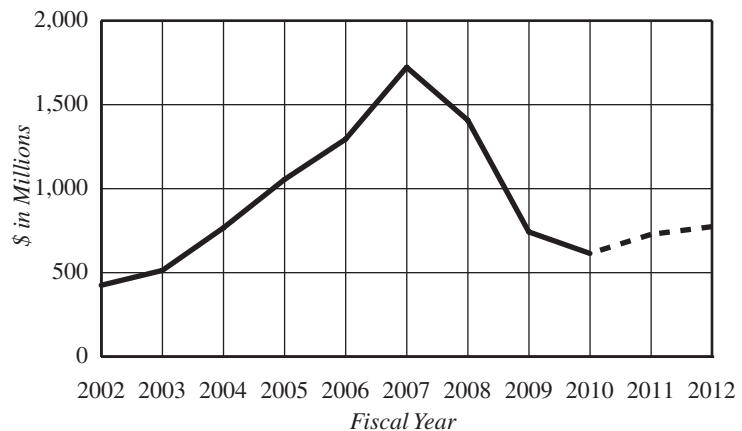
**2012 Forecast:** Real property transfer tax is forecast at \$774 million, growth of 6.3 percent over 2011, an increase of \$4 million over the February 2011 Plan. Revenue from residential transactions is forecast to decline 16.1 percent, driven by a 13.6 percent decline in the average sales price. Revenue from commercial transactions is forecast to continue to rebound as pent-up demand for the commercial market is released and property valuations become more attractive for investors.

**Residential Forecast:** Revenue from residential transactions in 2011 is forecast at \$410 million, a 4.8 percent decline from the prior year. The housing market collapse was temporarily halted by the Federal first-time homebuyer tax credit, which artificially inflated the residential transaction volume. Following the expiration of the tax credit, both volume and average sales price are expected to resume their downward trajectory. Total residential transaction volume is expected to recover in 2012 and exhibit gradual growth in the out years of the forecast period. Average sales price typically lags declines in transaction volumes during housing market downturns and is expected to continue to decline in 2012 and return to positive growth by 2015. With the recovery of the housing market from 2013 through 2015, residential transaction tax collections are expected to average 8.9 percent growth.

**Commercial Forecast:** Revenue from commercial transactions in 2011 is forecast at \$318 million, a robust growth of 72.8 percent over 2010. Commercial sales have registered a significant rebound over the severely depressed levels of transactions seen in 2009 and 2010, yet the dollar value of sales transactions remains 70.1 percent below the peak level seen in 2007. Commercial transactions surged in the fourth quarter of calendar year 2010 as sellers rushed to close transactions by year-end in anticipation of an increase in the capital gains tax rate even though the feared tax increase was delayed for two years. Transactions are expected to return to lower levels for the rest of the year. The market is expected to continue to recover with expectations of higher leasing activity, lower vacancy rates and higher asking rents resulting from a steady growth in office-using employment. In addition, interest rates that are still near historical lows and the abundance of capital seeking “bargains” in commercial real estate help to drive the commercial market recovery. Even as the commercial real estate market recovers, with collections growing at an average of 6.1 percent through the forecast period, it would still remain significantly below the peak level seen in 2007.

The real property transfer tax revenue growth averages 7.3 percent from 2013 through 2015 as the real estate market continues to stabilize and recover. However, revenue forecast of \$957 million in 2015 is still 44.4 percent below the peak level seen in 2007.

## REAL PROPERTY TRANSFER TAX 2002-2012



## MORTGAGE RECORDING TAX

The mortgage recording tax is projected to account for 1.2 percent of total tax revenue in 2012, or \$500 million.

Tax detail and legislative history can be found in the OMB publication “Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2010-2014.”

**2011 Forecast:** Mortgage recording tax revenue is forecast at \$424 million, growth of 15.7 percent over the prior year, a decrease of \$20 million from the February 2011 Plan.

In 2011, total tax collections year-to-date through March grew 13.9 percent over the prior year, reflecting a 3.7 percent decline in revenue from residential mortgages offset by a 49.3 percent growth in revenue from commercial mortgages.

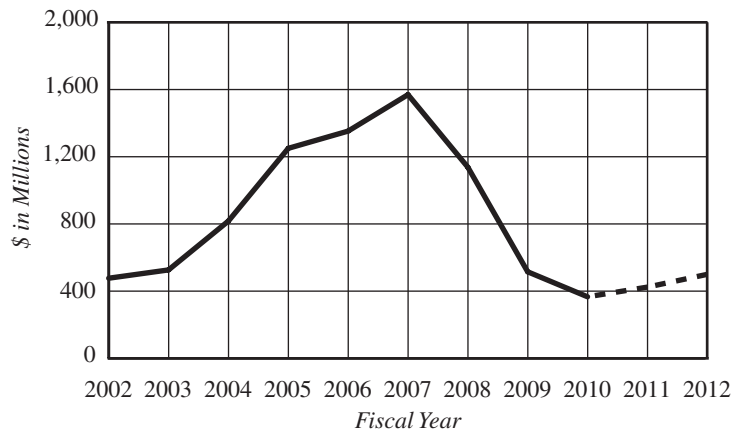
Revenue from residential mortgage recordings in 2011 is forecast at \$237 million, a decline of 2.1 percent from the prior year. The mortgage recording tax collections forecast follows the revenue declines seen in the residential real property tax forecast. In addition, it reflects the fact that historically low interest rates are spurring refinance activity.

Revenue from commercial mortgage recordings in 2011 is forecast at \$187 million, growth of 50.6 percent over the prior year. The robust growth reflects improved credit market conditions and the local economic recovery, which has led to increased demand for investment property over the severely depressed levels seen in the previous three years.

**2012 Forecast:** Mortgage recording tax revenue is forecast at \$500 million, growth of 17.9 percent over 2011, a decrease of \$2 million from the February 2011 Plan. Revenue from the residential mortgage recording tax is forecast to decline 13.1 percent in 2012, before it returns to growth in 2013. Revenue growth from commercial mortgage recordings is forecast at 57.2 percent as the market picks up and sees continued improvements in lending.

Mortgage recording tax revenue growth averages 11.7 percent from 2013 through 2015 along with the recovery of the real estate market. However, revenue forecast of \$696 million in 2015 is still 55.7 percent below the peak level seen in 2007.

## MORTGAGE RECORDING TAX 2002-2012



## PERSONAL INCOME TAX

The personal income tax is projected to account for 19.4 percent of tax revenue in 2012, or \$8,171 million.

Tax detail and legislative history can be found in the OMB publication “Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2010-2014.”

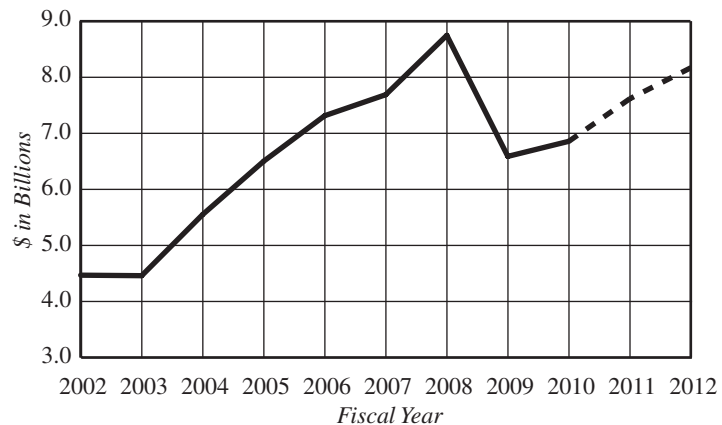
**2011 Forecast:** Personal income tax revenue is forecast at \$7,618 million, growth of 11.1 percent over the prior year, an increase of \$141 million over the February 2011 Plan. The growth in revenue comes from several sources including employment gains throughout

the year, a strong Wall Street bonus payout, and a rebound in nonwage income. Additionally, the elimination of the School Tax Relief (STAR) rate cut for taxpayers with taxable income greater than \$500,000 and a reduction in allowed itemized deductions for filers with NYS adjusted gross income over \$10 million contribute to the increase in personal income tax revenue. However, the additional revenue from tax law changes was largely offset by a redistribution of final returns from liability year 2009, reducing State/City offsets in fiscal year 2011. Accounting for tax law changes and offset adjustments, personal income tax revenue is forecast to grow 11.0 percent on a common rate and base in 2011.

In 2011, personal income tax withholding is forecast to grow 5.8 percent over the prior year, following meager growth of 1.1 percent in 2010. In the July through November period, withholding collections grew 4.6 percent due to private sector employment gains and an increase in the wage rate in the first half of the fiscal year. In addition, the elimination of the STAR rate cut for high-income filers, which was implemented on September 1, 2010 and calculated to withhold a full liability year’s worth of collections over the four remaining months of calendar year 2010, lifted withholding collections. In the December through March bonus period, withholding collections grew 9.5 percent, due to a 4.3 percent increase in the securities sector’s bonus payout, as well as the continuation of the employment gains observed during the first half of the fiscal year. Non-bonus withholding (or “base withholding”) is estimated to have grown 5.8 percent during the bonus period. Withholding collections are expected to be nearly flat over the prior year for the April through June quarter as delayed bonus payments made last year in April appear to have shifted back to the normal bonus period this year.

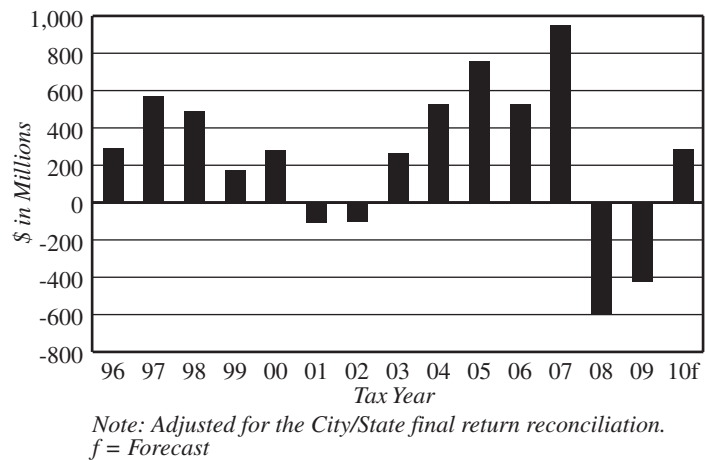
Installment payment growth on liability year 2010 is nearly flat over the prior year, following two consecutive years of double-digit declines in liability years 2008 and 2009. However, total liability for estimated payments (the sum of installment and extension payments) for liability year 2010 is expected to grow 21 percent over the prior year, as the national and local economic recovery took hold in calendar year 2010. The weakness in the quarterly installment payments appears to stem from “safe harbor” rules, which allow taxpayers to calculate their installment payments based on their prior year’s liability, which was significantly lowered due to the recession. As a result, the forecast rebound in estimated payment liability has been delayed until the spring extension payments, when taxpayers “true-up” their liability. This delay of tax payments lifts the April extension payment considerably. The strength in estimated payments comes primarily from an expected rebound in capital gains realizations in liability year 2010, reflecting the strength seen in the equity markets since calendar year 2009.

## PERSONAL INCOME TAX 2002-2012



Settlement payments (final returns, extension payments, State/City offsets, and refunds) on liability year 2010 are forecast to increase over the prior year level by about \$700 million. This is typical for the first year of a recovery following a recession. The total net settlement is forecast to be approximately \$280 million in liability year 2010 following two years of negative net settlement payments. This growth is primarily the result of strong growth in extension payments, a rebound from the depressed level of State/City offsets in the prior year, and a decline in refunds paid out from the prior year. Extension payments are forecast to grow strongly over the prior year due to a rebound in the equity markets and real estate markets, the retroactive implementation of the

## SETTLEMENT PAYMENTS



elimination of the STAR rate cut for nonwage earnings of high-income taxpayers, as well as reduced quarterly installment payments due to safe harbor rules. The liability year 2010 extension payment, received primarily in April, is forecast to be approximately \$370 million over the prior year. State/City offsets are also expected to rebound from an artificially low level in liability year 2009.

Total liability on tax year 2010 is forecast to increase 17.1 percent.

**2012 Forecast:** Personal income tax revenue is forecast at \$8,171 million, growth of 7.3 percent over the prior year, no change from the February 2011 Plan. The strong growth arises from the continued national and local economic recovery. Employment gains and growth in the average wage rate are forecast to continue in fiscal year 2012. Growth in capital gains realizations is expected to be strong for a second consecutive year, as the equity markets are expected to further appreciate, lifting nonwage income.

Personal income tax withholding in 2012 is forecast to increase 3.0 percent and reflects continued employment gains and non-finance wage growth, offset by a decline in Wall Street bonus payouts. Job gains are expected to remain steady throughout the fiscal year, with a total of 35,000 private-sector jobs added in 2012. In addition, the average private non-finance wage is expected to grow 3.2 percent. However, bonus payouts by Wall Street firms on calendar year 2011 earnings are forecast to decline from the prior year, following two years of growth. Non-bonus, or base withholding, is expected to continue to grow throughout the bonus period. This decline in Wall Street bonuses coupled with growth in base withholding is forecast to result in nearly flat withholding growth for the December through March bonus period. For the remaining April through June quarter, withholding collections are forecast to grow 5.4 percent over the prior year, paralleling the forecast of wage earnings growth.

Installment payments on liability year 2011 are expected to exhibit strong growth as the continued national and local economic recovery is expected to strengthen. Nonwage income is forecast to grow, lifted by strong capital gains realizations and forecast growth in self-employment income. In addition, the computation of installment payments using safe harbor rules will contribute to the strong growth in installment payments. Under safe harbor rules, installment payments for liability year 2011 will be calculated on 2010 liability, which was a rebound year for estimated payments.

Settlement payments (final returns, extension payments, State/City offsets, and refunds) in liability year 2011 are forecast to increase over the prior year's level by about \$15 million, reflecting continued recovery in the local economy.

Total liability on tax year 2011 is forecast to grow 7.1 percent.

Personal income tax revenue is forecast to grow 5.3 percent in 2013, reflecting continued growth in wage and nonwage income. The expiration of the extension of the Bush tax cuts is expected to accelerate capital gains realizations into liability year 2012 from liability year 2013, which results in a spin-up of tax revenue in fiscal year 2013 from fiscal year 2014. Personal income tax revenue is forecast to grow 1.6 percent and 7.1 percent in 2014 and 2015, respectively.

**Personal Income Tax Collections By Component**  
**(\$ in Millions)**

	2009	2010	2011 <sup>f</sup>	2012 <sup>f</sup>
Withholding	\$5,694	\$5,754	\$6,086	\$6,272
Estimated Payments <sup>1</sup>	1,927	1,691	2,069	2,115
Final Returns	341	288	325	427
Other <sup>2</sup>	131	427	295	421
	<hr/>	<hr/>	<hr/>	<hr/>
Gross Collections	\$8,092	\$8,159	\$8,775	\$9,235
Refunds	(1,504)	(1,301)	(1,158)	(1,064)
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Net Collections	\$6,588	\$6,858	\$7,618	\$8,171
Less TFA Retention	(138)	—	—	—
	<hr/>	<hr/>	<hr/>	<hr/>
Total	\$6,450	\$6,858	\$7,618	\$8,171

1 Includes extension payments.

2 Offsets, charges, assessments less City audits.

f = Forecast.

Totals may not add due to rounding.



## GENERAL CORPORATION TAX

The general corporation tax is projected to account for 6.5 percent of tax revenue in 2012, or \$2,725 million.

Tax detail and legislative history can be found in the OMB publication “Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2010-2014.”

**2011 Forecast:** General corporation tax revenue is forecast at \$2,312 million, growth of 17.0 percent over the prior year, a decline of \$103 million from the February 2011 Plan. This marks the first year of growth after three consecutive years of declines averaging 14.2 percent.

In 2011, gross collections year-to-date through March have grown 9.3 percent over the prior year. Payments through March from non-finance sector firms and the majority of finance sector firms have rebounded along with the economy and corporate profits, while payments from a few large finance sector firms have lagged the upward swing in profitability as measured by calendar years 2009 and 2010 NYSE member-firm profits.

After two consecutive years of multi-billion dollar losses, calendar year 2009 saw NYSE member-firm profits rebound sharply, and they continued at record high levels in calendar year 2010. The rebound in profits and the broader financial markets have lifted finance sector liability. Consequently, cash payments from the majority of finance sector firms have rebounded. However, cash payments from a few large finance sector taxpayers have lagged, weighing on overall collection growth in the finance sector.

Tax payments from these few large finance sector firms have been dampened due to a confluence of factors. Corporate tax filers are allowed two additional years of extension filings after first filing a final return. In March 2011, tax year 2008, a year of large losses, was closed. In addition, for tax years with strong upward swings in profits, applying safe harbor rules to estimate current year liability may cause a delay in final return tax payments. For certain firms, cash payments also are expected to be depressed due to the continuing liquidation of net operating losses, a legacy of the financial crisis. However, the recent strong profit surge is expected to be recognized in higher tax collections in 2012 and beyond, mirroring the collection strength already exhibited by other finance sector firms in 2011.

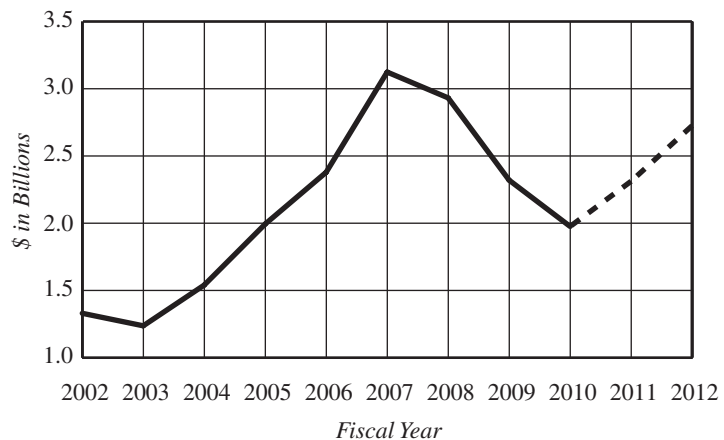
In 2011, gross collections year-to-date through March from non-finance sector firms have grown approximately 14 percent over the prior year. The rebound in collections follows two consecutive years of declines. The recovery in tax liability and cash payments parallels the national and local economic recovery as well as strong corporate profit levels.

Refund payouts are forecast at \$349 million in 2011, continuing at a level well above the pre-recession average of about \$200 million per year. However, the 2011 refund forecast is \$180 million below the peak refund level reached in 2009, and below the 2010 level, indicating refund payouts are returning to lower trend levels.

**2012 Forecast:** General corporation tax revenue is forecast at \$2,725 million, growth of 17.9 percent over the prior year, no change from the February 2011 Plan. Tax payments in 2012 are forecast to reflect continued profit strength from finance sector firms and a non-finance sector that is expected to return to trend growth.

In 2012, tax payments from finance sector firms are forecast to rebound sharply. This rebound stems from very strong NYSE member-firm profits in calendar year 2010 and the high level forecast in calendar year 2011.

## GENERAL CORPORATION TAX 2002-2012



In addition, a few finance sector firms are expected to make strong cash payments on final returns on tax year 2009's surge in tax liability. Tax payments in 2012 from non-finance sector firms are expected to follow trend growth after a strong rebound in 2011 from the national and local economic recovery.

General corporation tax revenue is forecast to grow 5.7 percent in 2013, as NYSE member firm profitability and the national and local economies return to trend growth. Out year revenue growth is expected to be subdued by the implementation of regulatory changes by finance sector firms, and by the speed and effectiveness of government withdrawal of monetary support for the finance industry and its downstream effect on non-finance firms. However, net revenue growth is expected to be lifted by refund payouts returning to trend levels after reaching record highs from 2008 through 2010. In 2014 and 2015, general corporation tax revenue is expected to average growth of 3.7.

## BANKING CORPORATION TAX

The banking corporation tax is projected to account for 2.9 percent of tax revenue in 2012, or \$1,227 million.

Tax detail and legislative history can be found in the OMB publication “Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2010-2014.”

**2011 Forecast:** Banking corporation tax revenue is forecast at \$1,261 million, growth of 30.1 percent over the prior year, an increase of \$16 million over the February 2011 Plan. The strong growth reflects a combination of payments expected in March and June of fiscal year 2010 arriving in September of fiscal year 2011 and a sharp decline in refund payouts in the second half of 2011.

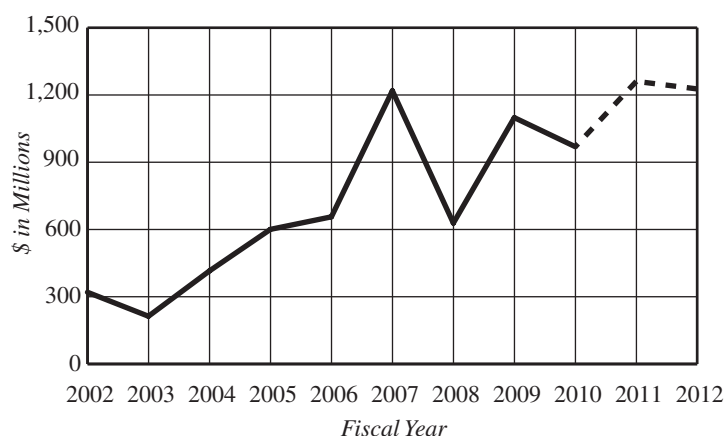
In 2011, year-to-date net collections through March grew 43.1 percent over the prior year. In 2010, net collections had declined 11.8 percent from the prior year as tax payments from a few large taxpayers expected in March and June of 2010 were paid in September of fiscal year 2011. However, the underlying collections strength for 2010 and 2011 is attributed to the unprecedented government support provided to the financial industry following the severe financial market disruptions in calendar year 2008. In particular, record low interest rates set by the Federal Reserve have created wide interest margins, facilitating the basic bank function of borrowing short and lending long. The high level of tax payments seen in 2010, and expected through the end of 2011, points to the success of Federal actions to recapitalize banks in order to aid the financial sector and the national economy.

Gross banking corporation tax collections are expected to remain strong through the end of 2011. Refund payouts are forecast to decline 26.1 percent, lifting net collections, as large overpayments on account by a few taxpayers have been reduced through lower cash payments than through refund payouts. Net collections in 2011 are forecast to grow 30.1 percent over the prior year.

**2012 Forecast:** Banking corporation tax revenue is forecast at \$1,227 million, a decline of 2.7 percent from the prior year, an increase of \$121 million over the February 2011 Plan. The forecast increase from the prior plan results from the expectation of lower refund payouts as refunds return more quickly to pre-crisis levels. However, the declining growth of gross collections from the prior year reflects the slow withdrawal of government support from the financial sector, including the forecast increase of the Federal Funds rate from its current historic low rate, which is expected to narrow interest margins, reducing profitability and tax payments from large banks.

Banking corporation tax revenue is forecast to decline 10.0 percent in 2013, as the expected withdrawal of government support is reflected in reduced tax payments. However, the out year forecasts are clouded by the uncertainty over regulatory changes and monetary policy. In 2014 and 2015, banking corporation tax revenue is forecast to average a decline of 3.6 percent.

## BANKING CORPORATION TAX 2002-2012



## UNINCORPORATED BUSINESS TAX

The unincorporated business tax is projected to account for 4.3 percent of tax revenue in 2012, or \$1,799 million.

Tax detail and legislative history can be found in the OMB publication “Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2010-2014.”

**2011 Forecast:** Unincorporated business tax revenue is forecast at \$1,660 million, growth of 6.4 percent over the prior year, a decline of \$45 million from the February 2011 Plan. The moderate growth in collections follows a decline of 12.6 percent in 2010 and reflects increased tax payments as the national and local economies continue to recover from the financial crisis and recession.

In 2011, unincorporated business tax net collections year-to-date through March have increased 1.9 percent over the prior year. The net growth reflects recent trend growth in non-finance sector payments, offset partially by weak finance sector payments. In the final quarter of the fiscal year, collections are expected to surpass the prior year’s level as estimated tax payments converge with the upward revision of liability in April final returns.

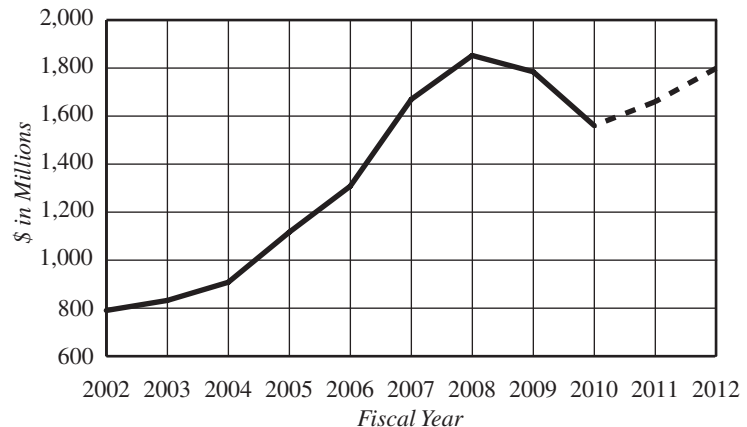
Finance sector tax payments in 2011 are forecast to rebound from the prior year’s double-digit decline. The Wall Street rebound in profitability in 2009 and 2010 has allowed large Wall Street firms as well as smaller financial firms to perform better in 2011 than in the prior two years. Lower interest rates, which have led to lower investment returns in fixed income, and the Federal monetary stimulus activities have spurred public interest in hedge funds and private equity funds. The overall performance of hedge funds has improved steadily in the past two years with average growth of about 15 percent in calendar year 2009 and about 10 percent in calendar year 2010. Although finance sector tax payments have been weak through March, they are expected to recover in the last quarter of 2011. Preliminary gross collections for April exhibit approximately 15 percent growth.

Non-finance sector tax payments in 2011 are forecast to grow nearly 6 percent, the result of a rebound of several non-finance subsectors, particularly in leisure & hospitality, retail trade and health care, reflecting the strong employment recovery. Non-finance sector tax payments through March have increased over 7 percent from the same period in 2010. Excluding the legal services subsector, non-finance sector tax payments have increased over 10 percent. The growth in non-finance sector tax payments is expected to continue for the April through June quarter as firms continue to benefit from the recovery.

**2012 Forecast:** Unincorporated business tax revenue is forecast at \$1,799 million, growth of 8.4 percent over the prior year, no change from the February 2011 Plan. Finance sector payments are forecast to grow steadily, approaching pre-recession levels, reflecting the hedge fund bounce back (according to industry analysts, total hedge fund assets have already topped \$2 trillion in calendar year 2011, surpassing the record level of \$1.9 trillion set in the second quarter of calendar year 2008). Tax payments from non-finance sector firms are also forecast to grow moderately over prior year levels. This reflects the slow but continuing non-finance sector job recovery and wage growth.

In 2013 through 2015, unincorporated business tax revenue is forecast to return to trend growth averaging 4.3 percent.

## UNINCORPORATED BUSINESS TAX 2002-2012



## SALES AND USE TAX

The sales and use tax is projected to account for 13.8 percent of total tax revenue in 2012, or \$5,797 million.

Tax detail and legislative history can be found in the OMB publication “Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2010-2014.”

**2011 Forecast:** Sales tax revenue is forecast at \$5,539 million, growth of 9.5 percent over the prior year, an increase of \$30 million over the February 2011 Plan.

The increase over the February 2011 Plan stems mostly from higher than normal prior period adjustments. The majority of the prior period adjustments reflect amended sales tax returns from filings prior to January 1, 2008 and adjustments in the State’s sales tax distribution to localities from the late implementation of the City’s half-percent sales tax increase on August 1, 2009.

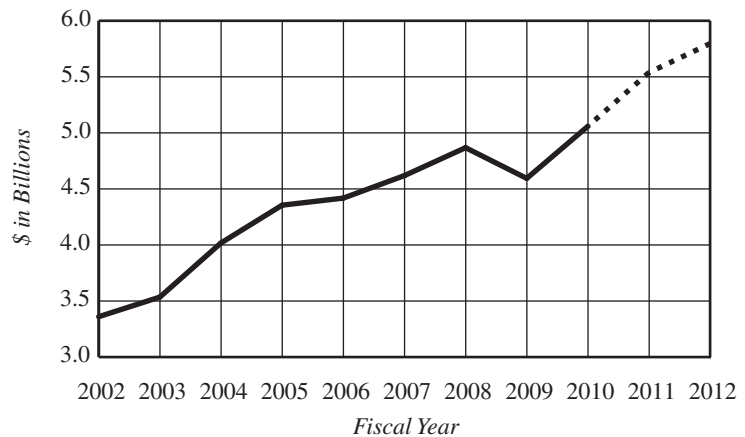
Sales tax gross collections year-to-date through March, on a common rate and base, grew 8.9 percent after declining 9.1 percent during the same period in 2010. For 2011, sales tax gross collections are forecast to grow 8.1 percent. This leaves the 2011 level still short of the peak level seen in 2008, but the swift collections rebound, after two consecutive years of decline, is encouraging. The restrained consumption exhibited during the recession has been lifted in 2011, as the City adds 30,000 jobs and wage rates are forecast to grow 3.5 percent. In addition, the two percent Federal payroll tax cut that began on January 1, 2011 spurs consumer spending in the second half of the year. Finally, the strength of the City’s tourism industry (a record number of visitors in calendar year 2010) lifts visitor-spending contribution to the growth in sales tax gross collections forecast in 2011.

**2012 Forecast:** Sales tax revenue is forecast at \$5,797 million, growth of 4.7 percent over the prior year, no change from the February 2011 Plan.

Taxable consumption, on a common rate and base, is forecast to grow 5.8 percent in 2012, surpassing the height of the pre-recession levels last seen in 2008. This is fueled by the ongoing recovery as job gains and wage rate growth continue in 2012. In addition, continued strength in domestic and international visitors buoys tourism-related consumption.

Sales tax revenue is forecast to average annual growth of 4.0 percent in 2013 through 2015, returning to trend growth, paralleling the growth in local wage income.

## SALES TAX 2002-2012



## UTILITY TAX

The utility tax is projected to account for 1.0 percent of total tax revenue in 2012, or \$413 million.

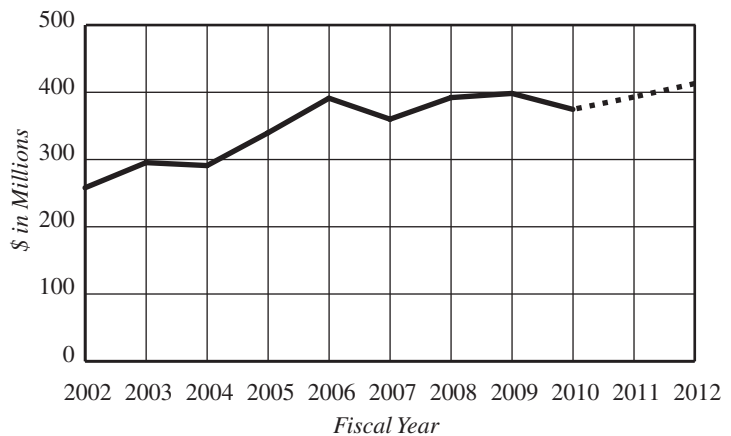
Tax detail and legislative history can be found in the OMB publication "Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2010-2014."

**2011 Forecast:** Utility tax revenue is forecast at \$393 million, growth of 4.9 percent over the prior year, a result of two factors. First, increased energy demand due to employment gains continued throughout the year. Second, an unusually hot summer followed by an unusually cold winter lifted demand for electric and natural gas, offsetting a moderate decline in pricing.

**2012 Forecast:** Utility tax revenue is forecast at \$413 million, growth of 5.1 percent over the prior year. Employment gains, a forecast increase in electric prices along with a scheduled Consolidated Edison electric rate increase support the forecast growth.

Utility tax collections are forecast to average annual growth of 3.3 percent in 2013 through 2015.

## UTILITY TAX 2002-2012



## CIGARETTE TAX

The cigarette tax is projected to account for 0.2 percent of total tax revenue in 2012, or \$69.5 million.

Tax detail and legislative history can be found in the OMB publication “Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2010-2014.”

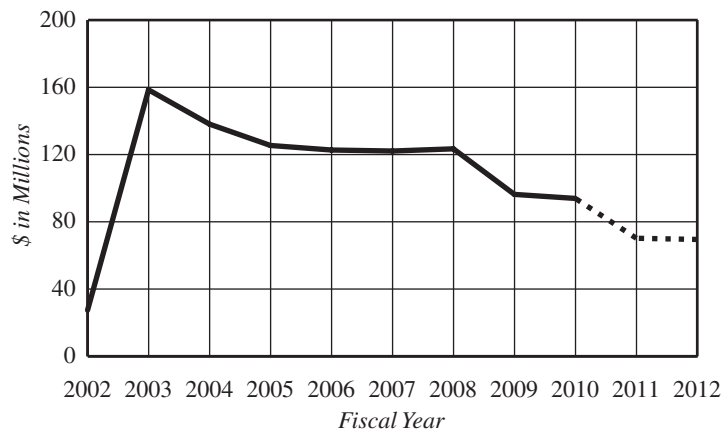
**2011 Forecast:** Cigarette tax revenue is forecast at \$70.2 million, a 25.3 percent decline from the prior year, a decrease of \$2 million from the February 2011 Plan. In addition to the normal trend decline, cigarette consumption declined even

further due to the recent tax increase by New York State that raised the State cigarette tax by \$1.60 per pack, effective July 1, 2010, from \$2.75 to \$4.35 per pack. The combined City/State cigarette taxes paid in the City went up from \$4.25 to \$5.85 per pack, the highest cigarette tax in the country. This tax increase resulted in a sharp decline in the number of packs sold within the City, both from the diversion of purchases to jurisdictions outside the City with a lower cigarette tax rate as well as smoking cessation.

**2012 Forecast:** Cigarette tax revenue is forecast at \$69.5 million, a 1.0 percent decline from the prior year, a decrease of \$2 million from the February 2011 Plan, reflecting the continuing decline in cigarette consumption due to smoking cessation.

Cigarette tax revenues are projected to decline at an annual average rate of 2.3 percent from 2013 through 2015, reflecting the long-term trend decline in the number of packs sold.

## CIGARETTE TAX 2002-2012



## HOTEL TAX

The hotel room occupancy tax is projected to account for 0.9 percent of tax revenue in 2012, or \$398 million.

Tax detail and legislative history can be found in the OMB publication “Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2010-2014.”

**2011 Forecast:** Hotel tax revenue is forecast at \$418 million, growth of 15.2 percent over the prior year.

Hotel tax collections year-to-date through March grew 17.1 percent over 2010.

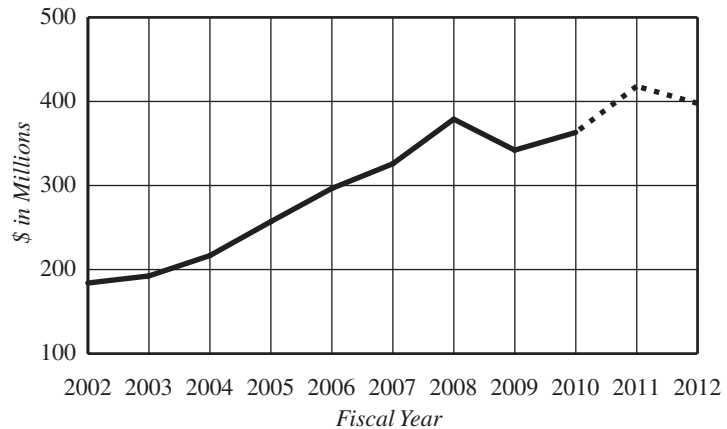
The strong year-to-date collections and the robust growth for the fiscal year result from a booming local tourism industry. Calendar year 2010 drew a record-breaking 48.7 million visitors to the City. Despite adding over 6,000 new hotel rooms in calendar year 2010, room rates saw double-digit growth starting in May 2010 through the peak visitor season ending in mid-December. The number of room nights sold in calendar year 2010, buoyed by the record number visitors and added hotel rooms, grew to a record-breaking 25.7 million. Although harsh weather conditions in December through February slightly dampened the number of visitors, the positive momentum of visitors arriving in the City continues. For the remainder of fiscal year 2011, hotel tax collections are expected to remain strong.

**2012 Forecast:** In 2012, hotel tax revenue is forecast at \$398 million, a decline of 4.9 percent from the prior year.

The tax revenue decline is the result of the expiration of the temporary hotel tax increase, which raised the City hotel tax to 5.875 percent from 5.0 percent for the period of March 1, 2009 through November 31, 2011. Hotel tax revenue on a common rate and base is forecast to grow 2.5 percent. The moderating hotel tax revenue forecast in 2012, on a common rate and base, stems from an expectation of nearly full occupancy at the City’s hotels and subdued room rate growth. The room rate growth is expected to be lower as an additional 1,100 hotel rooms are to be added to the current inventory in calendar year 2011.

In 2013 through 2015, hotel tax revenue is forecast to average growth of 1.3 percent.

## HOTEL TAX 2002-2012





## OTHER TAXES

All other taxes are projected to account for 1.1 percent of total tax revenue in 2012, or \$466.2 million.

Tax detail and legislative history can be found in the OMB publication “Tax Revenue Forecasting Documentation, Financial Plan, Fiscal Years 2010-2014.”

### 2011–2012 Other Taxes Forecast (\$000s)

Tax	2011 Forecast	2012 Executive Budget	Increase/(Decrease) From 2011 to 2012 Amount	Percent Change
<b>Auto Related Taxes</b>				
Auto Use.....	\$28,000	\$29,000	\$1,000	3.6%
Commercial Motor Vehicle.....	47,500	47,800	300	0.6%
Taxi Medallions Transfer.....	9,000	8,000	(1,000)	(11.1%)
<b>Excise Taxes</b>				
Beer and Liquor.....	23,000	24,000	1,000	4.3%
Liquor License Surcharge.....	5,000	5,000	—	—
Horse Race Admissions.....	15	20	5	33.3%
Off-Track Betting Surtax.....	1,250	1,250	—	—
<b>Miscellaneous</b>				
Other Refunds.....	(27,000)	(29,000)	(2,000)	(7.4%)
Payment in Lieu of Taxes (PILOTs).....	265,186	217,235	(47,951)	(18.1%)
Section 1127 (Waiver).....	120,900	120,900	—	—
<b>Penalty and Interest Real Estate</b>				
(Current Year).....	15,000	15,000	—	—
<b>Penalty and Interest Real Estate</b>				
(Prior Year).....	30,000	30,000	—	—
Penalty and Interest - Other Refunds.....	(3,000)	(3,000)	—	—
<b>Total.....</b>	<b>\$514,851</b>	<b>\$466,205</b>	<b>(\$48,646)</b>	<b>(9.4%)</b>

## AUTO RELATED TAXES

**Auto Use Tax:** Revenue from the tax is expected to generate \$28 million in 2011 and \$29 million in 2012.

**Commercial Motor Vehicle Tax:** Revenue from the tax is expected to generate \$47.5 million in 2011 and \$47.8 million in 2012.

**Taxi Medallion Transfer Tax:** Revenue from the tax is expected to generate \$9 million in 2011 and \$8 million in 2012.

## EXCISE TAXES

**Beer and Liquor Excise Tax:** This tax is expected to generate \$23 million in 2011 and \$24 million in 2012.

**Liquor License Surcharge:** This tax is expected to generate \$5 million in both 2011 and 2012.

**Horse Race Admissions Tax:** This tax is expected to generate \$0.02 million in both 2011 and 2012.

**Off-Track Betting Surtax:** This tax is expected to generate \$1.3 million in both 2011 and 2012.

## MISCELLANEOUS

**Other Refunds:** These refunds are primarily paid out on the commercial rent tax and Section 1127 (waiver) and are projected to be \$27 million in 2011 and \$29 million in 2012.

**PILOTS:** Payments in lieu of taxes (PILOTs) are contractual agreements between public agencies and private property owners. There are four primary sponsor agencies, which serve as intermediaries between the City and the property owner: the New York City Housing Authority, the New York City Economic Development Corporation, the New York City Industrial Development Agency and the Battery Park City Authority. These agencies administer projects that comprise approximately 92 percent of PILOT payments received. PILOT revenue is expected to be \$265.2 million in 2011 and \$217.2 million in 2012.

**Section 1127 (Waiver):** Under section 1127 of the New York City Charter, the City may collect payments from nonresident employees of the City, or any of its agencies, in an amount which equalizes their personal income tax liability to what it would be if they were residents. Revenue is projected to be \$120.9 million in both 2011 and 2012.

**Prior Year and Current Year Penalty and Interest - Real Estate:** Taxpayers who do not pay their real property tax on time are liable for interest charges on outstanding balances. Penalties and interest received against current year delinquencies are expected to be \$15 million in both 2011 and 2012, while penalty and interest collections from prior year delinquencies are expected to be \$30 million in both 2011 and 2012.

**Penalty and Interest - Other Refunds:** The City pays out interest on refunds claimed on overpayments against the business income taxes and on audits of the general corporation and unincorporated business taxes already collected by the Department of Finance but overturned by Federal or State rulings. The cost of all these payments is projected at \$3 million in both 2011 and 2012.

## TAX ENFORCEMENT REVENUE

As part of the City's program to reduce the projected budget gap, the Department of Finance targets delinquent taxpayers through agency audit activities, selected use of collection agencies and computer matches. Audit revenue is forecast at \$868.0 million in 2011, no change from the February 2011 Plan. The audit revenue target for 2012 is forecast at \$659.7 million, including \$15 million in agency PEGs from additional initiatives.

## MISCELLANEOUS RECEIPTS

### Forecast of Miscellaneous Receipts

The non-tax revenue portion of City Funds is referred to as miscellaneous revenues. The 2012 Executive Budget includes eleven classes of miscellaneous revenues which are discussed below.

#### Miscellaneous Revenues (\$ in Millions)

	2011 Forecast	2012 Executive Budget	Forecast to Executive Budget Increase (Decrease)
Licenses.....	\$56	\$57	1
Permits .....	156	154	(2)
Franchises and Privileges.....	302	310	8
Interest Income.....	22	34	12
Tuition and Charges for Services .....	756	795	39
Water and Sewer Revenues .....	1,294	1,435	141
Rental Income .....	249	250	1
Fines and Forfeitures .....	802	814	12
Miscellaneous.....	665	534	(131)
<b>Total Miscellaneous Revenues .....</b>	<b><u>\$4,302</u></b>	<b><u>\$4,383</u></b>	<b><u>81</u></b>

Miscellaneous revenues are estimated at \$4,383 million in 2012, an increase of \$81 million from 2011, exclusive of private grants and intra-city revenues. The revenue classes listed above are regrouped and described in the following three areas: Cost-based Charges (Licenses, Permits, and Charges for Services); Water and Sewer revenues; and Other Income (Interest Income, Franchises, Rental Income, Fines, and Miscellaneous).

### Cost-based Charges

Cost-based Charges are revenues collected as a result of the City providing a service (copies of official records, or inspections and reviews) and may be related to the government's police or regulatory functions (pistol permits, restaurant licenses, building plan examination fees). In the absence of specific State legislative authorization for the City to impose a tax or a specific fee, the City may, where otherwise allowed by law, impose a user fee to recover the cost of providing services.

#### *Licenses*

The City issues approximately 452,000 licenses. About 70,000 are non-recurring, 111,000 are renewed annually, 235,000 biennially, and 36,000 triennially. The major sources of license revenue are taxi and limousine licenses, private carter licenses, marriage licenses, and various business licenses under the jurisdiction of the Department of Consumer Affairs.

The 2012 forecast for license revenue is \$57 million, \$1 million more than 2011. This increase is attributable to additional fees from the cyclical renewal period of certain licenses issued by the Taxi and Limousine Commission and Department of Consumer Affairs.

*Permits*

Permits are issued to 976,000 individuals or entities for the use of facilities, premises or equipment. Approximately 334,000 permits are renewable on an annual, biennial or triennial basis. Seasonal or single occurrence permits, such as tennis and building permits, account for 642,000 additional permits, all of which are issued and regulated by twelve City agencies.

The major sources of revenue are permits for building construction and alterations, street openings, restaurants, hazardous materials, and air pollution control. The 2012 forecast for permit revenue is \$154 million, \$2 million less than 2011. The decrease is due to a decline in receipts from Department of Buildings permits which is partially offset by increases in permits issued by the Department of Environmental Protection and the Landmark Preservation Commission.

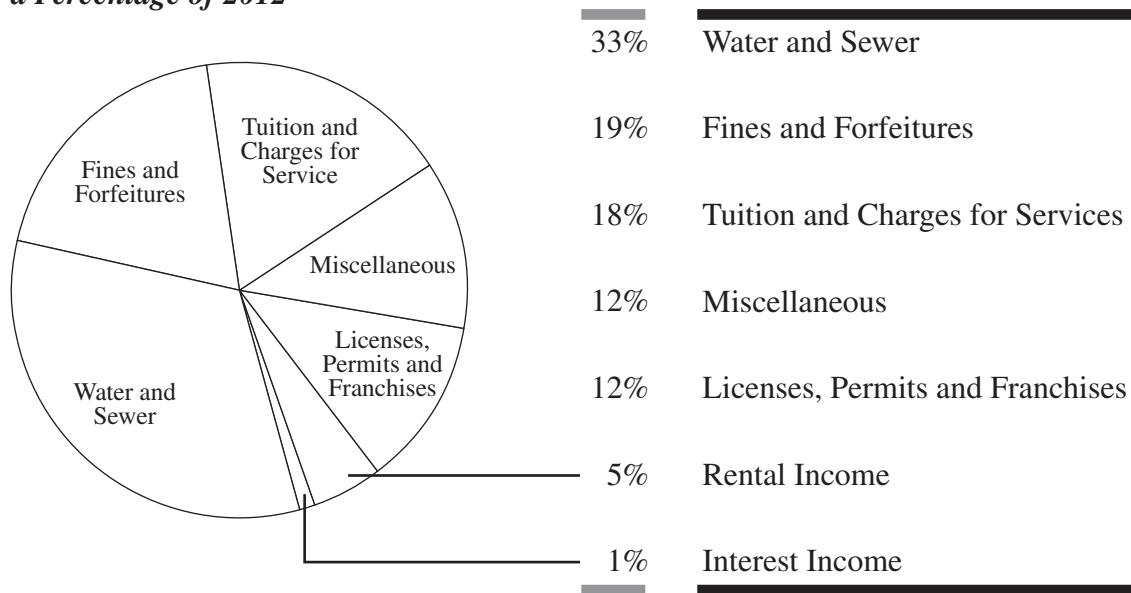
*Tuition and Charges for Services*

The City collects tuition from students enrolled at community colleges. In addition, the City collects money from charges to the public and other governmental agencies for services rendered. There are over 100 different service fees in this category, including fees for parking, towing, provision of school lunches, copies of reports, processing applications, searches, and performing fire and building inspections. The 2012 forecast for tuition and charges for services is \$795 million, \$39 million more than 2011. The change is attributable to an increase in fees for citywide parking meters, the Department of Parks and Recreation membership fees for recreation centers, and various inspections conducted by the Department of Buildings. This increase is partially offset by non-recurring revenue from the processing of 421-a tax exemption applications.

**COMPONENTS OF MISCELLANEOUS REVENUES**

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*As a Percentage of 2012*



### *Water and Sewer Revenues*

Water and Sewer charges are collected by the New York City Water Board. From these charges the Board has paid revenue to the City in two components: reimbursement for operation and maintenance (O&M) of the water delivery and waste water disposal systems and rent. The O&M reimbursement is equal to the amount spent by the City to supply water and treat and dispose of waste water on behalf of the Board. The City is reimbursed only for its expenditures. The rental payment from the Water Board is intended to pay for the use of the City's water supply, distribution, collection and treatment plant, and is equal to the greater of debt service payments for outstanding water and sewer-related general obligation debt or 15 percent of Water Authority debt service.

The Water Board has proposed a 7.5 percent rate increase for 2012. The forecast for Water Board revenue is \$3.2 billion, including a City payment of \$90 million for municipal water and sewer charges and \$50 million for interest on funds held by the New York City Municipal Water Finance Authority. The Water Board will pay \$1.414 billion for Water Board and Authority expenses and debt service. The City will receive \$1.197 billion for services rendered in the delivery of water and the collection, treatment, and disposal of waste water, and \$238 million for the rental of the water supply and sewer system plant, in accordance with the lease agreement between the Water Board and the City.

### **Other Income**

Other income includes fines, concession and franchise payments, rental income, interest earned on the City's cash balances, and income from other areas in which productivity may have a positive effect on the amount of revenue collected. Each of the sources included in this area has its own unique basis for management and improvement, some of which are directly affected by the City's policy toward such varied items as housing, economic development, transportation, and quality of life issues.

### *Interest Income*

The City earns interest income by investing funds from four sources: overnight cash balances, debt service accounts, sales tax, and cash bail balances. Overnight cash balances are invested and historically earn interest at approximately the federal funds rate. With the current Fed policy to hold that rate at near zero levels, the City has been able to invest in overnight instruments with earnings that exceed the federal funds rate. Property tax receipts are held by the State Comptroller to satisfy City debt service payments, and earnings are forwarded to the City monthly based on bond payment schedules. The determinants of the value of this revenue source are the value of cash balances, tax receipts, available investment instruments and the interest rate.

The 2012 forecast for interest earnings is \$34 million, an increase of \$12 million from 2011. Interest rates are forecast to rise over the next twelve months resulting in increased earnings.

### *Franchises and Privileges*

This revenue consists of franchise fees for the public use of City property and privilege and concession fees for the private use of City property. These uses include conduits that run under City streets, concessions in public parks and buildings, and payments from utility companies for transformers on City property.

The 2012 forecast for franchise revenue is \$310 million, an increase of \$8 million from 2011. The increase is due to contractual escalations for franchise agreements in the Department of Transportation.

### *Rental Income*

Rental income is derived from both long and short-term agreements for the occupancy of City-owned property, including condemnation sites and *in rem* buildings. Roughly 2,300 properties are rented from the City.

Approximately 610 are *in rem* or condemnation sites, 180 are covered by long term agreements, and nearly 1,500 are schools that are rented on a per event basis after school hours.

The 2012 forecast for rental income is \$250 million, \$1 million more than in 2011.

*Fines and Forfeitures*

The City collects fine revenue through courts and administrative tribunals for violations issued under the Administrative Code, Vehicle and Traffic Law, and other laws. Forfeiture revenue is obtained from the surrender and conversion of bail and cash bonds, and contractors’ performance bonds. The 2012 forecast for forfeitures is \$3.1 million. The revenue expected from fines in 2011 and 2012 is listed below:

**Fine Revenue**

Type (\$ in 000's)	2011 FORECAST	2012 EXECUTIVE BUDGET
Parking Violations .....	\$523,500	\$548,600
Red Light Camera Violations .....	\$56,900	\$54,767
Environmental Control Board Violations .....	87,382	85,252
Department of Health Violations .....	44,093	43,963
Traffic Violations .....	20,567	20,567
Department of Buildings Penalties .....	21,000	16,000
Department of Consumer Affairs .....	8,775	10,246
Taxi and Limousine Commission .....	7,500	7,012
State Court Fines .....	8,200	7,085
Other Sources .....	20,855	17,288
<b>Total .....</b>	<b><u>\$798,772</u></b>	<b><u>\$810,780</u></b>

The Parking Violation division of the Department of Finance is forecasted to collect \$549 million in parking fines in 2012, \$25 million more than 2011. Severe weather conditions resulted in a reduction in summons issuance in 2011.

The Parking Violation division also processes and adjudicates Red Light Camera violations. This program is designed to promote safe, responsible driving by photographing and fining registrants of vehicles “running” red lights. To enhance the effectiveness of the program, the Department of Transportation will add twenty cameras at existing monitoring locations. Once the additional cameras are installed, there will be 190 red light cameras operating at 150 intersections. Red Light Camera violations will generate \$54.8 million in 2012, \$2.1 million less than 2011. This decrease is attributable to both driver compliance and one-time backlog collections in 2011 due to the inclusion of outstanding red light camera violations in the tow threshold, offset by additional fines from the new camera installations.

The Office of Administrative Trials and Hearings (OATH) collects revenue from fines imposed by administrative tribunals. In 2011, OATH will generate \$87.4 million in revenue from cases adjudicated by the Environmental Control Board. The Board adjudicates approximately 543,000 notices of violations issued by over a dozen City agencies for infractions of the City’s Administrative Code related to street cleanliness, waste disposal, street peddling, fire prevention, air, water and noise pollution, building safety and construction, and other quality of life issues. OATH revenues will increase to \$136.2 million in 2012 due to the consolidation of tribunals from the Department of Health and Mental Hygiene and the Taxi and Limousine Commission.

The Department of Consumer Affairs (DCA) enforces the City’s consumer protection, licensing, weights and measures and Truth-in-Pricing Laws. The Department was recently granted hearing authority for consumer

protection cases. DCA has also increased the number of inspections conducted through improved productivity efforts. In 2012 the Department will generate \$10.2 million in fine revenue.

Revenue is also collected from the adjudication of traffic violations issued in the City of New York, certain fines adjudicated through the State-operated Criminal and Supreme Court system, and fines collected by the City for administrative code violations, and building code violations.

#### *Miscellaneous*

Miscellaneous revenue is composed of a variety of revenues not otherwise classified in the City's Chart of Accounts. The primary items are the sale of City property, mortgages, cash recoveries from litigation and audits, E-911 telephone surcharges, revenue from Police Department Property Clerk auctions, refunds of prior year expenditures, the sale of the City Record and other publications, and subpoena fees. This source of revenue has, at times, contributed significantly to the miscellaneous receipts.

The 2012 forecast for miscellaneous revenue is \$534 million, \$131 million less than in 2011. The decrease is related to a one-time payment from the Battery Park City Authority, the collection of fines from criminal prosecutions and settlement revenue from deferred prosecutions, partially offset by an anticipated debt service reimbursement from the Health and Hospitals Corporation.

#### **Private Grants**

The Executive Budget includes \$1.160 billion in private grants in 2012, \$176 million less than 2011. Additional private grant funding will be modified into the budget during the course of the year, as additional funding sources are identified and grants are defined.

#### **Interfund Revenues**

Interfund Revenues (IFA's) are reimbursements from the Capital Fund to the General Fund for authorized first-line architectural, engineering, and design costs incurred by the City's own engineering and support staff. These costs also include employee costs for expenses incurred in connection with eligible capital projects for the development of computer software, networks and systems. All IFA costs are assigned to particular capital projects and are valid capital charges under generally accepted accounting principles. In 2012 expected reimbursements will be \$543 million.

## CAPITAL BUDGET

### **The Executive Capital Budget and Four-Year Plan, 2012-2015**

The 2012 Executive Capital Budget includes new appropriations of \$7.2 billion, of which \$4.7 billion are to be funded from City sources. These appropriations, together with available balances from prior years, authorize total commitments of \$10.4 billion for 2012, of which \$7.8 billion will be City-funded. City funds include proceeds from the New York City Municipal Water Finance Authority and the New York City Transitional Finance Authority as well as City general obligation bonds. As indicated in the following table, the targeted level for City-funded commitments is \$7.6 billion in 2012. Reductions reflected in the Preliminary Capital Plan have been scheduled in the Executive Capital Plan. The aggregate agency-by-agency authorized commitments of \$7.8 billion exceed the 2012 Financial Plan by \$0.2 billion. Excess authorizations in this proportion have proven necessary to achieve commitment spending targets by accommodating such factors as project scope changes and delays.

#### *Four-Year Plan Highlights*

The 2012-2015 Capital Plan totals \$28.1 billion for the construction and rehabilitation of the City's infrastructure. This will provide funding targeted to building and improving schools, maintaining the drinking water system, improving transportation, modernizing emergency response communications, and improving major hospitals.

The Capital Plan provides \$8.4 billion for new school construction and expansion, as well as the modernization, rehabilitation and improvements to existing school buildings. The City will invest \$1.6 billion for the continued reconstruction and rehabilitation of the four East River Bridges and the reconstruction and rehabilitation of 44 other bridge structures. An investment of \$587.5 million will be provided for the development of a 911/Emergency Communications Transformation Project, including upgrades to telecommunications infrastructure.

To improve the delivery of health care services to New Yorkers, the City will invest approximately \$475.9 million to modernize and renovate the facilities of the Health and Hospitals Corporation. Key projects in design and construction include Harlem Hospital Center, Gouverneur Skilled Nursing Facility and Diagnostic and Treatment Center, and the North General/Coler-Goldwater Consolidation.



**FY 2011 - 2015 Commitment Plan  
(\$ in Millions)**

	2011		2012		2013		2014		2015	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
<b>Environmental Protection</b>										
• Equipment .....	\$129	\$129	\$120	\$121	\$91	\$101	\$181	\$183	\$92	\$92
• Sewers .....	315	328	449	450	218	218	231	231	155	155
• Water Mains, Sources & Treatment .....	797	954	760	964	552	552	311	311	106	106
• Water Pollution Control .....	631	650	439	439	393	393	568	568	298	298
• Water Supply .....	25	25	170	170	681	681	322	322	682	682
Subtotal.....	<b>\$1,897</b>	<b>\$2,087</b>	<b>\$1,939</b>	<b>\$2,144</b>	<b>\$1,935</b>	<b>\$1,945</b>	<b>\$1,613</b>	<b>\$1,615</b>	<b>\$1,333</b>	<b>\$1,333</b>
<b>Transportation</b>										
• Mass Transit .....	\$212	\$265	\$112	\$116	\$100	\$100	\$100	\$100	\$100	\$100
• Bridges.....	127	150	402	791	182	255	197	307	128	256
• Highways.....	430	515	444	699	229	277	187	240	167	173
Subtotal.....	<b>\$769</b>	<b>\$930</b>	<b>\$957</b>	<b>\$1,606</b>	<b>\$512</b>	<b>\$633</b>	<b>\$484</b>	<b>\$648</b>	<b>\$395</b>	<b>\$529</b>
<b>Education</b>										
• Education.....	\$1,137	\$1,984	\$1,366	\$2,701	\$885	\$1,706	\$1,169	\$2,267	\$886	\$1,681
• Higher Education.....	256	265	2	2	44	44	3	3	3	3
Subtotal.....	<b>\$1,393</b>	<b>\$2,249</b>	<b>\$1,368</b>	<b>\$2,703</b>	<b>\$929</b>	<b>\$1,751</b>	<b>\$1,171</b>	<b>\$2,269</b>	<b>\$888</b>	<b>\$1,683</b>
<b>Housing &amp; Economic Development</b>										
• Economic Development .....	\$770	\$961	\$268	\$268	\$251	\$251	\$24	\$24	\$24	\$24
• Housing .....	547	733	195	340	285	393	253	365	187	295
Subtotal.....	<b>\$1,318</b>	<b>\$1,694</b>	<b>\$464</b>	<b>\$609</b>	<b>\$536</b>	<b>\$644</b>	<b>\$278</b>	<b>\$389</b>	<b>\$211</b>	<b>\$318</b>
<b>Administration of Justice</b>										
• Corrections .....	\$85	\$85	\$305	\$305	\$73	\$73	\$548	\$548	\$33	\$33
• Courts .....	130	130	31	31	60	60	27	27	37	37
• Police.....	153	153	143	143	68	68	71	71	81	81
Subtotal.....	<b>\$369</b>	<b>\$369</b>	<b>\$479</b>	<b>\$479</b>	<b>\$201</b>	<b>\$201</b>	<b>\$646</b>	<b>\$646</b>	<b>\$151</b>	<b>\$151</b>
<b>City Operations and Facilities</b>										
• Cultural Institutions.....	\$358	\$404	\$144	\$149	\$82	\$82	\$18	\$18	\$13	\$13
• Fire.....	163	172	123	123	83	83	31	31	37	37
• Health & Hospitals.....	628	649	298	299	311	312	58	59	21	21
• Parks.....	718	845	387	468	242	242	71	71	117	117
• Public Buildings.....	279	279	443	443	81	81	46	46	37	37
• Sanitation .....	483	489	456	456	240	240	79	79	133	133
• Technology & Equipment....	1,078	1,120	477	479	431	431	98	98	64	64
• Other.....	625	815	263	431	169	469	71	129	53	110
Subtotal.....	<b>\$4,333</b>	<b>\$4,772</b>	<b>\$2,591</b>	<b>\$2,849</b>	<b>\$1,640</b>	<b>\$1,940</b>	<b>\$472</b>	<b>\$530</b>	<b>\$474</b>	<b>\$531</b>
<b>Total Commitments .....</b>	<b>\$10,078</b>	<b>\$12,101</b>	<b>\$7,797</b>	<b>\$10,391</b>	<b>\$5,751</b>	<b>\$7,114</b>	<b>\$4,664</b>	<b>\$6,097</b>	<b>\$3,453</b>	<b>\$4,547</b>
<b>Reserve for Unattained Commitments .....</b>										
	<b>(\$2,865)</b>	<b>(\$2,865)</b>	<b>(\$187)</b>	<b>(\$187)</b>	<b>(\$28)</b>	<b>(\$28)</b>	<b>\$371</b>	<b>\$371</b>	<b>\$553</b>	<b>\$553</b>
<b>Commitment Plan.....</b>	<b>\$7,213</b>	<b>\$9,236</b>	<b>\$7,610</b>	<b>\$10,204</b>	<b>\$5,723</b>	<b>\$7,086</b>	<b>\$5,035</b>	<b>\$6,468</b>	<b>\$4,006</b>	<b>\$5,100</b>
<b>Total Expenditures .....</b>	<b>\$8,717</b>	<b>\$10,003</b>	<b>\$7,555</b>	<b>\$9,376</b>	<b>\$6,725</b>	<b>\$8,643</b>	<b>\$6,516</b>	<b>\$8,395</b>	<b>\$5,876</b>	<b>\$7,600</b>

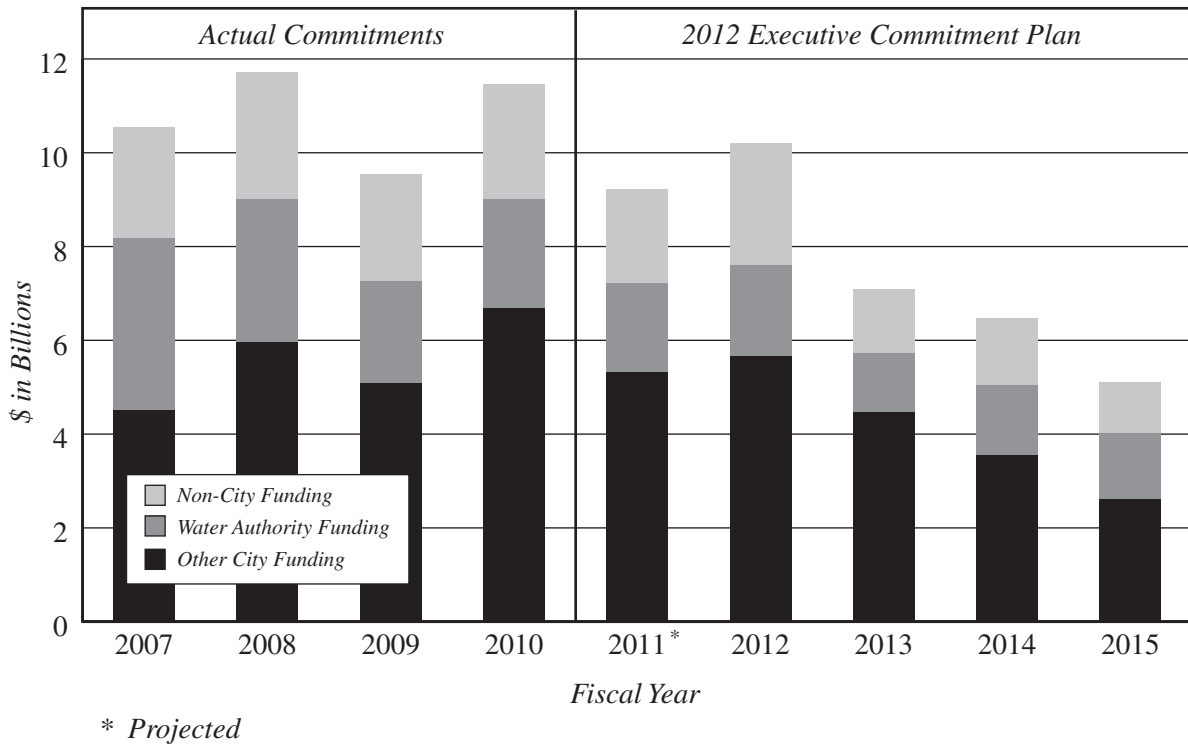
\* Note: Individual items may not add to totals due to rounding.

*Non-City Funding Sources*

Non-City capital funding sources include \$2.6 billion in the 2012 plan and \$6.5 billion over the 2012-2015 four-year plan period. The majority of non-City funding supports Education, Transportation, Housing, Environmental Protection and Parks.

Education programs anticipate receiving \$4.0 billion in State funding over the 2012-2015 period. Transportation programs are projected to receive non-City funding of \$1.6 billion over the 2012-2015 period, with \$1.3 billion from the Federal government, \$247.8 million from the State, and private funds of \$98.5 million. Housing programs are projected to receive \$471.5 million in Federal funding over the 2012-2015 period. Environmental Protection programs anticipate receiving \$217.3 million in non-City funding over the 2012-2015 period, consisting of \$204.2 million in private funds and \$13.1 million in Federal funds. Parks programs are projected to receive \$80.1 million in non-city funding over the 2012-2015 period, consisting of \$45.1 million in Federal funds, \$30.9 million in private funds, and \$4.1 million in State funds.

**FY 2007-2015 CAPITAL COMMITMENTS BY FUNDING SOURCE**



## The Capital Program since 2007

The table below illustrates the changes in the size of the City's capital program over the 2007-2010 period.

### FY 2007-2010 COMMITMENTS (\$ in Millions)

	2007		2008		2009		2010	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
<b>Environmental Protection</b>								
• Equipment .....	\$92	\$93	\$149	\$150	\$174	\$174	\$137	\$237
• Sewers .....	177	177	200	200	164	164	127	134
• Water Mains, Sources and Treatment.....	2,253	2,253	1,839	1,838	663	663	660	660
• Water Pollution Control .....	1,071	1,102	843	842	944	936	1,315	1,530
• Water Supply.....	64	64	20	20	237	237	89	89
Subtotal .....	<b>\$3,657</b>	<b>\$3,690</b>	<b>\$3,051</b>	<b>\$3,051</b>	<b>\$2,182</b>	<b>\$2,175</b>	<b>\$2,327</b>	<b>\$2,650</b>
<b>Transportation</b>								
• Mass Transit .....	\$43	\$43	\$40	\$40	\$71	\$71	\$100	\$117
• Bridges.....	254	262	443	783	338	513	532	1,165
• Highways.....	319	345	325	360	226	334	375	437
Subtotal .....	<b>\$616</b>	<b>\$650</b>	<b>\$808</b>	<b>\$1,184</b>	<b>\$635</b>	<b>\$918</b>	<b>\$1,007</b>	<b>\$1,719</b>
<b>Education</b>								
• Education.....	\$1,143	\$3,216	\$1,127	\$3,205	\$991	\$2,656	\$1,123	\$2,265
• Higher Education.....	22	22	129	132	205	210	29	31
Subtotal .....	<b>\$1,165</b>	<b>\$3,238</b>	<b>\$1,255</b>	<b>\$3,337</b>	<b>\$1,196</b>	<b>\$2,866</b>	<b>\$1,152</b>	<b>\$2,296</b>
<b>Housing &amp; Economic Development</b>								
• Economic Development .....	\$134	\$175	\$380	\$398	\$300	\$373	\$399	\$461
• Housing .....	218	299	351	453	243	358	192	293
Subtotal .....	<b>\$353</b>	<b>\$475</b>	<b>\$731</b>	<b>\$851</b>	<b>\$543</b>	<b>\$730</b>	<b>\$591</b>	<b>\$754</b>
<b>Administration of Justice</b>								
• Correction.....	\$44	\$44	\$6	\$6	\$40	\$40	\$68	\$68
• Courts .....	159	159	540	540	11	11	77	77
• Police .....	87	87	101	101	146	146	805	805
Subtotal .....	<b>\$290</b>	<b>\$290</b>	<b>\$647</b>	<b>\$647</b>	<b>\$197</b>	<b>\$197</b>	<b>\$950</b>	<b>\$950</b>
<b>City Operations &amp; Facilities</b>								
• Cultural Institutions.....	\$97	\$102	\$211	\$212	\$426	\$430	\$319	\$338
• Fire.....	116	119	121	153	71	71	120	136
• Health & Hospitals.....	230	230	231	231	281	281	175	175
• Parks .....	464	476	507	545	504	551	519	542
• Public Buildings .....	95	95	165	165	141	141	91	91
• Sanitation.....	189	189	172	173	170	171	503	503
• Technology & Equipment.....	681	706	864	864	656	664	1,035	1,033
• Other .....	219	286	246	294	261	336	225	277
Subtotal .....	<b>\$2,090</b>	<b>\$2,203</b>	<b>\$2,517</b>	<b>\$2,638</b>	<b>\$2,510</b>	<b>\$2,644</b>	<b>\$2,986</b>	<b>\$3,094</b>
<b>Total Commitments.....</b>	<b>\$8,171</b>	<b>\$10,546</b>	<b>\$9,008</b>	<b>\$11,707</b>	<b>\$7,264</b>	<b>\$9,531</b>	<b>\$9,014</b>	<b>\$11,463</b>
<b>Total Expenditures.....</b>	<b>\$5,098</b>	<b>\$7,496</b>	<b>\$6,310</b>	<b>\$9,005</b>	<b>\$7,248</b>	<b>\$10,044</b>	<b>\$9,824</b>	<b>\$10,536</b>

\* Note: Individual items may not add to totals due to rounding.

*Comprehensive Planning Process*

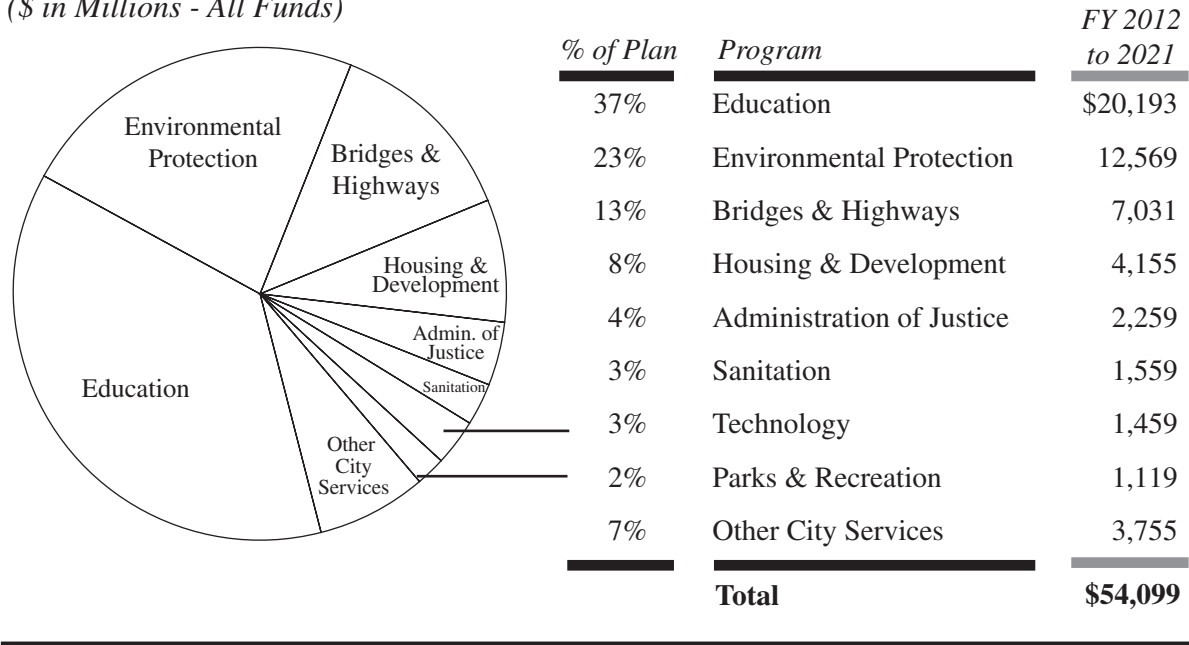
Developing a long-term capital investment strategy to improve, expand and sustain the City’s physical plant requires comprehensive planning. The Ten-Year Capital Strategy, updated by OMB and the Department of City Planning every two years through consultation with City agencies, establishes overall programmatic goals. The Four-Year Plan, revised annually, is consistent with the basic priorities established in the Ten-Year Capital Strategy. As annual budgets are prepared, goals are adjusted to reflect newly-identified needs and changes in mandated programs within the context of the City’s Ten-Year Capital Strategy and Four-Year Plan.

**Ten-Year Capital Strategy 2012-2021  
(\$ in thousands)**

	City Funds	Non-City Funds	Total Funds
<b><i>Environmental Protection</i></b>			
• Sewers.....	\$1,778,924	\$4	\$1,778,928
• Water Mains, Sources and Treatment .....	3,000,819	292,101	3,292,920
• Water Pollution Control.....	4,234,326	0	4,234,326
• Water Supply .....	2,500,272	0	2,500,272
• DEP Equipment .....	749,821	13,067	762,888
Subtotal Environmental Protection .....	<b>\$12,264,162</b>	<b>\$305,172</b>	<b>\$12,569,334</b>
<b><i>Education</i></b>			
• Education .....	\$10,073,091	\$10,048,983	\$20,122,074
• CUNY .....	69,989	1,353	71,342
Subtotal Education .....	<b>\$10,143,080</b>	<b>\$10,050,336</b>	<b>\$20,193,416</b>
<b><i>Transportation</i></b>			
• Mass Transit.....	\$651,733	\$4,233	\$655,966
• Highways & Transit Operations.....	2,339,079	1,214,183	3,553,262
• Bridges.....	2,146,694	1,330,548	3,477,242
Subtotal Transportation .....	<b>\$5,137,506</b>	<b>\$2,548,964</b>	<b>\$7,686,470</b>
<b><i>Housing &amp; Economic Development</i></b>			
• Housing.....	\$2,365,690	\$943,799	\$3,309,489
• Housing Authority .....	90,566	0	90,566
• Economic Development.....	754,968	0	754,968
Subtotal Housing & Economic Development.....	<b>\$3,211,224</b>	<b>\$943,799</b>	<b>\$4,155,023</b>
<b><i>Administration of Justice</i></b>			
• Correction .....	\$1,209,886	\$0	\$1,209,886
• Police .....	668,470	0	668,470
• Courts.....	369,879	0	369,879
• Juvenile Justice .....	10,527	0	10,527
Subtotal Administration of Justice.....	<b>\$2,258,762</b>	<b>\$0</b>	<b>\$2,258,762</b>
<b><i>Health &amp; Social Services</i></b>			
• Health .....	\$245,354	\$2,372	\$247,726
• Hospitals .....	607,704	0	607,704
• Homeless Services.....	78,155	0	78,155
• Human Resources.....	79,072	51,954	131,026
• Children’s Services.....	91,440	14,371	105,811
• Aging .....	26,091	0	26,091
Subtotal Health & Social Services.....	<b>\$1,127,816</b>	<b>\$68,697</b>	<b>\$1,196,513</b>
<b><i>Other City Services</i></b>			
• Sanitation .....	\$1,559,232	\$0	\$1,559,232
• Public Buildings.....	958,967	442	959,409
• Fire.....	522,428	0	522,428
• Parks & Recreation.....	1,038,274	80,238	1,118,512
• Cultural Institutions & Libraries .....	407,401	12,947	420,348
• Technology & Equipment .....	1,456,153	2,929	1,459,082
Subtotal Other City Services.....	<b>\$5,942,455</b>	<b>\$96,556</b>	<b>\$6,039,011</b>
<b>Total .....</b>	<b><u>\$40,085,005</u></b>	<b><u>\$14,013,524</u></b>	<b><u>\$54,098,529</u></b>

## TEN-YEAR CAPITAL STRATEGY FOR 2012-2021

(\$ in Millions - All Funds)



### 2012 Ten-Year Capital Strategy Highlights

#### *Technology*

- Information and Communication Systems: 911/Emergency Communications Transformation Project (ECTP) facilities, software, and equipment to update and integrate the City's computer aided dispatch capabilities (\$587.5 million); consolidation of the City's data centers and other citywide IT infrastructure services (CITIServ) (\$27.9 million); and technology resources for the FISA Alternate Data Center to provide additional processing capacity and more secure emergency IT capabilities (\$24.9 million).

#### *Environmental Protection and Sanitation*

- Sewers: extend and reconstruct sewers (\$1.8 billion); fund the emergency replacement of malfunctioning or collapsed cement combined sewers (\$529.8 million); and construction for the Staten Island Bluebelt program, including the purchase of property (\$170.6 million). The total Sewers program for 2012-2021 is \$1.8 billion.
- Water Mains, Sources and Treatment: replacement and extension of trunk and distribution water mains and ancillary work (\$1.5 billion); and completion of an ultraviolet light water disinfection plant and related facilities for water from the Catskills and Delaware Watersheds (\$416.0 million). The total Water Mains, Sources and Treatment program for 2012-2021 is \$3.0 billion.
- Wastewater Treatment: investments to maintain the operational integrity of existing wastewater treatment facilities (\$1.9 billion); implementation of a strategy for combined sewer overflow (CSO) capture through the use of Green Infrastructure (\$735.1 million) and the optimization of existing grey infrastructure (\$1.1 billion); ongoing stabilization and upgrades to in-City water pollution control plants and systems to ensure compliance with Federal and State mandates for operating permit requirements (\$142.3 million); studies and facility upgrades to reduce nitrogen levels in treated wastewater (\$124.5 million); and the enhancement of the existing chlorination system at various WPCPs in order to meet stricter chlorine discharge limits (\$156.7 million). The total Wastewater Treatment program for 2012-2021 is \$4.2 billion.

- **Water Supply:** construction of the Rondout-West Branch Tunnel, which is associated with the Delaware Aqueduct leak (\$2.1 billion), including the Bypass Tunnel and shaft work (\$938.8 million) and ancillary work and supplemental water supply projects (\$1.1 billion); and continued construction of Stage Two of City Water Tunnel No. 3 (\$367.1 million). The total Water Supply program for 2012-2021 is \$1.2 billion.
- **Equipment:** continued water conservation programs (\$293.1 million) which includes the installation of water meters (\$178.1 million) and the toilet rebate program (\$115.0 million). The total Equipment program for 2012-2021 is \$749.8 million.
- **Sanitation:** purchase of vehicles and other equipment (\$1.0 billion); site acquisition for Department facilities (\$20.0 million); construction and reconstruction of sanitation garages and other facilities, citywide (\$63.9 million); construction of solid waste management facilities (\$406.9 million); and information technology and telecommunications projects (\$60.4 million).

### *Transportation*

- **Bridges:** the continued reconstruction/rehabilitation of the East River Bridges (\$56.7 million); reconstruction of nine bridge structures rated “poor” (\$395.4 million); and the reconstruction of 35 bridges rated “fair” (\$1.7 billion). The total Bridge program for 2012-2021 is \$3.5 billion.
- **Highways:** the reconstruction of 180 lane miles of streets (\$742.4 million); the resurfacing of 7000 lane miles of streets (\$1.3 billion); the reconstruction of sidewalks, retaining walls, step streets, and the installation of pedestrian ramps (\$339.5 million); and facility reconstruction (\$49.0 million). The total Highway program for 2012-2021 is \$2.4 billion.
- **Traffic:** the modernization and expansion of the City’s computerized traffic signal network to improve traffic flow (\$271.8 million); installation of signals, streetlights, and lane markings associated with the Highway and Bridge Reconstruction Program (\$204.0 million); upgrade of the street lighting system (\$191.2 million); and the reconstruction of parking lots and garages (\$28.5 million). The total Traffic program for 2012-2021 is \$695.5 million.
- **Ferries:** the reconstruction and improvement of various ferry vessels (\$374.1 million), and ferry terminals (\$27.6 million); and general construction work at the ferry maintenance facilities (\$11.6 million). The total Ferries program for 2012-2021 is \$413.3 million.
- **Transit:** contribution to the MTA’s capital program, including subway and bus fleet enhancements, infrastructure improvements, in-house track rehabilitation, and reconstruction of bus and subway lines for New York City. The Transit program for 2012-2021 is \$642.9 million.

### *Education, Health and Social Services*

- **Education:** improvements that enhance educational programs (\$2.5 billion); rehabilitate, replace and upgrade building components (\$5.2 billion); construct new schools (\$7.4 billion); modernize school buildings (\$13.4 million); cover emergency projects, research and development, and prior plan completion costs (\$1.7 billion); expand facilities through leases, building additions, modular classrooms and new athletic fields and playgrounds (\$2.9 billion); and address the need for security systems, emergency lighting and code compliance (\$273.5 million). The total Education program for 2012-2021 is \$20.1 billion.
- **Higher Education:** miscellaneous reconstruction (\$62.3 million); data processing and other equipment (\$5.8 million); athletic fields, gymnasiums and equipment (\$2.0 million); electrical, mechanical and HVAC system upgrading (\$1.0 million); Federal, State and Local Mandates (\$0.2 million). The total Higher Education program for 2012-2021 is \$71.3 million.

- Health: HHC's corporate-wide construction projects associated with ongoing maintenance, code compliance, and equipment purchases (\$55.8 million); consolidation and relocation of Coler-Goldwater (\$186.6 million); Gouverneur Healthcare Services modernization (\$89.3 million); Harlem Hospital Center modernization (\$83.7 million); ambulance purchases (\$126.8 million); various DOHMH facility renovations and rehabilitation (\$55.2 million); automation and technology infrastructure improvements (\$26.8 million); laboratories (\$138.9 million); equipment and vehicles (\$10.0 million); and technology upgrades for the Office of the Chief Medical Examiner and construction of a new Bronx Mortuary (\$16.0 million).
- Aging: rehabilitation of senior centers, with a primary focus on improvements to fire suppression systems, heat and hot water systems, and renovations for handicapped accessibility (\$18.7 million); and information technology upgrades to enhance the ability of older New Yorkers to access services and benefits electronically (\$7.4 million).
- Administration for Children's Services: renovation and code compliance at various child care centers (\$26.2 million); development and expansion of the agency's automated systems, including planned computer replacements and software licenses, upgrading of telecommunications networks, and maintenance of systems that are critical for meeting mandated program management reporting requirements (\$48.5 million); and renovation and furniture purchases for the agency central office at 150 William Street and various field offices (\$29.0 million).
- Homeless Services: building renovations, building envelope stabilization and restorations, code compliance, fire safety and security upgrades to adult facilities (\$30.0 million) and family facilities (\$32.7 million); and upgrade and development of the Department's computer network, including the development of the CARES case management and client tracking system (\$15.4 million).
- Human Resources: renovation of facilities and structures (\$33.8 million); improvement of agency data processing systems (\$45.5 million); and routine replacement of network hardware and vehicles (\$39.9 million).

#### *Housing and Development*

- Housing: development of over 36,000 new rental and homeownership dwelling units through varied scattered site, large-scale, and multifamily initiatives (\$933.8 million); provision of low-interest loans to finance the rehabilitation and preservation of approximately 40,000 units in privately-owned buildings under the Low Income Housing Tax Credit Year 15 Preservation, Article 7A, Article 8A, Participation Loan, Senior Citizens Home Assistance, and other housing preservation programs (\$2.1 billion); disposition and rehabilitation of approximately 2,000 *In Rem* dwelling units through various privatization initiatives (\$218.8 million); and production and rehabilitation of approximately 7,000 units for low-income and formerly homeless individuals, including those with special needs, through the Supportive Housing Loan Program (\$708.0 million).
- Housing Authority: upgrades to building systems, including security systems, elevators, and heating systems and conversion to instantaneous hot water heaters (\$76.7 million); miscellaneous exterior building upgrades, including entrances, brick work and roofing (\$2.2 million); community, daycare, and senior center renovations; (\$1.4 million); grounds improvements (\$0.5 million); and upgrades and modernizations to Prospect Plaza in an effort to revitalize the surrounding neighborhood of Ocean Hill-Brownsville in Brooklyn (\$5.2 million).
- Economic Development: Willets Point site acquisition and offsite infrastructure development (\$90.1 million); various development and infrastructure improvement projects at the Brooklyn Navy Yard (\$25.7 million); Governors Island redevelopment (\$272.0 million); and asset management of waterfront facilities, public markets, and other City-owned properties (\$188.0 million).



### *Administration of Justice and Public Safety*

- Correction: design and construction of a new 1,500 bed jail facility on Rikers Island (\$594.0 million); reconstruction of the Brooklyn House of Detention and completion of the 800 bed addition to the Rose M. Singer Center (\$43.4 million); infrastructure and support space (\$455.2 million); and lifecycle replacement of equipment (\$117.3 million).
- Courts: Infrastructure, life safety, and local law compliance Citywide (\$273.5 million); heating system upgrades in the Manhattan Supreme Court building (\$28.4 million); boiler replacement and upgrades at courthouses, including a central boiler plant connecting various Manhattan court buildings (\$14.9 million); interior and exterior renovation at various courthouses (\$22.3 million); building infrastructure upgrades (\$18.0 million); and other building improvements (\$12.9 million).
- Police: lifecycle replacement of communications equipment, computer equipment, vehicles and miscellaneous equipment (\$450.2 million); relocation, rehabilitation or maintenance of facilities citywide (\$178.4 million); and design and construction of a new Police Academy (\$39.9 million).
- Fire: replacement of front-line fire-fighting apparatus, support vehicles, fireboats, and equipment (\$394.9 million); renovation of firehouse components such as boilers, electrical upgrades, kitchens, roofs, bathrooms, waterproofing, apparatus doors, floors, and windows (\$78.1 million); construction of EMS stations, including a new station in the Soundview section of the Bronx (\$13.0 million); site acquisition and renovations for the Department's fleet maintenance facilities (\$14.4 million); purchase of upgraded radio equipment (\$11.8 million); cabling to support the Department's Voice Alarm system (\$4.2 million); and the replacement/upgrade of Information Technology (IT) equipment that has reached the end of useful life (\$6.0 million).

### *Recreation and Cultural*

- Parks: planting new street and park trees and the construction of greenstreets citywide (\$205.2 million); acquisition and development of open space and a sports field along the Greenpoint and Williamsburg waterfronts in Brooklyn (\$55.6 million); rehabilitation of pedestrian bridges, Citywide (\$39.2 million); construction of a new park at Fresh Kills in Staten Island (\$36.4 million); construction of a waterfront park at Ferry Point Park in the Bronx (\$12.0 million); ADA ramp and staircase reconstruction at Fort Washington Park in Manhattan (\$11.6 million); and reconstruction of soccer fields in Flushing Meadow Corona Park in Queens (\$2.6 million).
- Public Libraries: Central Library Master Plan project at the Stephen A. Schwarzman Building in Manhattan (\$11.0 million, in addition to \$39.3 million in 2011); improvements and modifications to the Brooklyn Central Library (\$11.2 million, in addition to \$10.2 million in 2011); a new replacement facility for the Far Rockaway Community Library in Queens (\$3.8 million, in addition to \$13.0 million in 2011); a new Westchester Square Branch Library in the Bronx (\$8.0 million, in addition to \$3.3 million in 2011); and site acquisition and new branch construction of the Rossville Branch Library in Staten Island (\$7.4 million).
- Department of Cultural Affairs: renovation and expansion of the Whitney Museum of American Art in Manhattan (\$44.0 million); renovation and installation of the shark exhibit at the Wildlife Conservation Society/New York Aquarium in Brooklyn (\$39.9 million); renovation of backstage and mechanical systems and construction of music education and program spaces at Carnegie Hall in Manhattan (\$28.0 million); construction of the National Jazz Museum in Manhattan (\$9.0 million); construction of a new Cultural Center for the Irish Arts Center in Manhattan (\$8.0 million); construction of a Water Garden at the Brooklyn Botanic Garden (\$7.0 million), as well as renovation to the auditorium (\$1.4 million); and construction of a new Visitors Center at the Louis Armstrong House in Queens (\$5.0 million).

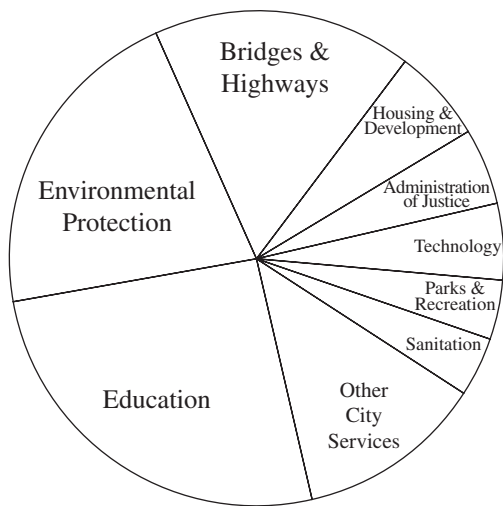


Department of Citywide Administrative Services

- **Public Buildings:** rehabilitation of City-owned space (\$377.3 million), including citywide office space consolidation projects (\$45.5 million), renovations to the Manhattan Municipal Building (\$47.7 million), the Brooklyn Municipal Building (\$45.6 million), Queens Borough Hall (\$10.7 million), and Staten Island Borough Hall (\$7.5 million); miscellaneous construction in other facilities (\$48.0 million); renovation of leased space (\$199.8 million), including the citywide datacenter consolidation and back-up datacenter (\$102.1 million) and citywide office space consolidation projects (\$80.2 million); legal mandates (\$193.1 million), including the expansion of sprinkler systems, building fire alarm systems and fire safety provisions throughout DCAS buildings to comply with the NYC building code (\$96.5 million) and the replacement of fuel tanks, citywide (\$28.7 million); equipment and interagency services (\$86.3 million), including the development of a municipal supplies inventory management system (\$13.8 million) and a network protector for DoITT leased space at 11 Metrotech (\$12.0 million); modernization of the Board of Elections (\$17.5 million); renovation of other city-owned facilities (\$3.8 million); and reconstruction of waterfront properties and non-waterfront properties (\$33.3 million).
- **Energy Efficiency and Sustainability:** energy efficiency measures and building retrofits (\$704.0 million), including energy retrofit projects in City buildings (\$447.3 million).

**2012 AUTHORIZED CAPITAL COMMITMENTS, BY PROGRAM**

(\$ in Millions - All Funds)



<u>% of Plan</u>	<u>Program</u>	<u>2012 Plan</u>
26%	Education	\$2,703
21%	Environmental Protection	2,144
17%	Bridges & Highways	1,774
6%	Housing & Development	615
5%	Administration of Justice	483
5%	Technology	479
4%	Parks & Recreation	468
4%	Sanitation	456
12%	Other City Services	1,269
	<b>Total</b>	<b>\$10,391</b>

## 2012 Agency Highlights

### *Technology*

- Information and Communication Systems: 911/Emergency Communications Transformation Project (ECTP) facilities, software, and equipment to update and integrate the City's computer aided dispatch capabilities (\$178.4 million); consolidation of the City's data centers and other citywide IT infrastructure services (CITIServ) (\$13.9 million); and technology resources for the FISA Alternate Data Center to provide additional processing capacity and more secure emergency IT capabilities (\$20.9 million).

### *Environmental Protection and Sanitation*

- Sewers: reconstruction and augmentation of the City's sewer system (\$449.5 million).
- Water Mains, Sources and Treatment: advancement of the Croton Water Filtration Plant and related projects (\$94.0 million); in-City water main construction and ancillary work (\$417.2 million) which includes \$254.3 million for the Third Water Tunnel connection projects. The total Water Mains, Sources and Treatment program for 2012 is \$760.1 million.
- Wastewater Treatment: conduct essential projects at water pollution control plants and related infrastructure to sustain uninterrupted wastewater treatment operation (\$67.0 million); addressing water quality problems attributed to combined sewer overflow discharges into the City's surrounding waterways during wet weather conditions (\$59.7 million); and working with multiple City agencies to construct, install, and maintain various Green Infrastructure projects for stormwater capture, such as bioswales, tree pits, constructed wetlands, and green roofs (\$30.7 million). The total Wastewater Treatment program for 2012 is \$438.5 million.
- Water Supply: dependability projects to ensure integrity of water supply during repair of the Delaware Aqueduct leak (\$116.7 million). The total Water Supply program for 2012 is \$170.2 million.
- Equipment: purchase, replacement and installation of water meters as part of the citywide Automated Meter Reading (AMR) Project (\$41.8 million). The total Equipment program for 2012 is \$120.3 million.
- Sanitation: purchase of vehicles and other equipment (\$94.5 million); site acquisition for Department facilities (\$20.0 million); construction and reconstruction of sanitation garages and other facilities, Citywide (\$24.1 million); construction of solid waste management facilities (\$272.9 million); and information technology and telecommunications projects (\$44.5 million).

### *Transportation*

- Bridges: reconstruction/rehabilitation of the East River Bridges (\$54.5 million); reconstruction of six bridge structures rated "poor" (\$270.9 million); and the reconstruction of five bridges rated "fair" (\$368.9 million). The total Bridge program for 2012 is \$791.3 million.
- Highways: the reconstruction of 17.5 lane miles of streets (\$456.2 million); the resurfacing of 700 lane miles of streets (\$134.5 million); the reconstruction of sidewalks, retaining walls, step streets, and the installation of pedestrian ramps (\$94.6 million); and facility reconstruction (\$13.6 million). The total Highway program for 2012 is \$699.2 million.
- Traffic: the modernization and expansion of the City's computerized traffic signal network to improve traffic flow (\$36.2 million); installation of signals, streetlights, and lane markings associated with the Highway and Bridge Reconstruction Program (\$112.8 million); and the upgrade of the street lighting system (\$32.9 million); and the reconstruction of parking lots and garages (\$19.2 million). The total Traffic program for 2012 is \$201.1 million.

- Ferries: the reconstruction and improvement of various ferry vessels (\$39.5 million), and terminals (\$14.3 million); and general construction work at the ferry maintenance facilities (\$10.8 million). The total Ferries program for 2012 is \$64.6 million.
- Transit: contribution to the MTA's capital program, including subway and bus fleet enhancements, infrastructure improvements, in-house track rehabilitation, and reconstruction of bus and subway lines for New York City. The Transit program for 2012 is \$105.6 million.

*Education, Health and Social Services*

- Education: capital improvements that enhance educational programs (\$697.2 million); rehabilitate, replace and upgrade building components (\$400.1 million); construct new schools (\$931.0 million); cover emergency projects, research and development, and prior plan completion costs (\$293.2 million); expand facilities through leases, building additions, modular classrooms and new athletic fields and playgrounds (\$358.1 million); and address the need for security systems, emergency lighting and code compliance (\$20.8 million). The total Education program for 2012 is \$2.7 billion.
- Higher Education: reconstruction and renovation to existing facilities and purchase of data processing equipment (\$2.4 million).
- Health: Consolidation and relocation of Coler-Goldwater (\$78.2 million); Gouverneur Healthcare Services modernization (\$49.5 million); Harlem Hospital Center modernization (\$52.0 million); ambulance purchases (\$7.7 million); design and construction of a new Public Health Laboratory (\$34.4 million); renovation of the Chelsea Health Center (\$14.4 million); and renovation and expansion of the Staten Island Animal Shelter (\$2.8 million).
- Aging: rehabilitation of senior centers, with a primary focus on improvements to fire suppression systems, heat and hot water systems, and renovations for handicapped accessibility (\$6.7 million); and information technology upgrades to enhance the ability of older New Yorkers to access services and benefits electronically (\$1.2 million).
- Administration for Children's Services: renovation and code compliance at various child care centers (\$3.7 million); development of case management systems for child care and juvenile justice (\$21.1 million and \$15.5 million, respectively, in 2011); development and expansion of the agency's automated systems, including planned computer replacements, upgrading of telecommunications networks, and maintenance of systems that are critical for meeting mandated program management reporting requirements (\$10.7 million); and renovation and furniture purchases for the agency central office at 150 William Street and various field offices (\$2.7 million).
- Homeless Services: computer network upgrade and equipment purchase, including the development of the CARES case management and client tracking system (\$4.3 million); renovation and upgrade of adult shelters (\$10.4 million); renovation and upgrade of family shelters (\$17.3 million); and completion of the \$70.0 million New Family Intake Center (\$1.5 million).
- Human Resources: facility renovations including domestic violence shelter facades (\$2.7 million), a Food Stamps Change Center in Queens (\$1.7 million); consolidation of existing offices at 470 Vanderbilt in Brooklyn (\$3.4 million); and scheduled replacement of computer workstations (\$3.7 million).

### *Housing and Development*

- Housing: development of over 3,600 new rental and homeownership dwelling units through varied scattered site, large-scale, and multifamily initiatives (\$98.0 million); provision of low-interest loans to finance the rehabilitation and preservation of over 6,000 units in privately-owned buildings under the Low Income Housing Tax Credit Year 15 Preservation, Article 7A, Article 8A, Participation Loan, Senior Citizens Home Assistance, and other housing preservation programs (\$118.2 million); disposition and rehabilitation of approximately 313 *In Rem* dwelling units through various privatization initiatives (\$22.1 million); and production and rehabilitation of over 700 units for low-income and formerly homeless individuals, including those with special needs, through the Supportive Housing Loan Program (\$69.5 million).
- Housing Authority: upgrades to building systems, including the upgrade of security systems and conversion to instantaneous hot water heaters (\$6.2 million); and community renovations (\$0.4 million).
- Economic Development: Willets Point site acquisition and offsite infrastructure development (\$33.0 million); various development and infrastructure improvement projects at the Brooklyn Navy Yard (\$11.7 million); Governors Island redevelopment (\$133.9 million); and asset management of waterfront facilities, public markets, and other City-owned properties (\$17.1 million).

### *Administration of Justice and Public Safety*

- Correction: design of the new 1,500 bed jail facility on Rikers Island (\$47.2 million); replacement of deteriorating housing facilities with new facilities (\$2.4 million); improvements to building systems, infrastructure and support space (\$225.3 million); and lifecycle replacement of equipment (\$29.9 million).
- Courts: Electrical upgrade work at the Brooklyn Appellate Court building, the Bronx Supreme Court building, and the Bronx Family/Criminal Court building (\$5.8 million); HVAC upgrade work at the Supreme Court building, Criminal Court building, and Civil Court building in Manhattan and the Supreme Court building in Brooklyn (\$6.1 million); exterior renovation work at the Supreme Court building in Brooklyn and the Criminal Court building in Queens (\$3.3 million); interior renovation work at the Surrogate's Court building and Midtown Community Court building in Manhattan (\$7.3 million); and design for the installation of a fire sprinkler system at the Supreme Court building in Manhattan (\$1.7 million).
- Police: design and construction of a new Police Academy (\$39.9 million); relocation, maintenance and rehabilitation of facilities, Citywide (\$33.9 million); lifecycle replacement of Mobile Data Computers (\$15.0 million); replacement and upgrade of critical data management systems (\$9.9 million); and lifecycle replacement of vehicles (\$16.6 million).
- Fire: replacement of front-line fire-fighting apparatus, support vehicles, fireboats, and equipment (\$76.7 million); renovation of firehouse components, including boilers, electrical upgrades, kitchens, roofs, bathrooms, waterproofing, apparatus doors, floors, and windows (\$18.0 million); construction of EMS stations, including a new station in the Soundview section of the Bronx (\$13.0 million); site acquisition and renovations for the Department's fleet maintenance facilities (\$14.4 million); the replacement/upgrade of Information Technology (IT) equipment that has reached the end of useful life (\$0.6 million); and cabling to support the Department's Voice Alarm system (\$0.3 million).

### *Recreation and Cultural*

- Parks: reconstruction of the High Bridge in Manhattan and the Bronx (\$57.4 million); construction of a new park at Fresh Kills in Staten Island (\$26.9 million); rehabilitation of pedestrian bridges, Citywide (\$18.7 million); ADA ramp and staircase reconstruction at Fort Washington Park in Manhattan (\$11.6 million); construction of tennis courts and renovation of the bathhouse and pool house at Crotona Park

in the Bronx (\$6.6 million); conversion of schoolyards to playgrounds, Citywide as part of plaNYC 2030 (\$6.5 million); construction of gazebos, an entry plaza, recreation buildings and a parking lot at Midland Beach in Staten Island (\$11.7 million); and reconstruction of soccer fields in Flushing Meadow Corona Park in Queens (\$2.6 million).

- Public Libraries: the Central Library Master Plan project at the Stephen A. Schwarzman Building in Manhattan (\$11.0 million, in addition to \$39.3 million in 2011); continue improvements and modifications to the Brooklyn Central Library (\$9.4 million, in addition to \$10.2 million in 2011); a new Hunters Point Branch in Queens (\$10.1 million, in addition to \$3.2 million in 2011); and a new Westchester Square Branch Library in the Bronx (\$4.0 million, in addition to \$3.3 million in 2011).
- Department of Cultural Affairs: reconstruction of the 122 Community Center in Manhattan (\$14.0 million, in addition to \$2.3 million in 2011); construction and fit-out of a new theater for the Alliance of Resident Theaters in Manhattan (\$10.7 million); construction and fit-out of a new theater for the Manhattan Class Company (\$8.9 million); Master Plan improvements at the Lincoln Center for the Performing Arts (\$8.5 million); complete the expansion and renovation of the Queens Museum of Art (\$5.2 million, in addition to \$9.6 million in 2011); restoration of Tysen Court at the Staten Island Historical Society (\$4.6 million, in addition to \$2.3 million in 2011); exterior renovations and boiler replacement at the Dance Theater of Harlem (\$2.9 million); and reconstruction of the rooftop theater at the Brooklyn Children’s Museum (\$2.8 million, in addition to \$3.2 million in 2011).

*Department of Citywide Administrative Services*

- Public Buildings: rehabilitation of City-owned space (\$135.5 million), including citywide office space consolidation projects (\$19.2 million), renovations to the Manhattan Municipal Building (\$23.4 million), the Brooklyn Municipal Building (\$18.2 million), and Staten Island Borough Hall (\$6.6 million); miscellaneous construction in other facilities (\$32.9 million); renovation of leased space (\$156.3 million), including the citywide datacenter consolidation and back-up datacenter (\$102.1 million) and citywide office space consolidation projects (\$37.3 million); legal mandates (\$40.3 million), including the replacement of fuel tanks, citywide (\$23.5 million); equipment and interagency services (\$58.1 million), including the development of a municipal supplies inventory management system (\$13.8 million) a network protector for DoITT leased space at 11 Metrotech (\$12.0 million); modernization of the Board of Elections (\$17.5 million); renovation of other city-owned facilities (\$2.6 million); and reconstruction of waterfront properties and non-waterfront properties (\$5.6 million).
- Energy Efficiency and Sustainability: energy efficiency measures and building retrofits (\$100.3 million), including energy retrofit projects in City buildings (\$29.8 million)

## Borough Presidents' Allocations

The Charter requires an amount equal to five percent of the proposed new capital appropriations for the ensuing four years to be allocated to the Borough Presidents. This allocation is to be distributed to each borough based upon a formula that equally weighs population and land area. The tables below indicate the amounts added by the Borough Presidents for each programmatic area.

### FY 2012-2015 Borough Presidents' Allocations\* (City Funded Appropriations \$ in thousands)

	2012	2013	2014	2015
<b>Bronx Program</b>				
Cultural Affairs.....	\$502	—	—	—
Education.....	3,649	—	—	—
Health .....	1,000	—	—	—
Hospitals.....	100	—	—	—
Housing.....	2,664	750	—	—
Housing Authority.....	200	500	—	—
Juvenile Justice.....	17	—	—	—
Parks .....	398	—	—	—
Public Buildings .....	225	—	—	—
GRAND TOTAL: BRONX.....	\$8,755	\$1,250	\$0	\$0
<b>Brooklyn Program</b>				
Brooklyn Public Library.....	—	\$14	—	—
Cultural Affairs.....	325	—	—	—
Economic Development .....	750	1,000	—	—
Education.....	2,679	—	—	—
Health .....	592	577	—	—
Higher Education.....	83	954	—	—
Hospitals.....	350	—	—	—
Housing.....	2,000	1,000	—	—
Juvenile Justice.....	250	—	—	—
Parks .....	300	906	—	—
Public Buildings .....	763	4,650	—	—
Traffic.....	210	—	—	—
GRAND TOTAL: BROOKLYN.....	\$8,302	\$9,101	\$0	\$0

\* Appropriations include reallocation of prior amounts recommended by the borough presidents.

\*\*Note: Individual items may not add to totals due to rounding.

**FY 2012-2015 Borough Presidents' Allocations\***  
**(City Funded Appropriations \$ in thousands)**

	2012	2013	2014	2015
<b>Manhattan Program</b>				
Cultural Affairs.....	—	\$839	—	—
Hospitals.....	175	—	—	—
Public Buildings.....	3,085	—	—	—
GRAND TOTAL: MANHATTAN.....	\$3,260	\$839	\$0	\$0
<b>Queens Program</b>				
Cultural Affairs.....	\$956	—	—	—
Fire.....	65	—	—	—
Health.....	935	—	—	—
Higher Education.....	2,300	—	—	—
Highways.....	—	42	—	—
Hospitals.....	281	—	—	—
Parks.....	3	—	—	—
Queens Public Library.....	4,841	—	—	—
GRAND TOTAL: QUEENS.....	\$9,381	\$42	\$0	\$0
<b>Staten Island Program</b>				
Cultural Affairs.....	\$35	—	—	—
Education.....	1,450	—	—	—
Highway Bridges.....	2,000	—	—	—
Highways.....	2,464	—	—	—
New York Public Library.....	500	—	—	—
Sewers.....	750	—	—	100
Traffic.....	34	—	—	—
GRAND TOTAL: STATEN ISLAND.....	\$7,233	\$0	\$0	\$100

\* Appropriations include reallocation of prior amounts recommended by the borough presidents.

\*\*Note: Individual items may not add to totals due to rounding.

**Management Initiatives**

Management initiatives continue to be developed and implemented to enhance the administration and advancement of the capital program. These include:

- continued improvements to capital program management.
- updating the charter-mandated capital asset condition assessment.
- application of value engineering to reduce capital and operating costs.

*Capital Program Management*

The Department of Design and Construction was created in October 1995 by Local Law 77, which authorized it to assume responsibility for construction projects performed by the Departments of Transportation, Environmental Protection and General Services. The Department delivers the City's construction projects in an expeditious,



cost-effective manner, while maintaining the highest degree of architectural, engineering and construction quality. The Department performs design and construction functions related to streets and highways; sewers; water mains; correctional and court facilities; cultural buildings; libraries; and other public buildings, facilities and structures.

The consolidation of design and construction into a single agency allows for the elimination of duplicative program units within agencies; the standardization of construction procedures and practices; the implementation of reforms of current practices relating to procurement for construction projects; and the expansion of the use of construction-related technology, including Computer-Aided Drafting and Design (CADD); and a project management information system. The Department also enables the city to coordinate a wide variety of construction projects with utilities, community representatives, and private industry, thus minimizing the disruption to individual neighborhoods caused by water-main projects, sewer construction, and road work, as well as reducing the costs associated with such projects. The Department of Design and Construction serves more than 22 client agencies.

#### *Capital Project Scope Development and Cost Estimation*

Some capital projects contain significant risks and uncertainties that can lead to cost escalation. Construction or site complexity, unclear or evolving programmatic requirements, regulatory or legal issues, and conflicting stakeholder objectives are some of the factors which can result in projects exceeding their budgets. In an effort to control cost overruns, capital projects will undergo more intensive scope development and cost estimation prior to being included in the capital plan.

#### *Capital Asset Inventory and Maintenance Program*

The Charter requires an annual assessment of the City's major assets including buildings, piers, bulkheads, marinas, bridges, streets and highways, and the preparation of maintenance schedules for these assets. This assessment report (AIMS), based on field surveys by technical professionals, details state-of-good-repair needs and is used by agencies for capital planning purposes. A separate volume, published as a reconciliation, reports on the amounts recommended in the annual condition surveys with amounts funded in budget. To incorporate current technology and standards into the Maintenance Program, the City conducts ongoing reviews of the methodologies used in surveying and estimating the cost of maintaining its fixed assets in a state of good repair.

AIMS will be enhanced to allow for more agency access to asset data in order to enable them to improve the management of their facilities.

#### *Value Engineering*

Value Engineering (VE) is a systematic analytical methodology directed toward analyzing the functions of projects for the purpose of achieving the best value and most effective operation at the lowest life-cycle project cost. From its inception in 1982 OMB's VE program has utilized innovations in value management methodologies to evaluate an ever-expanding group of projects, widening the scope and depth of project reviews to include Value Analysis (VA) reviews of the City's operational processes and functions to assist agencies in streamlining their procedures to effect increased efficiency and improvements.

Value Engineering is a collaborative effort between all concerned city agencies with budgetary and operational jurisdiction over a project, and outside consultants with expertise on critical project components. The City has utilized VE effectively in the last 29 years to review complex and costly capital projects to ensure they meet functional requirements and are cost effective and timely. These Value Management reviews enable agency decision makers to reach informed conclusions about projects' scope, cost and schedule. In addition to defining potential cost reductions, the VE process frequently generates project improvements, and anticipates project risks and solves functional problems by raising relevant issues which adversely compromise the project's development, cost and schedule early in the design process. During the recent economic downturn, VM reviews have assisted agencies in dealing with cost constraints while protecting projects' required functionality and mission. Studies scheduled for upcoming VE reviews include environmental projects, parks, dams, bridges, power projects, and water tunnel structures.



## FINANCING PROGRAM

The City's financing program projects \$35 billion of long-term borrowing for the period 2011 through 2015 to support the City's current capital program. The portion of the capital program not financed by the New York City Municipal Water Finance Authority (NYW or the Authority) will be split between General Obligation (GO) bonds of the City and the Transitional Finance Authority (TFA). Figures below do not include state funded financing for education capital purposes through TFA Building Aid Revenue Bonds (BARBs):

### Financing Program (\$ in Millions)

	2011	2012	2013	2014	2015	Total
City General Obligation Bonds .....	\$2,425	\$2,680	\$2,460	\$2,460	\$2,260	\$12,285
TFA Bonds <sup>1</sup> .....	3,600	2,680	2,460	2,460	2,260	13,460
Water Authority Bonds <sup>2</sup> .....	3,252	2,027	1,598	1,420	1,164	9,461
<b>Total .....</b>	<b>\$9,277</b>	<b>\$7,387</b>	<b>\$6,518</b>	<b>\$6,340</b>	<b>\$5,684</b>	<b>\$35,206</b>

*1 TFA Bonds do not include BARBs issued for education capital purposes. TFA expects to issue \$572 million in the remainder of 2011, and \$935 million, \$1.05 billion, \$1.13 billion and \$1.04 billion of such bonds in fiscal years 2012 through 2015, respectively.*

*2 Includes commercial paper and revenue bonds issued for the water and sewer system's capital program. Figures do not include bonds that defease commercial paper or refunding bonds.*

The following three tables show statistical information on debt issued and expected to be issued by the financing entities described above, other than BARBs to be issued by the TFA.

**Debt Outstanding**  
**(\$ in Millions at Year End)**

	2011	2012	2013	2014	2015
City General Obligation Bonds .....	\$42,192	\$42,881	\$43,147	\$43,406	\$43,348
TFA Bonds <sup>1</sup> .....	19,090	21,179	22,846	24,478	25,853
TSASC Bonds.....	1,260	1,250	1,238	1,226	1,212
Conduit Debt.....	1,845	1,773	1,699	1,617	1,535
<b>Total .....</b>	<b>\$64,387</b>	<b>\$67,083</b>	<b>\$68,930</b>	<b>\$70,727</b>	<b>\$71,948</b>
Water Authority Bonds.....	\$27,093	\$28,888	\$30,218	\$31,258	\$31,986

<sup>1</sup> Figures above do not include state funded financing for education capital purposes through the TFA BARBs.

**Annual Debt Service Costs**  
**(\$ in Millions, Before Prepayments)**

	2011	2012	2013	2014	2015
City General Obligation Bonds <sup>1</sup> .....	\$3,742	\$4,040	\$4,459	\$4,539	\$4,719
TFA Bonds <sup>2</sup> .....	1,081	1,565	1,871	2,050	2,235
TSASC Bonds .....	68	74	74	75	75
Conduit Debt <sup>3</sup> .....	214	309	338	333	325
<b>Total Debt Service.....</b>	<b>\$5,105</b>	<b>\$5,988</b>	<b>\$6,743</b>	<b>\$6,996</b>	<b>\$7,354</b>
Water Authority Bonds <sup>4</sup> .....	\$1,327	\$1,590	\$1,702	\$1,891	\$1,999

<sup>1</sup> Includes interest on short-term obligations (RANs).

<sup>2</sup> Figures above do not include state funded financing for education capital purposes through the TFA BARBs.

<sup>3</sup> Conduit Debt debt service includes interest on the \$2 billion Hudson Yards Infrastructure Corporation (HYIC) debt issued in December 2006. Such debt is not included in the Debt Outstanding table above because the City is not required to pay principal of the HYIC debt.

<sup>4</sup> Includes First Resolution debt service and Second Resolution debt service net of subsidy payments from the NYS Environmental Facilities Corporation.

**Debt Burden**

	2011	2012	2013	2014	2015
<b>Total Debt Service<sup>1</sup> as % of:</b>					
a. Total Revenue <sup>2</sup> .....	7.6%	9.0%	10.0%	10.2%	10.4%
b. Total Taxes <sup>3</sup> .....	12.6%	14.0%	15.3%	15.5%	15.7%
c. Total NYC Personal Income.....	1.1%	1.3%	1.4%	1.4%	1.4%
<b>Total Debt Outstanding<sup>1</sup> as % of:</b>					
a. Total NYC Personal Income.....	14.3%	14.5%	14.4%	14.1%	13.6%

<sup>1</sup> Total debt service and debt outstanding include GO, conduit debt and TFA.

<sup>2</sup> Total revenue includes amounts required to pay debt service on TFA bonds other than BARBs (PIT Bonds) and operating expenses.

<sup>3</sup> Total tax includes amount required to pay debt service on PIT Bonds and TFA operating expenses.

The financing of the City capital program is split among GO, TFA and NYW bond issuance. The City and TFA will issue \$12.3 billion and \$13.5 billion, respectively, during the plan period. The City issuance supports 35 percent of the total, while TFA issuance supports 38 percent of the total. NYW's annual bonding amount, excluding refundings, will average approximately \$1.9 billion. The aggregate NYW financing during the plan period will account for 27 percent of the total financing program.

In spite of recent financial market dislocations, the City, TFA, and NYW have enjoyed continued market access which has allowed the City capital program to continue to be financed at reasonable interest rates. All of the issuers financing the City capital program have maintained credit ratings in the AA or better category by Moody's, Standard & Poor's, and Fitch, as indicated in the table below.

### Ratings

Issuer	Fitch	Moody's	Standards and Poor's
NYC GO	AA	Aa2	AA
TFA Senior	AAA	Aaa	AAA
TFA Subordinate	AAA	Aa1	AAA
TFA BARBs	AA-	Aa3	AA-
NYW First Resolution	AA+	Aa1	AAA
NYW Second Resolution	AA+	Aa2	AA+
EFC Senior SRF Bonds	AAA	Aaa	AAA
EFC Subordinated SRF Bonds	AA+	Aa1	AA+

### New York City General Obligation Bonds

Since July 1, 2010, the City has issued approximately \$2 billion in refunding bonds and \$2 billion in bonds for capital purposes, totaling approximately \$4 billion. The dates and principal amounts are as follows:

NYC GO Issuances (\$ in Millions)						
Series	New \$/ Refunding	Issue Date	Tax Exempt Amount	Taxable Amount	BAB' <sup>1</sup> Amount	Total Par Amount
2011 AB	R	8/12/10	\$963	\$0	\$0	\$963
2011 C	N	10/20/10	0	150	775	925
2011 DE	R	10/20/10	300	0	0	300
2011 F <sup>2</sup>	N	12/21/10	75	148	902	1,125
2011 GH	R	1/4/11	100	0	0	100
2011 I	R	4/1/11	400	240	0	640
Total			\$1,838	\$538	\$1,677	\$4,053

<sup>1</sup> Represents bonds issued as Build America Bonds (BAB).

<sup>2</sup> 2011F includes \$22.14 million of Recovery Zone Economic Development Bonds (RZDB) issuance and \$879.86 million of BABs issuance.

The \$2 billion of refunding transactions the City has completed to date in fiscal year 2011 generated approximately \$133 million of debt service savings during the financial plan period.

In addition to the financings described above, the City plans to issue \$375 million of GO bonds for capital purposes in the remainder of 2011 and \$2.7 billion, \$2.5 billion, \$2.5 billion and \$2.3 billion in 2012 through 2015, respectively.

Currently the debt service for the City, TFA (excluding BARBs), and City appropriation debt, or conduit debt, excluding the effect of pre-payments, is 7.6 percent of the City's total budgeted revenues in 2011. That ratio is projected rise to 10.4 percent in 2015. As a percentage of tax revenues, the debt service ratio is 12.6 percent in 2011 and is projected to increase to 15.7 percent in 2015.

During fiscal year 2011, short-term interest rates relating to the \$6.1 billion of floating rate debt (including synthetic floating-rate debt, auction rate bonds and variable-rate demand bonds) issued by the City have been 0.24 percent on average for tax-exempt and 0.43 percent for taxable floating rate debt. These rates have continued to provide extremely attractive financing costs relative to fixed rate debt despite the recent market turmoil. Tax exempt floating rate debt has traded recently at rates that are approximately 500 basis points lower than those for the City's long term fixed-rate debt, resulting in an annual savings of over \$300 million.

In 2011, the City did not require a note issuance to satisfy cash flow needs. The City's financing program assumes the issuance of \$2.4 billion of notes annually through the remainder of the financial plan.

### **New York City Related Issuers - Variable Rate Debt**

As discussed above, floating rate bonds have been a reliable source of cost savings in the City's capital program. In considering the proportion of the City's debt which is in variable rather than fixed rates, it is useful to consider all sources of financing with the exception of NYW, which is typically considered separately for such purposes. Included would be not only City GO bonds but also TFA, TSASC bonds and conduit debt. The City and its related entities have approximately \$10.4 billion of floating rate exposure.

While bank facilities supporting floating rate debt have become more scarce and expensive, the City and other issuers supporting the City capital program have maintained, and even increased floating rate exposure to minimize interest costs. The City and related financing entities have managed bank facility expirations by obtaining renewals from existing providers or replacement facilities from new providers. In addition, the City and related financing entities have explored new floating rate structures not requiring bank facilities. During fiscal year 2011, the City and TFA entered into four private placements totaling approximately \$750 million of index floating rate bonds bearing all-in costs comparable to publicly sold variable rate demand bonds with bank facilities.

The City has not entered into any new interest rate swaps to date in fiscal year 2011. The total notional amount of swaps outstanding as of March 31, 2011 was \$2.6 billion, on which the termination value was negative \$107 million. This is the theoretical amount which the City would pay if all of the swaps terminated under market conditions as of March 31, 2011.

The following table shows the City's and its related issuers' floating rate exposure. Floating rate exposure is of note because certain events can cause unexpected increased costs. Those events include rising interest rates, a change in the tax code (in the case of tax-exempt debt), and the deterioration of the City's credit. Additionally, the deterioration of the credit of a related credit or liquidity provider can also have an impact on interest cost. By contrast, the cost of outstanding fixed rate debt does not increase if any of the previously mentioned events takes place. On the other hand, fixed rate borrowing locks in a higher borrowing cost if interest rates do not change materially or if they decline. Overall, floating rate exposure benefits the City because it reduces the cost of financing. In short, interest costs on short term debt are almost always lower than long term debt. The City has assumed floating rate exposure using a variety of instruments, including tax exempt floating rate debt, taxable floating rate debt, synthetic floating rate debt through total return swaps, basis swaps, and certain types of synthetic fixed rate debt. The basis swaps and certain synthetic fixed rate debt provide exposure to changes in the tax code but are largely insensitive to changes in interest rates and changes in the City's credit. Given that those instruments provide only limited floating rate exposure, they are counted as variable rate exposure at less than the full amount of par or notional amount. Instruments that provide exposure only to changes in the tax code are counted at 25 percent of par or notional amount in the table below. Since an agreement to enter into a swap in the future, at the counterparty's option (a swaption), is a contingent liability, the swaptions which the City has entered into are not counted as floating rate exposure.

**NYC Floating-Rate Exposure<sup>1</sup>**  
**(\$ in Millions)**

	<u>GO</u>	<u>TFA</u>	<u>Lease</u>	<u>TSASC</u>	<u>Total</u>
VRDB & Auction Rate Bonds .....	\$5,628	\$3,695	\$30	\$0	9,353
Synthetic Fixed .....	229		31		261
Taxable Basis Swap .....	142				142
Total Return Swap .....	500		0		500
Enhanced Basis Swap .....	125				125
Total Floating-Rate .....	<u>\$6,624</u>	<u>\$3,695</u>	<u>\$61</u>	<u>\$0</u>	<u>\$10,380</u>
Total Debt Outstanding.....	\$42,192	\$19,090	\$1,845	\$1,260	\$64,387
% of Floating-Rate / Total Debt Outstanding.....	16.1%				
Total Floating-Rate Less \$4.9 Billion Balance in General					
Fund (Floating-Rate Assets) .....	5,448				
% of Net Floating Rate / Total Debt Outstanding .....	8.5%				

<sup>1</sup> Debt Outstanding as of the 2012 Executive Budget excluding NYW, HYIC, and TFA BARBs

The 16.1 percent floating rate exposure, including the risk from the synthetic fixed rate swaps, the basis swaps, and the total return swaps, is even more manageable after taking into account the 10 year average balance of \$4.9 billion of short-term assets in the City’s General Fund which are an offset to these floating rate liabilities. Net of these floating rate assets, the floating rate exposure of the City, excluding NYW, is 8.5 percent of its outstanding debt. Moreover, the City uses conservative assumptions in budgeting expenses from floating rate instruments.

**The New York City Municipal Water Finance Authority**

The New York City Municipal Water Finance Authority (NYW) was created in 1985 to finance capital improvements to the City’s water and sewer system. Since its first bond sale in November 1985, the Authority has sold \$45 billion in bonds. These bond issuances included a combination of general (first) resolution, second general resolution and subordinated special resolution crossover refunding water and sewer system revenue bonds. Of this aggregate bond par amount, \$26.6 billion is outstanding, \$13.6 billion was refinanced with lower cost debt, \$772 million was defeased with Authority funds prior to maturity, and \$3.7 billion was retired with revenues as it matured.

In addition to this long-term debt, NYW uses a \$800 million tax-exempt commercial program as a source of flexible short-term financing. The commercial paper includes \$400 million of unenhanced extendible municipal commercial paper (EMCP) notes and \$400 million of notes backed by lines of credit from three banks.

NYW’s outstanding debt also includes floating rate bonds, which have been a reliable source of cost effective financing. NYW has \$2.9 billion of floating rate bonds or 11% of its outstanding debt, including \$401 million which was swapped to a fixed rate. NYW’s floating rate exposure primarily includes tax-exempt floating rate debt supported by liquidity facilities, and \$200 million of synthetic variable rate debt.

NYW participates in the State Revolving Fund (SRF) program administered by the New York State Environmental Facilities Corporation (EFC). The SRF provides a source of long-term below-market interest rate borrowing, subsidized from federal capitalization grants, state matching funds and other funds held by EFC.

On September 23, 2010, NYW issued \$750 million of new money fixed rate Second Resolution General Revenue bonds, Fiscal 2011 Series AA Taxable Build America Bonds. BABs allow NYW to issue taxable bonds and receive a reimbursement from the federal government for 35% of the annual interest on the bonds. This bond issue included two term bonds maturing in 2041 and 2043.

On September 30, 2010, NYW issued \$210.04 million of tax-exempt refunding bonds under the second general resolution. The 2011 Series BB bonds refunded all outstanding 1999 Series A first resolution bonds and a portion of the 2001 Series D first resolution bonds. The Fiscal 2011 Series BB bonds included serial bonds maturing from 2011 through 2031.

On November 18, 2010, NYW issued \$750 million of new money fixed rate Second Resolution General Revenue bonds, Fiscal 2011 Series CC Taxable Build America Bonds. This bond issue included two term bonds maturing in 2042 and 2044. The 2042 term bonds include \$59 million of RZDBs. RZDBs are issued on a taxable basis and receive a 45% subsidy payment from the Federal Government. RZDBs can only be used to finance economic development projects in a recovery zone.

Additionally, on November 18, 2010, NYW issued \$275 million of new money adjustable rate tax-exempt bonds under its Second General Resolution, Fiscal 2011 Series DD-1, DD-2 and DD-3A and DD-3B bonds. The bonds are backed by standby bond purchase agreements from three banks and a public sector pension fund. These bonds will mature in 2043.

On January 27, 2011, NYW closed \$450 million of new money tax-exempt fixed rate Second Resolution Revenue bonds, Fiscal 2011 Series EE. This bond issue included term bonds maturing in 2040 and 2043.

On March 1, 2011, NYW issued \$200 million of new money adjustable rate tax-exempt bonds under its Second General Resolution, Fiscal 2011 Series FF-1 and FF-2 bonds. The bonds are backed by standby bond purchase agreements from two banks. These bonds will mature in 2044.

On March 31, 2011, NYW closed \$541.81 million of new money and refunding tax-exempt fixed rate Second Resolution bonds, Fiscal 2011 Series GG. The new money bonds included term bonds maturing in 2043. The refunding bonds refunded portions of NYW's outstanding First Resolution 2001D, 2001E, 2002B, 2002C, 2002D, 2002E, 2002F and 2003D bonds. The refunding bonds included serial bonds maturing from 2012 through 2026.

Summarized in the following table are seven bond series that closed to date in Fiscal Year 2011. The proceeds of the bonds refinanced commercial paper previously issued by NYW, paid costs of improvements to the water and sewer system or paid principal and interest on certain of the Authority's outstanding debt and paid the costs of issuance.

#### NYW Issuance

Series	(N)ew Money /(R)ef.	Issue Date	Par Amount	True Interest Cost (TIC)	Longest Maturity
2011 Series AA	N	9/23/10	\$750,000,000	3.64% <sup>(1)</sup>	2043
2001 Series BB	R	9/30/10	\$210,040,000	4.12%	2031
2011 Series CC	N	11/18/10	\$750,000,000	3.90% <sup>(1)</sup>	2044
2011 Series DD-1, DD-2, DD-3 A&B	N / R	11/18/10	\$275,000,000	0.18% <sup>(2)</sup>	2043
2011 Series EE	N	1/27/11	\$450,000,000	5.57%	2043
2011 Series FF	N	3/1/11	\$200,000,000	0.17% <sup>(2)</sup>	2044
2011 Series GG	N / R	3/31/11	\$541,810,000	4.97%	2043

(1) Bonds issued as BABs; rate shown net of subsidy provided by the federal government.

(2) Bonds issued as variable rate demand bonds; rate shown is an average from the issue date through April 14, 2011.

On November 19, 2009, EFC entered into an agreement to provide NYW a direct loan in an amount up to \$217.5 million, with funds made available through ARRA. NYW expects to receive these funds to pay for certain capital projects over the next several years. As of March 31, 2011, NYW has drawn on \$26.4 million of the loan.

NYW is a party to four interest rate exchange agreements (swaps) with a total notional amount of \$621 million. As of March 31, 2011, the mark-to-market value of the swaps was negative \$28.8 million. This is the theoretical amount which NYW would pay if all swaps terminated as of March 31, 2011.

NYW expects to issue approximately \$600 million of new money bonds over the remainder of Fiscal 2011.

During the period from 2012 to 2015, NYW expects to sell an average of approximately \$1.7 billion of new money debt per year. Of this amount, NYW plans to issue a minimum of \$300 million per year through EFC, taking advantage of the interest rate subsidy available for qualifying projects, and minimizing the overall costs of its financing program. NYW expects to issue its remaining new debt in 2011 as fixed rate. After 2011, NYW expects to issue approximately 85 to 90 percent of its new debt per year as fixed rate debt with the remainder issued as variable rate debt, subject to market conditions.

### The New York City Transitional Finance Authority

The TFA is a corporate governmental agency constituting a public benefit corporation and instrumentality of the State of New York created by Chapter 16 of the Laws of 1997 in March 1997. The TFA was created to issue debt, primarily secured with the City's personal income tax (PIT), to fund a portion of the capital program of the City. The TFA was originally authorized to issue up to \$7.5 billion of bonds and notes. On September 13, 2001, the TFA was given statutory authority to borrow \$2.5 billion to finance costs related to the September 11th terrorist attack on the City. Most recently, TFA was permitted to have \$13.5 billion of debt outstanding and any amounts over and above that level are subject to the City's remaining debt incurring power under the State constitutional debt limit.

Since July 1, 2010, the TFA has issued approximately \$650 million in refunding bonds and \$3.6 billion in bonds for capital purposes. The dates and principal amounts are as follows:

<b>NYC TFA Issuances</b>						
<b>(\$ in Millions)</b>						
<u>Series</u>	<u>New\$/ Refunding</u>	<u>Issue Date</u>	<u>Tax Exempt Amount</u>	<u>Taxable Amount</u>	<u>BAB Amount</u>	<u>Total Par Amount</u>
2011A <sup>1</sup>	N	8/16/10	\$239	\$0	\$761	\$1,000
2011B	N	11/3/10	50	100	700	850
2011C	N	1/20/11	875	0	0	875
2011D	N	2/10/11	775	100	0	875
2011EF	R	4/25/11	649	0	0	649
<b>Total</b>			<u>\$2,588</u>	<u>\$200</u>	<u>\$1,461</u>	<u>\$4,249</u>

<sup>1</sup> 2011A is inclusive of \$147.06 million of Qualified School Construction Bonds (QSCB) issuance and \$614.4 million of BABs issuance.

The \$650 million refunding transaction the TFA completed during fiscal year 2011 generated approximately \$35 million of debt service savings during the financial plan period.

The TFA plans to issue \$2.7 billion, \$2.5 billion, \$2.5 billion and \$2.3 billion in years 2012 through 2015, respectively.



In April 2006, the State enacted legislation authorizing issuance by the TFA of an additional \$9.4 billion of bonds to be used to fund capital costs for the Department of Education. This legislation also provided for the assignment to TFA of State building aid that had previously been paid directly to the City. Since the inception of this financing program, the TFA has issued \$4.62 billion of BARBs to fund the capital program of the Department of Education. The \$4.62 billion is inclusive of \$350 million of BARBs that were issued in November. The TFA plans to issue \$572 million of BARBs for the educational capital program in the remainder of 2011 and \$935 million, \$1.05 billion, \$1.13 billion and \$1.04 billion in 2012 through 2015, respectively.

### **Hudson Yards Infrastructure Corporation**

In December 2006, HYIC, a not-for-profit local development corporation, issued its first series of bonds in the principal amount of \$2 billion. HYIC was established to provide financing for infrastructure improvements to facilitate economic development on Manhattan's far west side. Improvements include the extension of the No. 7 subway line west and south, construction of a system of parks, streets, and open spaces, as well as the acquisition of development rights over the MTA rail yards. Principal on the HYIC bonds will be repaid from revenues generated by this new development, notably payments-in-lieu-of-property taxes (PILOT) on the commercial development and various developer payments. To the extent these revenues are not sufficient to cover interest payments, the City has agreed to make interest support payments to HYIC subject to appropriation. In addition, HYIC expects a second and final issuance of \$1 billion of Senior Bonds in late 2011.

In November 2007, the board of the MTA approved the initial tunneling contract for the No. 7 line extension for a cost of \$1.14 billion. The shafts for the two subway tunnels have been under construction since February of 2008. The components of the Tunnel Boring Machine that construct the tunnels were delivered to the site in the first quarter of calendar year 2009. Tunneling was completed in July 2010 and the entire subway is due to be operational in December 2013. In May 2010, the MTA entered into agreements to enter into a lease with two affiliates of The Related Companies for their development of the eastern and western sections of the MTA's West Side Rail Yard. Pursuant to such agreements, the two Related entities will be required to enter into Rail Yard development leases with the MTA when certain statistical thresholds associated with real estate market conditions are met. Altogether, the development of the West Side Rail Yard will comprise a 12 million square foot mixed-use project, including the construction of platforms. MTA has estimated the present value of the lease payments to be made to the MTA to be \$1 billion. The Related entities will pay PILOT to HYIC.

### **Conduit Debt**

There have been a number of bond issuances by other entities which impact the City's debt service budget. In June 2010, the Dormitory Authority of the State of New York (DASNY) sold approximately \$131 million of refunding bonds by competitive bid, which resulted in over \$5.4 million of savings in 2011. This bond issue refunded debt previously issued to finance capital projects for HHC. In August 2010, DASNY sold approximately \$30 million of refunding bonds by negotiated sale. This bond issue refunded debt issued on behalf of the Primary Care Development Corporation (PCDC). Under this bond resolution, the City pays the debt service subject to appropriation and PCDC pays the City for most of the bond payments. The refinancing generated just under \$400 thousand of savings recurring annually over life of the transaction (until 2025), which benefits PCDC. In the following month, DASNY refinanced debt previously issued for CUNY. The City received debt service savings of \$4 million in 2011 and approximately \$2.6 million annually from 2012 through 2015. In January 2011, the Educational Construction Fund (ECF) sold approximately \$137 million of new money bonds by competitive bid. Under this bond resolution, the debt is paid by revenues generated by ECF. Should ECF revenues be insufficient to pay debt service, the City will make up any shortfall, subject to appropriation.



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# Analysis of Agency Budgets

The following table reflects the allocation of pension and fringe benefit costs, debt service costs, legal service costs, and costs arising from judgments and claims against the City to each agency to derive the total cost of agency operations.

### Full Agency Costs for FY2012

(\$ in Millions)

Agency	Personal Service Costs				Other than Personal Service Costs						Gross Total (Including Intra-City)	Net Total (Excluding Intra-City)	City Fund Total
	Salaries & Wages	Fringe Benefits	PS Pensions	PS Subtotal	Agency OTPS	PA, MA & Other Mandates	Legal Services	Judgments & Claims	Debt Service	OTPS Subtotal			
<b>UNIFORM AGENCIES</b>													
Police Department .....	\$4,105	\$1,730	\$2,712	\$8,547	\$365	\$—	\$44	\$138	\$133	\$680	\$9,227	\$8,997	\$8,721
Fire Department .....	1,450	589	1,165	3,204	152	—	9	24	134	319	3,523	3,521	3,255
Department of Correction .....	872	390	368	1,630	127	—	7	29	207	370	2,000	2,000	1,957
Department of Sanitation .....	758	361	271	1,390	512	—	5	38	282	837	2,227	2,224	2,170
<b>Subtotal .....</b>	<b>\$7,185</b>	<b>\$3,070</b>	<b>\$4,516</b>	<b>\$14,771</b>	<b>\$1,156</b>	<b>\$—</b>	<b>\$65</b>	<b>\$229</b>	<b>\$756</b>	<b>\$2,206</b>	<b>\$16,977</b>	<b>\$16,742</b>	<b>\$16,103</b>
<b>HEALTH AND WELFARE</b>													
Administration for Children's Services .....	\$403	\$130	\$67	\$600	\$2,349	\$—	\$3	\$2	\$—	\$2,354	\$2,954	\$2,953	\$981
Department of Social Services .....	746	328	128	1,202	922	7,489	5	1	73	8,490	9,692	9,687	7,407
Department of Homeless Services .....	114	41	19	174	673	—	1	1	—	675	849	846	442
Department of Health and Mental Hygiene .....	373	120	63	556	1,171	—	2	1	53	1,227	1,783	1,782	799
Health and Hospitals Corporation <sup>(1)</sup> .....	—	25	—	25	164	—	6	190	185	545	570	477	251
<b>Subtotal .....</b>	<b>\$1,636</b>	<b>\$644</b>	<b>\$277</b>	<b>\$2,557</b>	<b>\$5,279</b>	<b>\$7,489</b>	<b>\$17</b>	<b>\$195</b>	<b>\$311</b>	<b>\$13,291</b>	<b>\$15,848</b>	<b>\$15,745</b>	<b>\$9,880</b>
<b>EDUCATION</b>													
Department of Education .....	\$9,320	\$3,333	\$3,071	\$15,724	\$6,749	\$—	\$20	\$46	\$1,482	\$8,297	\$24,021	\$23,810	\$13,581
City University .....	420	88	68	576	239	—	—	1	46	286	862	849	624
<b>Subtotal .....</b>	<b>\$9,740</b>	<b>\$3,421</b>	<b>\$3,139</b>	<b>\$16,300</b>	<b>\$6,988</b>	<b>\$—</b>	<b>\$20</b>	<b>\$47</b>	<b>\$1,528</b>	<b>\$8,583</b>	<b>\$24,883</b>	<b>\$24,659</b>	<b>\$14,205</b>
<b>OTHER AGENCIES .....</b>	<b>\$2,190</b>	<b>\$740</b>	<b>\$419</b>	<b>\$3,349</b>	<b>\$3,811</b>	<b>\$—</b>	<b>\$80</b>	<b>\$182</b>	<b>\$2,715</b>	<b>\$6,788</b>	<b>\$10,137</b>	<b>\$9,170</b>	<b>\$7,417</b>
<b>ELECTED OFFICIALS .....</b>	<b>\$422</b>	<b>\$116</b>	<b>\$73</b>	<b>\$611</b>	<b>\$85</b>	<b>\$—</b>	<b>\$5</b>	<b>\$2</b>	<b>\$—</b>	<b>\$92</b>	<b>\$703</b>	<b>\$700</b>	<b>\$639</b>
<b>MISCELLANEOUS BUDGET .....</b>													
	\$105	\$—	\$—	\$105	\$—	\$1,879 <sup>(2)</sup>	\$—	\$—	\$384	\$2,263	\$2,368	\$2,368	\$1,981
<b>DEBT SERVICE COSTS (Unallocated) .....</b>													
	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$220	\$220	\$220	\$220	\$141
<b>RE-ESTIMATE OF PRIOR YEARS' EXPENSES ..</b>													
	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
<b>RETIREE HEALTH BENEFITS TRUST .....</b>													
	\$—	\$(672)	\$—	\$(672)	\$—	\$—	\$—	\$—	\$—	\$—	\$(672)	\$(672)	\$(672)
<b>TOTAL (3) .....</b>	<b>\$21,278</b>	<b>\$7,319</b>	<b>\$8,424</b>	<b>\$37,021</b>	<b>\$17,319</b>	<b>\$9,368</b>	<b>\$187</b>	<b>\$655</b>	<b>\$5,914</b>	<b>\$33,443</b>	<b>\$70,464</b>	<b>\$68,932</b>	<b>\$49,694</b>
<b>City Funds .....</b>	<b>\$13,083</b>	<b>\$5,619</b>	<b>\$8,259</b>	<b>\$26,961</b>	<b>\$8,696</b>	<b>\$8,013</b>	<b>\$178</b>	<b>\$465</b>	<b>\$5,381</b>	<b>\$22,733</b>			
Less: Prepayments .....	\$—	\$—	\$—	\$—	\$164	\$—	\$—	\$—	\$3,053	\$3,217	\$3,217	\$3,217	\$3,217
<b>Total After Prepayments .....</b>	<b>\$21,278</b>	<b>\$7,319</b>	<b>\$8,424</b>	<b>\$37,021</b>	<b>\$17,155</b>	<b>\$9,368</b>	<b>\$187</b>	<b>\$655</b>	<b>\$2,861</b>	<b>\$30,226</b>	<b>\$67,247</b>	<b>\$65,715</b>	<b>\$46,477</b>

(1) Only reflects funding appropriated in the City's Budget.

(2) Includes subsidies to the MTA, General Reserve, Indigent Defense Services and Other Contractual Services.

(3) Excludes the impact of prepayments

## DEPARTMENT OF EDUCATION

The New York City Department of Education provides primary and secondary education for over one million school-age children. Through a network of elementary, junior high, intermediate, and high schools as well as special education schools, the Department provides basic instructional services and offers students special education and instruction for English language learners and career and technical training. Support services include free and subsidized transportation, breakfast and lunch services, and the operation and maintenance of approximately 1,500 schools.

### Financial Review

The Department of Education's 2012 operating budget is \$19,218 million, an increase of \$331 million over the 2011 forecast of \$18,887 million. In addition, education-related pension and debt service costs of \$4,199 million are budgeted in separate agencies. These additional costs include a pension increase of \$489 million from 2011 and a debt service increase of \$82 million. City funds including pensions and debt service support \$13,402 million of the Department of Education's expense budget in 2012, an increase of \$1,953 million, or 17 percent. State funds support \$8,570 million, an increase of \$40 million. The balance of the education budget is supported by \$1,830 million in Federal aid, a decrease of \$1,031 million from the 2011 forecast (stemming from the end of the economic stimulus package), \$16 million in intra-city funds and \$63 million in other categorical funds. Including those funds budgeted centrally, total funds budgeted on behalf of the Department of Education increase from \$22,968 million in the 2011 forecast to \$23,864 million in the 2012 Executive Budget.

### Total Department of Education Expenses 2005-2012 (\$ in Millions)

	2005	2006	2007	2008	2009	2010	Forecast 2011	Executive Change Budget 2012	Change 2011 to 2012	Change 2005 to 2012
Department of Education										
Operating Budget										
City.....	\$5,605	\$6,306	\$6,780	\$6,998	\$7,259	\$7,140	\$7,739	\$9,203	\$1,464	\$3,598
Other Categorical .....	84	62	72	101	243	298	130	63	(67)	(21)
State.....	6,238	6,715	7,179	8,064	8,652	8,072	8,124	8,106	(17)	1,868
Federal.....	1,930	1,862	1,841	1,797	1,735	2,961	2,860	1,830	(1,031)	(100)
Intra-City .....	14	14	13	16	14	27	35	16	(19)	2
<b>Total Operating Expenditures .....</b>	<b>\$13,870</b>	<b>\$14,960</b>	<b>\$15,885</b>	<b>\$16,976</b>	<b>\$17,904</b>	<b>\$18,499</b>	<b>\$18,887</b>	<b>\$19,218</b>	<b>\$331</b>	<b>\$5,348</b>
Other City Funds Supporting Education										
Pensions .....	\$1,163	\$1,245	\$1,573	\$1,894	\$2,188	\$2,452	\$2,457	\$2,946	\$489	\$1,783
State Aid for Pensions .....	0	0	0	0	0	(5)	(5)	(5)	0	(5)
Federal Aid for Pensions .....	0	0	0	0	0	(0)	(0)	0	0	0
G.O. Bond Debt Service .....	595	796	770	804	844	930	953	1,035	82	440
State Aid for Debt Service .....	(3)	(3)	(84)	(3)	(99)	(3)	(3)	(222)	(220)	(219)
TFA Debt Service .....	227	260	304	485	506	661	706	681	(25)	454
State Aid for TFA Debt Service .....	0	0	(62)	(213)	(227)	(380)	(399)	(236)	163	(236)
<b>Total Additional City Funds .....</b>	<b>\$1,983</b>	<b>\$2,299</b>	<b>\$2,499</b>	<b>\$2,967</b>	<b>\$3,212</b>	<b>\$3,653</b>	<b>\$3,709</b>	<b>\$4,199</b>	<b>\$489</b>	<b>\$2,217</b>
<b>TOTAL CITY FUNDS</b>										
<b>FOR EDUCATION .....</b>	<b>\$7,588</b>	<b>\$8,605</b>	<b>\$9,279</b>	<b>\$9,965</b>	<b>\$10,471</b>	<b>\$10,794</b>	<b>\$11,448</b>	<b>\$13,402</b>	<b>\$1,953</b>	<b>\$5,815</b>
<b>TOTAL STATE FUNDS</b>										
<b>FOR EDUCATION .....</b>	<b>\$6,241</b>	<b>\$6,718</b>	<b>\$7,325</b>	<b>\$8,280</b>	<b>\$8,978</b>	<b>\$8,460</b>	<b>\$8,530</b>	<b>\$8,570</b>	<b>\$40</b>	<b>\$2,329</b>

The amounts shown for 2005 through 2010 represent actual expenditures including pensions and debt service funds budgeted in other agencies. The 2011 amounts represent the latest forecast as per the 2012 Executive Budget. G.O. Debt Service numbers have been corrected to reflect the impact of pre-payments.

## **Expense Budget Highlights**

- an unprecedented year-over-year increase of \$1,464 million in city funds to offset state funding reductions and the loss of federal stimulus funds in fiscal year 2012.
- when including pension and debt service costs, city funds will increase by \$1,953 million in fiscal year 2012.
- a collaborative effort between the Department of Social Services/Human Resources Administration and the Department of Education will restart and enhance Medicaid claiming subject to State cooperation and approval.
- as has been the case for the last several years, expenditures, largely driven by increases in mandated special education costs, will grow significantly. In combination with the large cut in State funding, this will translate into a decline in discretionary funds available to principals in the schools.

The \$9,203 million City funds budget for 2012 provides the Department of Education with \$1,464 million more than is mandated by the maintenance of effort requirement established by the State as part of the governance changes passed in the summer of 2002. This provision of State law requires that the City funding provided in the Adopted Budget (excluding City funding for pensions and debt service) cannot be less than the amount provided for in the current year's budget. In the case of a year-to-year decline in the amount of City funds available for the total Citywide budget, the requirement permits the City to reduce education funding by a proportional amount.

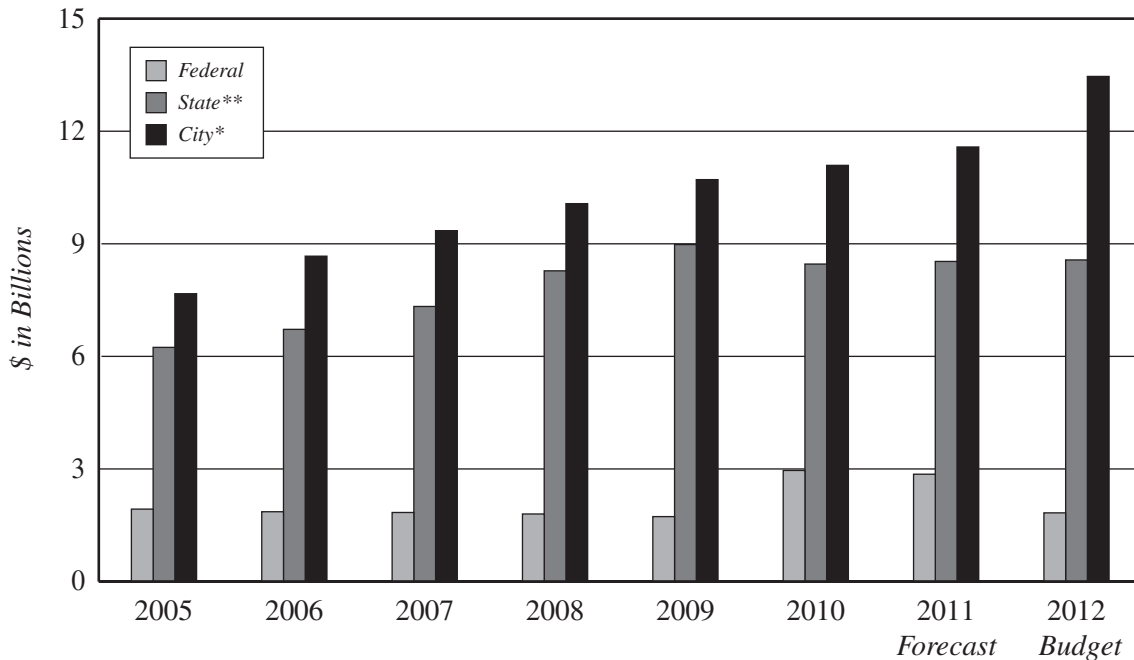
## **Summary of Agency Financial Data**

The following table compares the 2012 Executive Budget with the 2012 Preliminary Budget, the 2011 forecast and actual expenditures for 2010, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

**Summary of Agency Financial Data**  
(\$ in 000's)

	2010 Actual	2011 Forecast	2012		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2011 Forecast	2012 Preliminary Budget
<b>Expenditures</b>						
Salary and Wages.....	\$9,635,544	\$9,670,616	\$9,367,412	\$9,320,134	(\$350,482)	(\$47,278)
Fringe Benefits.....	2,846,261	3,006,480	3,151,857	3,149,147	142,667	(2,710)
OTPS.....	6,016,700	6,209,847	6,600,397	6,748,795	538,948	148,398
Total.....	<u>\$18,498,505</u>	<u>\$18,886,943</u>	<u>\$19,119,666</u>	<u>\$19,218,076</u>	<u>\$331,133</u>	<u>\$98,410</u>
<b>Funding</b>						
City.....	\$7,140,162	\$7,738,598	\$9,410,211	\$9,202,993	\$1,464,395	(\$207,218)
Other Categorical Grants.....	298,012	129,971	62,971	62,971	(67,000)	—
IFA.....	—	—	—	—	—	—
State.....	8,071,711	8,123,577	7,900,959	8,106,333	(17,244)	205,374
Federal CD.....	7,714	6,835	5,000	5,000	(1,835)	—
Federal Other.....	2,953,694	2,853,248	1,724,327	1,824,581	(1,028,667)	100,254
Intra-City Other.....	27,212	34,714	16,198	16,198	(18,516)	—
Total.....	<u>\$18,498,505</u>	<u>\$18,886,943</u>	<u>\$19,119,666</u>	<u>\$19,218,076</u>	<u>\$331,133</u>	<u>\$98,410</u>
<b>Additional Costs Centrally Funded</b>						
Personal Services (PS).....						
Fringe Benefits.....	\$159,340	\$173,447	\$182,399	\$183,651	\$10,204	\$1,252
Pensions.....	2,576,378	2,580,827	3,068,800	3,070,513	489,686	1,713
Other Than Personal Service (OTPS)						
Legal Services.....	19,514	19,514	19,016	19,598	84	582
Judgments and Claims.....	44,334	46,000	46,000	46,000	—	—
Debt Service.....	1,209,712	1,261,025	1,452,162	1,482,153	221,128	29,991
Total Additional Costs.....	<u>\$4,009,278</u>	<u>\$4,080,813</u>	<u>\$4,768,377</u>	<u>\$4,801,915</u>	<u>\$721,102</u>	<u>\$33,538</u>
<b>Funding</b>						
City.....	3,812,661	3,880,504	4,344,824	4,378,352	497,848	33,528
Non-City.....	8,950	9,233	228,477	228,487	219,254	10
Intra-City Pensions and Fringe.....	187,667	191,076	195,076	195,076	4,000	—
<b>Full Agency Costs (including Central Accounts)</b>						
Salary and Wages.....	\$9,635,544	\$9,670,616	\$9,367,412	\$9,320,134	(\$350,482)	(\$47,278)
Fringe Benefits.....	3,005,601	3,179,927	3,334,256	3,332,798	152,871	(1,458)
Pensions.....	2,576,378	2,580,827	3,068,800	3,070,513	489,686	1,713
Total PS.....	<u>\$15,217,523</u>	<u>\$15,431,370</u>	<u>\$15,770,468</u>	<u>\$15,723,445</u>	<u>\$292,075</u>	<u>(\$47,023)</u>
OTPS.....	\$6,016,700	\$6,209,847	\$6,600,397	\$6,748,795	\$538,948	\$148,398
Legal Services.....	19,514	19,514	19,016	19,598	84	582
Judgments and Claims.....	44,334	46,000	46,000	46,000	—	—
Debt Service.....	1,209,712	1,261,025	1,452,162	1,482,153	221,128	29,991
Total OTPS.....	<u>\$7,290,260</u>	<u>\$7,536,386</u>	<u>\$8,117,575</u>	<u>\$8,296,546</u>	<u>\$760,160</u>	<u>\$178,971</u>
Total Agency Costs.....	\$22,507,783	\$22,967,756	\$23,888,043	\$24,019,991	\$1,052,235	\$131,948
Less Intra-City.....	\$27,212	\$34,714	\$16,198	\$16,198	(\$18,516)	\$—
Intra-City Pensions and Fringe.....	187,667	191,076	195,076	195,076	4,000	—
Net Agency Cost.....	<u>\$22,292,904</u>	<u>\$22,741,966</u>	<u>\$23,676,769</u>	<u>\$23,808,717</u>	<u>\$1,066,751</u>	<u>\$131,948</u>
<b>Funding</b>						
City.....	10,952,823	11,619,102	13,755,035	13,581,345	1,962,243	(173,690)
Non-City.....	11,340,081	11,122,864	9,921,734	10,227,372	(895,492)	305,638
<b>Personnel (includes FTEs at fiscal year-end)</b>						
City.....	118,392	115,713	111,729	108,974	(6,739)	(2,755)
Non-City.....	17,977	17,964	18,465	18,465	501	—
Total.....	<u>136,369</u>	<u>133,677</u>	<u>130,194</u>	<u>127,439</u>	<u>(6,238)</u>	<u>(2,755)</u>

## FUNDING SOURCES 2005-2012



\* City funds include TFA and GO debt service, pensions, other categorical, and capital IFA, but exclude intra-city.

\*\* State funds include debt service and pensions.

### New York City Public School Enrollment School Year 2008-2012

	2008 Actual	2009 Actual	2010 Actual	2011 Forecast	2012 Projection
<b>DOE Facilities Enrollment</b>					
General Education*	874,993	865,385	868,678	864,254	860,735
Special Education**	95,811	99,308	105,627	112,843	119,174
Pre-Kindergarten	22,351	21,768	22,673	22,484	22,405
Subtotal	993,155	986,461	996,978	999,581	1,002,314
<b>Non-DOE Facilities Enrollment</b>					
Charter Schools	18,085	25,489	30,519	39,503	49,679
Contract Schools	7,649	7,622	7,558	7,651	7,775
Pre-Kindergarten at CBOs	32,610	32,650	34,675	34,749	35,752
Special Ed Pre-Kindergarten	30,332	30,547	31,537	31,663	31,695
Subtotal	88,676	96,308	104,289	113,566	124,901
<b>TOTAL</b>	<b>1,081,831</b>	<b>1,082,769</b>	<b>1,101,267</b>	<b>1,113,147</b>	<b>1,127,215</b>

\* General Education enrollment includes General Education students served in CTT settings as well as those in regular classrooms.

\*\* Special Education enrollment includes Community School District and High School Special Education students in self-contained classrooms, Citywide, Home and Hospital Instruction, and Special Education students served in CTT settings.

**Programmatic Review and Service Impact**

*The Student Population*

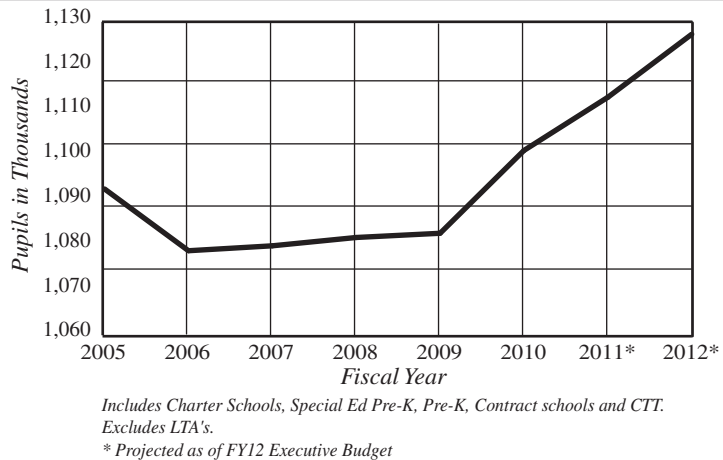
Total enrollment supported by the Department’s budget, including pre-kindergarten, charter school and contract school students, will increase 14,068 from 1,113,147 in 2011 to a projected 1,127,215 in 2012. In the coming fiscal year, the City projects that general education public school enrollment for kindergarten through twelfth grade will be 906,134, or 5,412 greater than in 2011. Of these students, 860,735 are expected to attend schools run by the Department of Education, and 45,399 are expected to attend charter schools. Pre-Kindergarten enrollment is expected to increase by 924 to a level of 58,157.

In 2012, the City projects that 131,229 school-age students will be enrolled in full-time special education programs. This projected enrollment level is 7,873 students higher than the 2011 full-time special education population of 123,356. Of these students, 119,174 are expected to attend Department of Education facilities, 4,280 are expected to attend charter schools, and 7,775 are expected to attend specialized private facilities (“contract schools”) paid for through the Department’s budget. The City’s total special education population also includes 31,695 pre-kindergarten students, an increase of 32 from 2011, as well as a small group of school-age special education students placed in specialized facilities through steps taken outside the Department’s regular referral process.

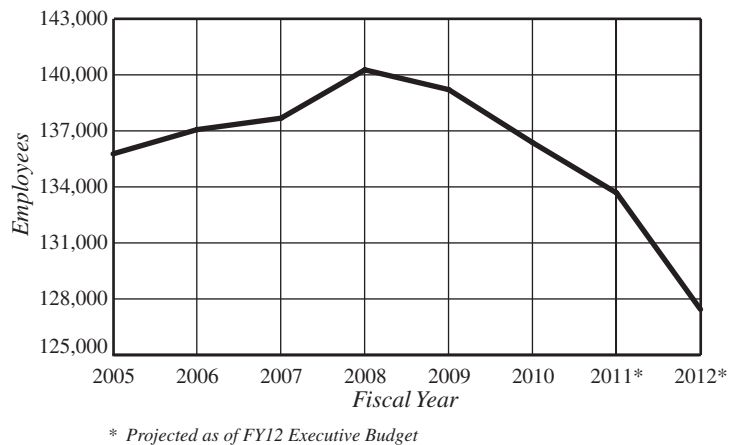
*Staffing Levels*

In 2012 the City projects that the Department’s staffing level will be 127,439. Of this count, 112,469 are full-time and 14,970 are Full Time Equivalents (FTEs). Pedagogical employees (which include teachers, superintendents, principals, assistant principals, guidance counselors, school secretaries, educational paraprofessionals and other school support

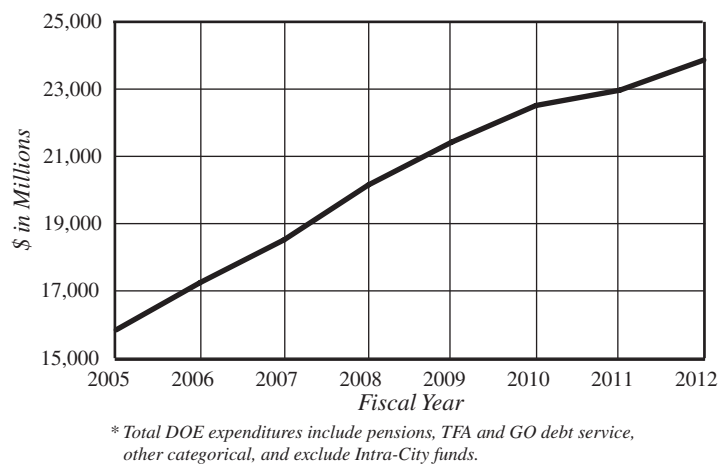
**NYC PUBLIC SCHOOL ENROLLMENT 2005-2012**



**FULL TIME AND FULL TIME EQUIVALENT DEPARTMENT OF EDUCATION EMPLOYEES 2005-2012**



**TOTAL DEPARTMENT OF EDUCATION EXPENDITURES 2005-2012\***



staff) make up 102,260 of the full-time employees and 817 of the FTEs. Non-pedagogical employees represent 10,209 of the full-time employees and 14,153 of the FTEs. The number of actual employees may diverge from these projections as each principal determines the allocation of their school’s funding, including the number of teaching and non-teaching positions they add to or eliminate from the school’s budget.

## Capital Review

The City’s Four-Year Plan for 2012-2015 anticipates spending \$8.4 billion on school construction projects and is consistent with the last three years of the Department of Education’s (DOE’s) \$11.1 billion Five-Year Plan for 2010-2014. As the State Enacted Budget did not alter the Building Aid formula, the Executive Capital Commitment Plan restores State funds that were reduced in the 2011 February Plan.

The table below shows planned capital commitments by program area over the 2010-2015 period.

### Capital Commitments (\$ in 000’s)

	2010 Actual		2011 Plan		2012 Plan		2013 Plan		2014 Plan		2015 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
System Expansion												
New Schools .....	\$241,325	\$618,403	\$49,393	\$159,538	\$99,640	\$931,368	\$111,964	\$496,529	\$308,172	\$975,847	\$158,820	\$551,446
System Expansion												
Other .....	176,386	218,058	102,811	124,576	161,533	358,133	143,126	241,185	291,991	480,836	80,458	129,955
School Modernizations .....	6,860	9,278	0	0	0	0	0	0	0	0	260	420
Rehabilitation of School												
Components .....	187,261	817,622	251,444	461,096	211,901	400,061	220,281	409,141	184,477	315,037	490,007	746,646
Educational Enhancements .....	99,028	121,212	138,556	362,854	679,502	697,152	201,860	235,610	244,210	279,960	60,255	97,324
Emergency, Unspecified												
And Miscellaneous .....	357,800	423,816	560,812	842,022	193,991	293,209	175,034	290,974	106,170	181,340	77,391	125,002
Safety and Security .....	39,844	39,797	33,890	33,890	19,230	20,834	32,790	32,880	33,500	33,500	18,397	29,715
Total .....	<u>1,108,504</u>	<u>2,248,185</u>	<u>1,136,906</u>	<u>1,983,976</u>	<u>1,365,797</u>	<u>2,700,757</u>	<u>885,055</u>	<u>1,706,319</u>	<u>1,168,520</u>	<u>2,266,520</u>	<u>885,588</u>	<u>1,680,508</u>

## Capital Highlights – The Fifth Five-Year Amended Plan

The Department of Education’s Capital Plan will provide:

- funding of \$4.6 billion for capacity, adding more than 28,800 new seats in an estimated 55 buildings (7,453 in Brooklyn; 2,923 in the Bronx; 4,146 in Manhattan; 12,640 in Queens; and 1,704 in Staten Island), which will help the Department respond to ongoing demographic growth in targeted neighborhoods, while continuing to alleviate school overcrowding, and strategically reduce its reliance on temporary facilities. In addition to new capacity, the Facility Replacement Program provides funding for replacing approximately 6,500 seats at facilities whose leases will expire during this Plan.
- funding of \$2.3 billion for the Capital Improvement Program, which includes exterior and interior building upgrades and other necessary capital repairs to the school buildings.
- funding of \$1.7 billion for Children First Initiatives designed to enhance the educational opportunities for our children. This category includes funding to support realignment of existing facilities to better suit instructional needs, large campus restructuring, physical fitness projects, science labs, accessibility and other necessary enhancements.



- funding of \$2.1 billion for mandated programs such as remediation and building code compliance projects, insurance, and emergencies.
- a \$972 million increase in 2012 to support capacity and technology needs in the Department of Education.
- funding of \$708 million to comprehensively improve energy efficiency while simultaneously replacing the PCB-containing fixtures associated with older lighting systems in more than 700 school buildings over the next ten years; this includes \$141 million over the last three years of the Department of Education's 2010-2014 Five-Year Capital Plan.

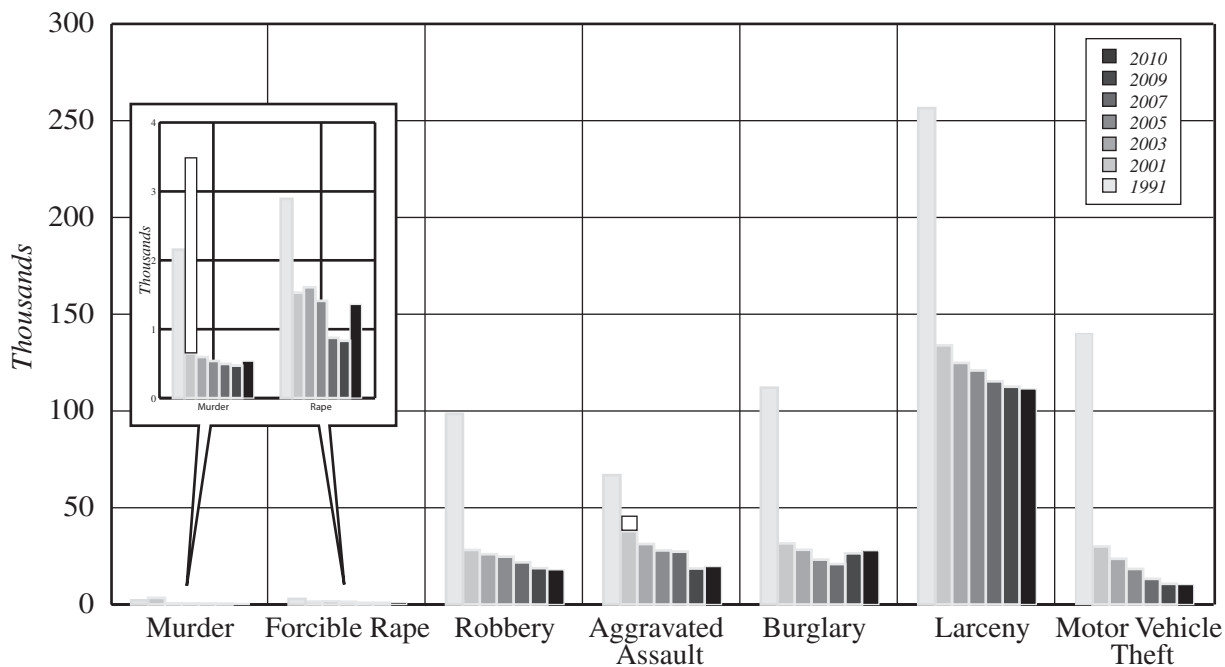
## ADMINISTRATION OF JUSTICE

### Overview

As measured by the FBI crime index, crime in New York City continues to decrease to record low levels. Based on preliminary FBI total index crime statistics for the first six months of calendar 2010, New York City remains the safest large city with the lowest rate of crime per capita among the 10 largest U.S. cities. Concomitantly NYPD CompStat data for 2010 shows a 1.5 percent reduction in major felony crime as compared 2009.

### NEW YORK CITY FBI INDEX CRIMES

Calendar Years 1991-2010\*\*



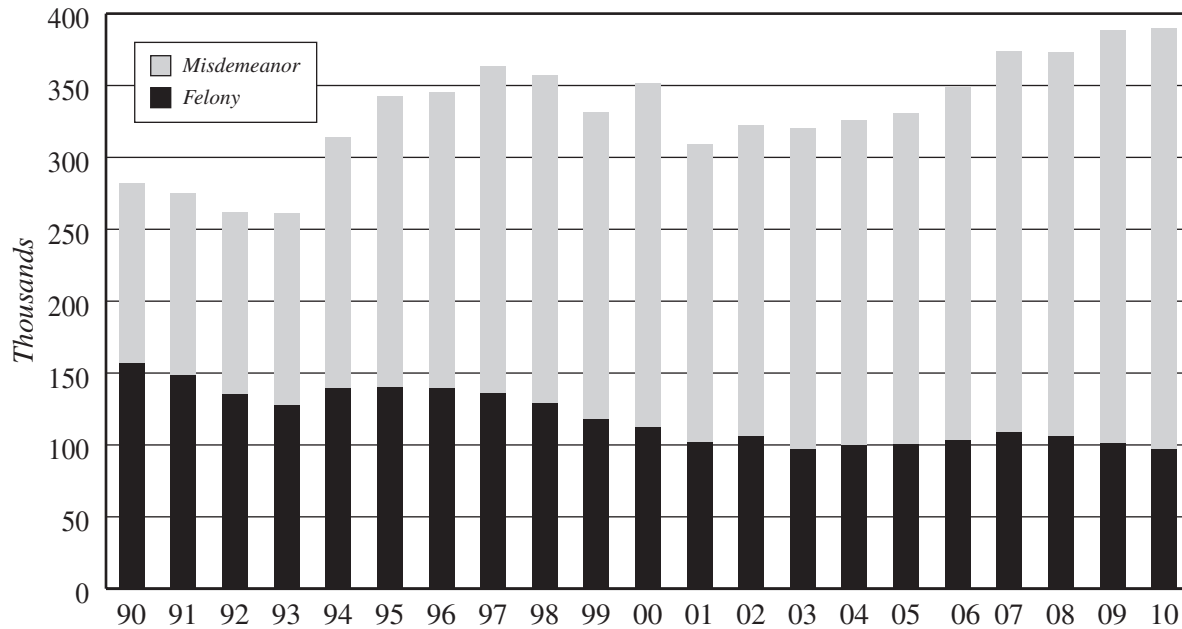
\* In 2001, for Murder and Aggravated Assault, the unshaded portion represents World Trade Center victims.

\*\* Preliminary estimates based on data from NYS Division of Criminal Justice Services.

Arrests totaled 419,282 in calendar year 2010, increasing by 1,248 from 2009. The distribution of arrest in 2010 was 23 percent felonies, 70 percent misdemeanors and 7 percent violations.

## NEW YORK CITY FELONY & MISDEMEANOR ARRESTS

*Calendar Years 1990-2010*



In 2010, while overall arrest levels increased from 2009, felony arrests decreased 3.7 percent; misdemeanor arrests increased 1.7 percent and violations increased 0.6 percent. In the criminal courts, the overall number of filings between 2009 and 2010 increased by four percent. However, the Department of Correction’s population has decreased slightly. Through March 2011, the average daily population was 12,936 as compared to 13,118 in 2010. The decrease in population is primarily due to a 5.7 percent decrease in the overall sentenced average daily population, which went from 2,303 through March of 2010 to 2,173 through March of 2011.

### POLICE DEPARTMENT

In 2011, the City continued to target the problem of illegal firearms and gun violence. The Church Gun Buy Back Program continues to be one of the most effective outreach programs in reducing violence and making City streets safer. Held in 50 different churches throughout New York City since 2008, more than 6,500 weapons have been recovered by the Department through this program. A recent event, held in December 2010, brought in more than 350 firearms in a single day.

Construction continues on the first phase of a new Police Academy. The Police Academy, located in College Point, Queens, will consolidate training facilities currently scattered across the City into one state-of-the-art campus. The first phase includes an academic building, classrooms, tactical gyms, instructional offices and administrative support spaces. Furthermore, the Joint Operation Center (JOC) a state of the art centralized command and control facility will provide oversight of critical functions Citywide in the event of an emergency. Construction of the JOC is expected to be complete in the summer of 2011.

## **DEPARTMENT OF CORRECTION**

In 2011, the Department of Correction (DOC) is focusing on food procurement, staffing management, and facility maintenance efficiencies in an effort to realize savings. DOC has developed better warehouse management practices in order to maintain lower food inventories. The Department has worked to reallocate administrative duties to civilian staff and reviewed staffing requirements, allowing for the redeployment of uniformed officers to facility posts and return to a back to basics approach to custodial management. In its efforts to maintain the Department's housing areas, DOC aggressively ramped up its maintenance schedules and dedicated maintenance staff to meet standards for inmate environmental conditions.

The Department's continued maintenance efforts are part of its larger capacity replacement program, a program to address building systems and infrastructure repairs in order to improve operations and capacity efficiency. In order to meet these goals, DOC is developing more efficient facilities and putting in place strategies such as centralization of the Riker's Island admission and intake processes. In addition, the Department has added an 800-bed addition to Rose M. Singer Center and is reopening the Brooklyn Detention Center, an effort to replace DOC's other outdated and temporary structures.

## **JUVENILE JUSTICE IMPROVEMENTS**

In 2010, the Mayor launched the Interagency Task Force on Truancy, Chronic Absenteeism & School Engagement to develop and implement a multi-sector strategy to combat truancy. Keeping youth in school, and off the streets, has potential to generate long term cost savings by reducing high school dropout rates and juvenile arrests. To tackle this issue, the Task Force helped connect schools and local community resources, secured important data sharing agreements, developed new technology tools, and established Truancy Centers and student services in shelters. In addition, the project has launched several key initiatives. In particular, the NYC Success Mentor Corp. matched mentors with approximately 2,000 chronically absent students and has plans to double in size during the next school year. Operation Asthma-Friendly Schools was designed to target and reduce asthma as a leading cause of absenteeism. Finally, WakeUp! NYC, a program in partnership with Viacom, MTV, BET TV, Magic Johnson and other celebrities, is reaching thousands of chronically absent students every day through a celebrity wakeup call system.

In 2010, services formerly provided by the Department of Juvenile Justice (DJJ) were integrated into ACS. The newly created ACS Division of Youth and Family Justice now coordinate comprehensive services for youth involved in the juvenile justice system while maintaining a commitment to public safety. ACS also plans to expand alternative to detention programs and implement an enhanced assessment tool to continue to better inform decisions regarding the use of detention.

## **OTHER CRIMINAL JUSTICE PROGRAMS**

In 2010, using Federal grant money, the City launched the Financial Crime Task Force to prevent, detect, and respond to financial crimes that pose a threat to the economic strength of the City, New Yorkers, and their businesses. In its first year, the Task Force has launched several significant initiatives including the creation of both a Financial Intelligence Center and a Property Fraud Notice Program, detecting mortgage fraud, finding tax fraud, and exposing cigarette tax evasion.

The Mayor's Office of Special Enforcement continued to conduct coordinated multi-agency inspections of problem locations Citywide. The office filed and resolved several nuisance abatement actions for counterfeit trademark and illegal massage activity. These efforts generated over \$1.4 million in revenue for the City, including a record \$800,000 settlement for the Counterfeit Triangle case in Manhattan's Chinatown neighborhood.

The City also launched eArrestment, a computer system created to streamline, support and improve the work of law enforcement, prosecution, and the courts related to the arrest-to-arrestment process. The system, which was deployed in Manhattan in 2010 and is being rolled out Citywide, aims to reduce time to arrestment by automating much of that process, including the collection and collation of the arrestment case packet documentation, warrant searches, and docketing. The system also provides a comprehensive process monitoring tool that helps identify bottlenecks and areas to be targeted for improvement. eArrestment is improving the quality, accuracy and speed of delivery of critical information related to New York City criminal court arrestments, providing the participant criminal justice entities the vital data they need to carry out their work effectively and efficiently.

## POLICE DEPARTMENT

The principal mission of the Police Department is to maintain public safety and security, to respond to calls for emergency aid, and to conduct investigations of criminal activity.

### Financial Review

The New York Police Department's 2012 Executive Budget provides for an operating budget of \$4.5 billion, a decrease of \$270 million from the \$4.8 billion forecast for 2011. This decrease is partially attributed to annual State, Federal, and private grant funding not yet recognized for 2012. Capital commitments of \$143.1 million are also provided in 2012.

### Revenue Forecast

The Police Department collects revenue from fees charged for pistol licenses, rifle permits, fingerprinting fees, accident report records, tow fees, and unclaimed cash and property that is abandoned or confiscated as a consequence of the commission of a crime. The City also collects an E-911 surcharge imposed on all New York City cellular telephones, land line telephones and voice over internet protocol service (VoIP). In 2012, the revenue estimate for the Police Department is \$100.5 million.

### Expense Budget Highlights

#### *Budgetary Priorities: Providing Core Services*

- in 2012, the Department will maintain an average uniformed headcount approximately of 34,800.
- as noted in the Federal Fiscal Year 2011 Appropriations Act, New York City expects to receive \$25 million for the protection of Foreign Missions.
- the Police Department is using a portion of the Federal Fiscal Year 2010 Homeland Security Grant Program award to support overtime.
- in April 2011, the Emergency Services Unit, a branch of the Special Operations Division, graduated a class of 44 members, the first class in 4 years. Officers in this unit receive highly specialized training and often serve as first responders in catastrophic accidents.

#### *Streamlining and Restructuring*

- the Department will eliminate a voluntary program that allows Police Officers to work through a week of annual leave and receive an additional week of compensation. Eliminating this program is expected to save \$4.2 million annually beginning in 2012.
- the Department's Police Cadet Corps program has been reduced by 160 positions beginning in 2012 for savings of \$3.1 million.

### Summary of Agency Financial Data

The following table compares the 2012 Executive Budget with the 2012 Preliminary Budget, the 2011 forecast and actual expenditures for 2010, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

**Summary of Agency Financial Data**  
(\$ in 000's)

	2010 Actual	2011 Forecast	2012		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2011 Forecast	2012 Preliminary Budget
<b>Expenditures</b>						
Salary and Wages.....	\$4,248,078	\$4,302,791	\$4,095,653	\$4,104,932	(\$197,859)	\$9,279
Fringe Benefits.....	74,379	80,235	74,492	75,293	(4,942)	801
OTPS.....	344,400	431,724	280,007	364,696	(67,028)	84,689
Total.....	<u>\$4,666,857</u>	<u>\$4,814,750</u>	<u>\$4,450,152</u>	<u>\$4,544,921</u>	<u>(\$269,829)</u>	<u>\$94,769</u>
<b>Funding</b>						
City.....	\$4,199,394	\$4,241,687	\$4,097,175	\$4,105,642	(\$136,045)	\$8,467
Other Categorical Grants.....	106,922	103,663	69,082	69,082	(34,581)	—
IFA.....	1,797	1,797	1,797	1,797	—	—
State.....	21,308	18,412	4,932	5,123	(13,289)	191
Federal CD.....	—	—	—	—	—	—
Federal Other.....	100,742	215,555	47,582	133,693	(81,862)	86,111
Intra-City Other.....	236,694	233,636	229,584	229,584	(4,052)	—
Total.....	<u>\$4,666,857</u>	<u>\$4,814,750</u>	<u>\$4,450,152</u>	<u>\$4,544,921</u>	<u>(\$269,829)</u>	<u>\$94,769</u>
<b>Additional Costs Centrally Funded</b>						
Personal Services (PS).....						
Fringe Benefits.....	\$1,471,953	\$1,553,123	\$1,655,234	\$1,655,015	\$101,892	(\$219)
Pensions.....	2,144,575	2,252,068	2,729,882	2,711,776	459,708	(18,106)
Other Than Personal Service (OTPS)						
Legal Services.....	41,811	42,082	42,969	44,077	1,995	1,108
Judgments and Claims.....	155,257	132,294	144,859	138,246	5,952	(6,613)
Debt Service.....	99,375	99,329	115,308	132,991	33,662	17,683
Total Additional Costs.....	<u>\$3,912,971</u>	<u>\$4,078,896</u>	<u>\$4,688,252</u>	<u>\$4,682,105</u>	<u>\$603,209</u>	<u>(\$6,147)</u>
<b>Funding</b>						
City.....	3,817,320	4,001,554	4,622,239	4,615,204	613,650	(7,035)
Non-City.....	95,651	77,342	66,013	66,901	(10,441)	888
<b>Full Agency Costs (including Central Accounts)</b>						
Salary and Wages.....	\$4,248,078	\$4,302,791	\$4,095,653	\$4,104,932	(\$197,859)	\$9,279
Fringe Benefits.....	1,546,332	1,633,358	1,729,726	1,730,308	96,950	582
Pensions.....	2,144,575	2,252,068	2,729,882	2,711,776	459,708	(18,106)
Total PS.....	<u>\$7,938,985</u>	<u>\$8,188,217</u>	<u>\$8,555,261</u>	<u>\$8,547,016</u>	<u>\$358,799</u>	<u>(\$8,245)</u>
OTPS.....	\$344,400	\$431,724	\$280,007	\$364,696	(\$67,028)	\$84,689
Legal Services.....	41,811	42,082	42,969	44,077	1,995	1,108
Judgments and Claims.....	155,257	132,294	144,859	138,246	5,952	(6,613)
Debt Service.....	99,375	99,329	115,308	132,991	33,662	17,683
Total OTPS.....	<u>\$640,843</u>	<u>\$705,429</u>	<u>\$583,143</u>	<u>\$680,010</u>	<u>(\$25,419)</u>	<u>\$96,867</u>
Total Agency Costs.....	\$8,579,828	\$8,893,646	\$9,138,404	\$9,227,026	\$333,380	\$88,622
Less Intra-City.....	<u>\$236,694</u>	<u>\$233,636</u>	<u>\$229,584</u>	<u>\$229,584</u>	<u>(\$4,052)</u>	<u>\$—</u>
Net Agency Cost.....	<u>\$8,343,134</u>	<u>\$8,660,010</u>	<u>\$8,908,820</u>	<u>\$8,997,442</u>	<u>\$337,432</u>	<u>\$88,622</u>
<b>Funding</b>						
City.....	8,016,713	8,243,241	8,719,414	8,720,846	477,605	1,432
Non-City.....	326,421	416,769	189,406	276,596	(140,173)	87,190
<b>Personnel (includes FTEs at fiscal year-end)</b>						
City.....	50,513	49,707	49,825	49,834	127	9
Non-City.....	202	301	248	279	(22)	31
Total.....	<u>50,715</u>	<u>50,008</u>	<u>50,073</u>	<u>50,113</u>	<u>105</u>	<u>40</u>

## **Programmatic Review and Service Impact**

New York City remains the safest big city in the United States, according to data from the latest FBI Uniform Crime Report released in September 2010. New York City recorded the lowest Index Crime rate among the twenty five largest U.S. cities. Of the 266 cities with populations greater than 100,000, New York ranked 248th. New York City's historic drop in crime has continued. The 2010 calendar year ended with a drop in major felony crime of nearly 2 percent as compared to 2009 and a 35 percent decrease as compared to 2001. So far in 2011, major felony crime has fallen 3 percent as compared to a year ago. Murder, which experienced a small increase in 2010 as compared to 2009, has fallen by 10 percent as of the end of April 2011.

Guns and gun violence remain a key concern for the Department. The Department continues to work actively with members of the clergy in neighborhoods that have been disproportionately affected by gun violence to proactively engage neighborhood youth. By enlisting the support of these prominent community members, there has been a concerted effort to reduce membership in criminal gangs, possession of guns, and to discourage involvement in future acts of violence.

Despite current fiscal pressures, 1,147 new police officers completed six months of intensive training at the Police Academy in December, the largest graduating class since 2008. These new graduates have been assigned to Operation Impact, a successful crime fighting initiative that deploys these officers with more experienced personnel to higher crime areas in order to reduce crime and improve the quality of life of City residents. Operation Impact, now entering its ninth year, plays a key role in the Police Department's crime fighting efforts. So far in 2011, major felony crime has decreased 13 percent within areas patrolled by personnel assigned to Operation Impact.

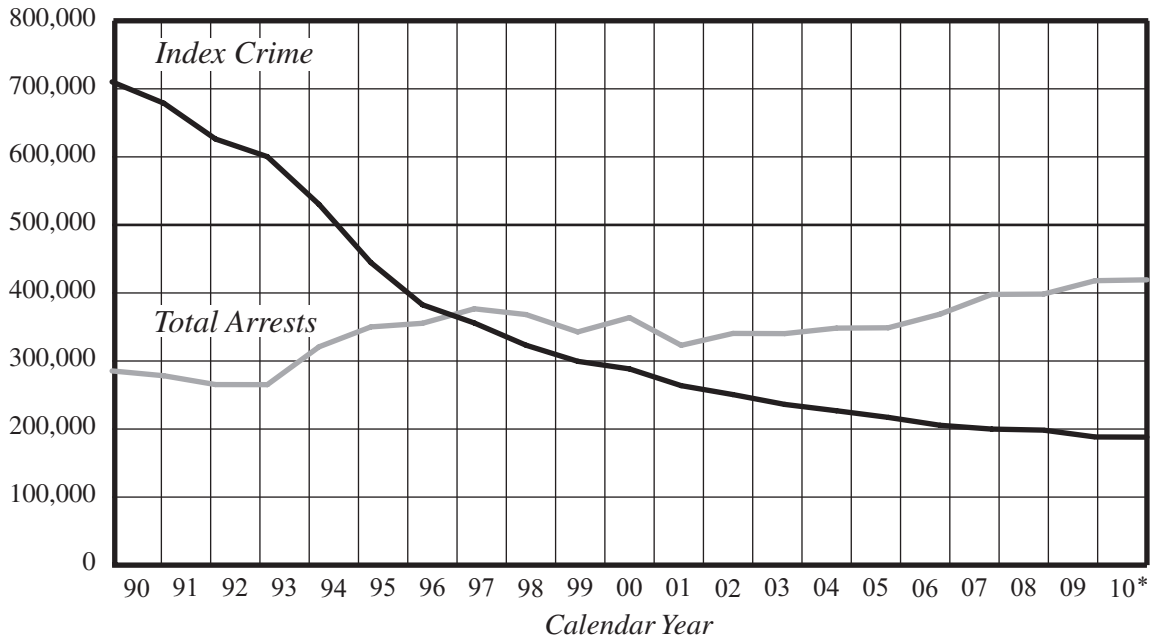
In addition to crime fighting programs, protecting the City from future acts of terrorism remains a top priority of the Department. Police personnel throughout New York City are utilized to maintain a highly visible presence at various critical infrastructure locations. As part of this strategy, precincts throughout the City assign patrol cars as Critical Response Vehicles, or CRV(s), each day of the week. After responding to a pre-designated staging location, patrol personnel assigned to CRV duties receive a briefing from the Department's Counterterrorism Bureau and Intelligence Division. Based upon the latest intelligence, CRV personnel are then deployed to transportation facilities, hotels, theaters, bridges, tunnels, and other landmarks.

The Lower Manhattan Security Initiative (LMSI) and the Midtown Manhattan Security Initiative (MMSI) continue to play a key role in protecting New York City from future acts of terrorism. Currently, there are about 1,400 cameras feeding images from sensitive areas into the Lower Manhattan Security Coordination Center, with plans for an additional 1,600 to be installed. To further expand these counterterrorism efforts, the Police Department and the Port Authority signed the World Trade Center Strategic Security Plan in 2010. This agreement establishes a coordinated approach to security as the Port Authority has agreed to integrate all of the security technologies deployed throughout the site into the NYPD LMSI Coordination Center, which is staffed by Police Department personnel. Subsequently, the Department established a new World Trade Center Command within the Counterterrorism Bureau in order to manage the vast security needs of the World Trade Center complex.



# ARRESTS VERSUS CRIME

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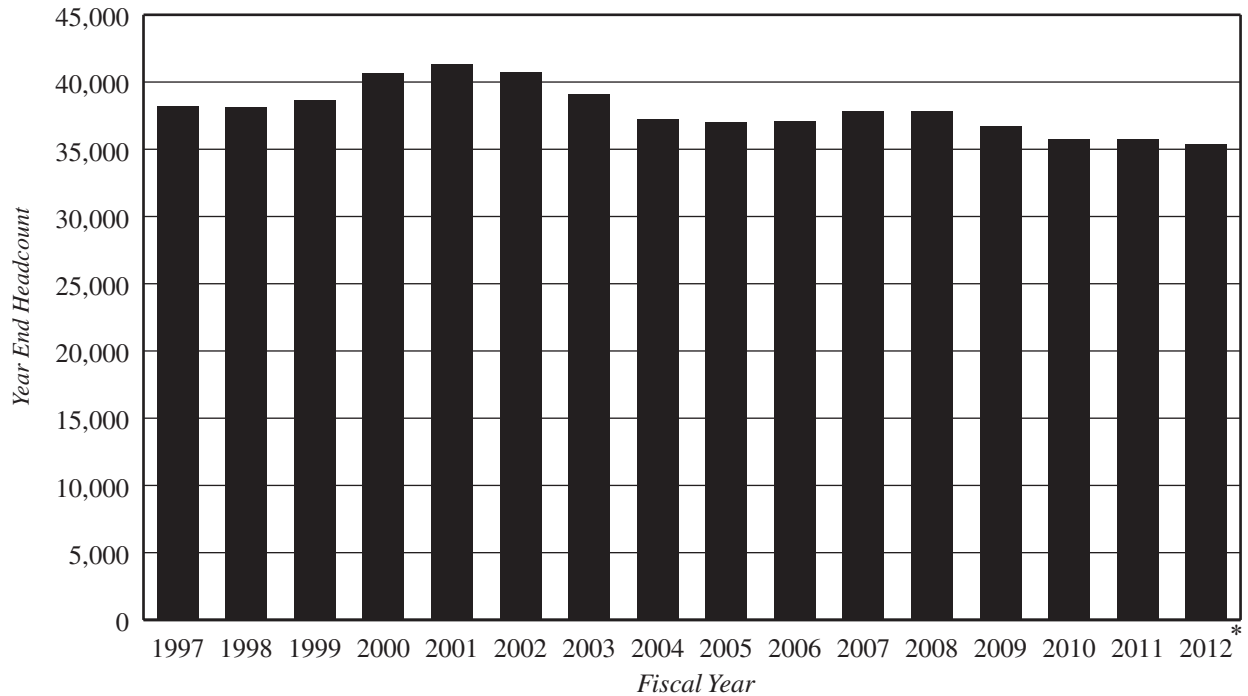
\* Arrests Totals include F.M.V. and Infractions.

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## Uniformed Headcount

The Department hired 1,251 recruits in July 2010, of which 1,147 subsequently graduated. In 2012, the Department's authorized peak headcount is 35,367. The Department expects to reach this headcount in July 2011 and maintain an average headcount of approximately 34,800 in 2012.

## TOTAL CITY, TRANSIT AND HOUSING POLICE FORCE



\* Projection

## Capital Review

The 2012-2021 Ten-Year Capital Strategy totals \$668.5 million for the replacement, reconstruction, and maintenance of facilities citywide; replacement and upgrade of computer and communications equipment; and the replacement of transportation equipment. Almost 54 percent or \$363.5 million is allocated in the first four years.

The table below shows capital plan commitments by program area over the 2010-2015 time period.

### Capital Commitments (\$ in 000's)

	2010 Actual		2011 Plan		2012 Plan		2013 Plan		2014 Plan		2015 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Police Facilities.....	\$744,376	\$744,376	\$68,959	\$68,959	\$73,793	\$73,793	\$21,541	\$21,541	\$22,202	\$22,202	\$14,500	\$14,500
Computer Equipment.....	33,384	33,384	33,671	33,671	16,399	16,399	8,490	8,490	17,366	17,366	32,759	32,759
Communications .....	23,173	23,173	31,808	31,808	30,047	30,047	29,693	29,693	25,365	25,365	15,105	15,105
Equipment.....	1,121	1,121	6,213	6,213	6,249	6,249	1,155	1,155	2,635	2,635	1,174	1,174
Vehicles.....	3,396	3,396	12,534	12,534	16,564	16,564	7,084	7,084	3,930	3,930	17,477	17,477
<b>Total .....</b>	<b>\$805,450</b>	<b>\$805,450</b>	<b>\$153,185</b>	<b>\$153,185</b>	<b>\$143,052</b>	<b>\$143,052</b>	<b>\$67,963</b>	<b>\$67,963</b>	<b>\$71,498</b>	<b>\$71,498</b>	<b>\$81,015</b>	<b>\$81,015</b>

## Highlights of the 2012-2015 Four Year Capital Commitment Plan

### *Police Facilities*

The Four Year Plan provides \$132 million for the construction, rehabilitation, maintenance, relocation and security of police facilities citywide. Scheduled commitments during this period include:

- design and construction of the first phase of a new Police Academy (\$39.9 million).
- relocation of various Department facilities citywide (\$19.8 million).
- facility maintenance and rehabilitations Department-wide (\$72.4 million).

### *Communications and Computer Equipment*

The Department allocates \$175.2 million for the upgrade and lifecycle replacement for all police communication and computer equipment citywide which includes:

- lifecycle replacement of Department's portable radios (\$33.0 million), radio system (\$20.5 million) and mobile radios (\$12.5 million).
- upgrade of LAN/WAN network infrastructure (\$22.9 million).
- enhancement of the MTA underground radio communication system (\$20.3 million).
- upgrade of Mobile Data Terminals (\$10.4 million).
- upgrade of Department technologies and equipment (\$55.6 million).

### *Miscellaneous Equipment*

The Four Year Plan provides \$11.2 million for the upgrade and lifecycle replacement of a diverse range of support equipment, which include:

- upgrade of forensic lab equipment (\$4.3 million) and printing equipment (\$2.8 million).
- lifecycle replacement of diesel marine engines (\$1.4 million).
- upgrade of miscellaneous equipment (\$2.8 million).

### *Vehicles*

The Department allocates \$45.1 million to maintain and replace operational and support vehicles. Schedule commitments during this period include:

- replacement of helicopters (\$14.5 million), medium tow trucks (\$3.1 million) and high mileage over-aged patrol wagons (\$2.0 million).
- purchase and lifecycle replacement of other Department vehicles (\$25.4 million).

## DEPARTMENT OF CORRECTION

The Department of Correction provides custody, care, and control of detainees awaiting trial or sentencing; misdemeanants or felons sentenced to one year or less; State prisoners with court appearances in New York City; newly sentenced felons awaiting transportation to State correctional facilities; and alleged parole violators awaiting revocation hearings.

### Financial Review

The Department of Correction's 2012 Executive Budget provides for operating expenses of \$1.02 billion, a decrease of \$20 million from the amount forecast in 2011. Capital commitments of \$304.8 million are also planned in 2012.

### Revenue Forecast

The Department of Correction collects revenue from jail commissary operations, vending machines and surcharges on inmate telephone calls. In 2012, the Department expects to collect approximately \$23.5 million from all revenue sources.

### Expense Budget Highlights

#### *Budgetary Priorities: Providing Core Services*

- the Department graduated a class of 188 recruits in March 2011 and will hire an additional class of 250 in May 2011.
- the Federal Fiscal Year 2011 Enacted Budget reduced funding for the State Criminal Alien Assistance Program (SCAAP) by 17 percent. To avoid Correction Officer headcount reduction, the Executive Budget replaces the loss of Federal funding with \$8.3 million City Tax Levy funding.
- the Department will receive \$3.9 million to fund the hiring of 16 additional civilian titles and to purchase necessary sanitation supplies and materials. The funding will enable a major initiative to rehabilitate housing areas, bathrooms and showers in order to improve sanitation and address ongoing maintenance and repair.
- the Department will receive \$2 million to fund 44 civilian titles required to re-open the Brooklyn House of Detention in 2012. Re-opening the Brooklyn House of Detention will give the Department swing space needed to continue with sanitation and maintenance repair projects.

#### *Streamlining and Restructuring*

- the Department is civilianizing 33 officers who are serving in administrative capacities in the jails and will redeploy 85 uniformed positions serving in non-security roles to higher priority posts.
- the Department will reduce civilian administrative staffing by 30 positions through attrition and absorb their workload within current staffing.
- the Department will realize savings through improved food inventory management practices and by adjusting servings of non-essential food items.
- the Department will reduce information technology contracts through in-sourcing work that otherwise would have been contracted out.

- the Department will increase revenue by \$3 million by raising telephone rates and commissary prices. The pricing of commissary items will remain consistent with area convenience store pricing.

### **Summary of Agency Financial Data**

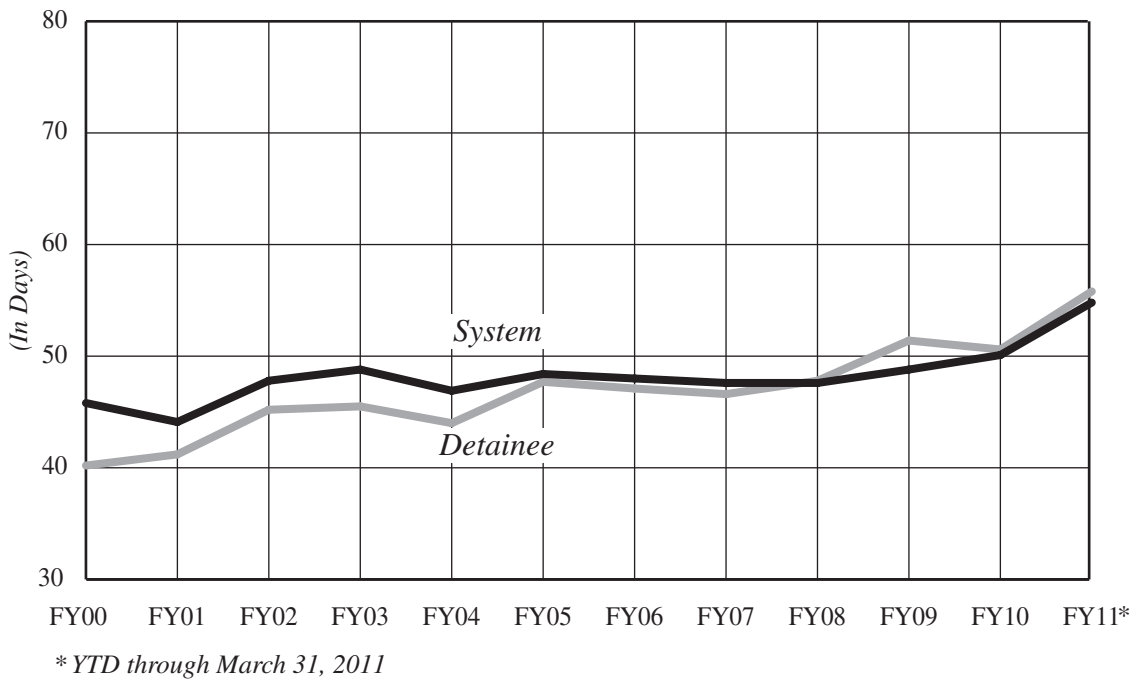
The following table compares the 2012 Executive Budget with the 2012 Preliminary Budget, the 2011 forecast and actual expenditures for 2010, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

**Summary of Agency Financial Data**  
(\$ in 000's)

	2010 Actual	2011 Forecast	2012		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2011 Forecast	2012 Preliminary Budget
<b>Expenditures</b>						
Salary and Wages.....	\$875,273	\$887,670	\$872,625	\$871,538	(\$16,132)	(\$1,087)
Fringe Benefits.....	19,141	23,574	23,614	23,614	40	—
OTPS.....	117,582	130,844	124,689	126,944	(3,900)	2,255
Total.....	<u>\$1,011,996</u>	<u>\$1,042,088</u>	<u>\$1,020,928</u>	<u>\$1,022,096</u>	<u>(\$19,992)</u>	<u>\$1,168</u>
<b>Funding</b>						
City.....	\$975,604	\$1,019,476	\$981,658	\$999,252	(\$20,224)	\$17,594
Other Categorical Grants.....	3,643	390	—	—	(390)	—
IFA.....	—	—	—	—	—	—
State.....	1,042	1,332	1,109	1,109	(223)	—
Federal CD.....	—	—	—	—	—	—
Federal Other.....	31,096	20,075	38,030	21,604	1,529	(16,426)
Intra-City Other.....	611	815	131	131	(684)	—
Total.....	<u>\$1,011,996</u>	<u>\$1,042,088</u>	<u>\$1,020,928</u>	<u>\$1,022,096</u>	<u>(\$19,992)</u>	<u>\$1,168</u>
<b>Additional Costs Centrally Funded</b>						
Personal Services (PS).....						
Fringe Benefits.....	\$322,340	\$341,272	\$364,891	\$366,085	\$24,813	\$1,194
Pensions.....	274,934	299,125	330,246	368,264	69,139	38,018
Other Than Personal Service (OTPS)						
Legal Services.....	8,187	7,118	6,766	7,186	68	420
Judgments and Claims.....	44,434	28,169	30,844	29,436	1,267	(1,408)
Debt Service.....	184,782	184,696	214,408	206,658	21,962	(7,750)
Total Additional Costs.....	<u>\$834,677</u>	<u>\$860,380</u>	<u>\$947,155</u>	<u>\$977,629</u>	<u>\$117,249</u>	<u>\$30,474</u>
<b>Funding</b>						
City.....	815,701	839,149	926,419	957,306	118,157	30,887
Non-City.....	18,976	21,231	20,736	20,323	(908)	(413)
<b>Full Agency Costs (including Central Accounts)</b>						
Salary and Wages.....	\$875,273	\$887,670	\$872,625	\$871,538	(\$16,132)	(\$1,087)
Fringe Benefits.....	341,481	364,846	388,505	389,699	24,853	1,194
Pensions.....	274,934	299,125	330,246	368,264	69,139	38,018
Total PS.....	<u>\$1,491,688</u>	<u>\$1,551,641</u>	<u>\$1,591,376</u>	<u>\$1,629,501</u>	<u>\$77,860</u>	<u>\$38,125</u>
OTPS.....	\$117,582	\$130,844	\$124,689	\$126,944	(\$3,900)	\$2,255
Legal Services.....	8,187	7,118	6,766	7,186	68	420
Judgments and Claims.....	44,434	28,169	30,844	29,436	1,267	(1,408)
Debt Service.....	184,782	184,696	214,408	206,658	21,962	(7,750)
Total OTPS.....	<u>\$354,985</u>	<u>\$350,827</u>	<u>\$376,707</u>	<u>\$370,224</u>	<u>\$19,397</u>	<u>(\$6,483)</u>
Total Agency Costs.....	\$1,846,673	\$1,902,468	\$1,968,083	\$1,999,725	\$97,257	\$31,642
Less Intra-City.....	\$611	\$815	\$131	\$131	(\$684)	\$—
Net Agency Cost.....	<u>\$1,846,062</u>	<u>\$1,901,653</u>	<u>\$1,967,952</u>	<u>\$1,999,594</u>	<u>\$97,941</u>	<u>\$31,642</u>
<b>Funding</b>						
City.....	1,791,304	1,858,625	1,908,077	1,956,558	97,933	48,481
Non-City.....	54,758	43,028	59,875	43,036	8	(16,839)
<b>Personnel (includes FTEs at fiscal year-end)</b>						
City.....	10,216	10,373	10,164	10,156	(217)	(8)
Non-City.....	—	4	—	—	(4)	—
Total.....	<u>10,216</u>	<u>10,377</u>	<u>10,164</u>	<u>10,156</u>	<u>(221)</u>	<u>(8)</u>

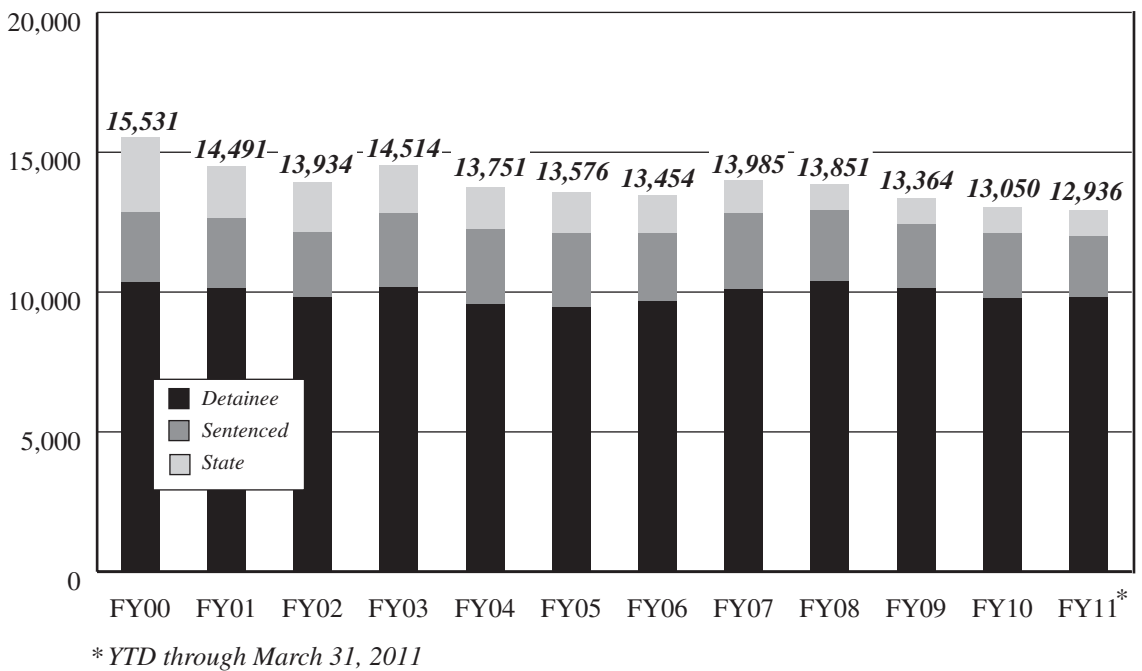
**Programmatic Review**

**AVERAGE LENGTH OF STAY (By Fiscal Year)**



**AVERAGE DAILY INMATE POPULATION**

*By Fiscal Year*



The average daily population through the first nine months of 2011 was 12,936, which is 1.4 percent lower than 2010. System admissions are down 8.3 percent and overall system length of stay is up 8 percent over this period.

## Capital Review

The 2012-2021 Ten-Year Capital Strategy totals \$1.21 billion including \$637.4 million for capacity replacement, \$93.7 million for construction of support space, \$361.5 million for major overhaul of building systems and infrastructure, and \$117.3 million for acquisition of new equipment.

The table below shows capital plan commitments by program area over the 2010-2015 period:

### Capital Commitments

(\$ in 000's)

	2010 Actual		2011 Plan		2012 Plan		2013 Plan		2014 Plan		2015 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Capacity Replacement .....	\$31,453	\$31,453	-\$17,516	-\$17,516	\$49,569	\$49,569	\$25,000	\$25,000	\$527,217	\$527,217	\$5,000	\$5,000
Support Space .....	8,564	8,564	22,542	22,542	78,662	78,662	500	500	0	0	1,000	1,000
Building Systems and Infrastructure.....	23,309	23,309	63,679	63,679	146,671	146,671	28,720	28,720	16,120	16,120	19,250	19,250
Equipment .....	4,214	4,214	16,718	16,718	29,928	29,928	18,354	18,354	4,837	4,837	7,439	7,439
Total .....	<u>\$67,540</u>	<u>\$67,540</u>	<u>\$85,423</u>	<u>\$85,423</u>	<u>\$304,830</u>	<u>\$304,830</u>	<u>\$72,574</u>	<u>\$72,574</u>	<u>\$548,174</u>	<u>\$548,174</u>	<u>\$32,689</u>	<u>\$32,689</u>

## Highlights of the 2012-2015 Four-Year Capital Commitment Plan

### *Capacity Replacement*

The Department's capital program funds the replacement of aging structures originally designed as temporary housing with additions and upgrades to permanent structures. In August 2010, the Department announced a new facilities plan that will reduce the number of inmate beds on Rikers Island by 3,000; demolish 50 deteriorated, temporary housing units that are extremely difficult and costly to maintain; re-occupy borough based facilities; and build a 1,500-bed jail on Rikers Island. The new jail will be energy efficient and cost effective. It will incorporate the latest jail management practices and yield operational savings. It will feature a centralized intake and discharge center as well as new admission housing and an infirmary.

The Four-Year Plan provides \$606.8 million for the capacity replacement program. Scheduled commitments during this period include:

- the design and construction of a new detention center on Rikers Island (\$563.4 million).
- the reconstruction of the Brooklyn House of Detention (\$42.8 million).
- completion of the 800 bed addition to the Rose M. Singer Center (\$582 thousand).

### *Building Systems, Infrastructure and Support Space*

The Department will undertake \$290.9 million in improvements to building systems, infrastructure, and support space in the Four-Year Plan. Projects include:

- continuation of fire life safety upgrades at Rikers Island facilities (\$85.4 million).



- construction of a Rikers Island Co-generation Power Plant (\$56.9 million).
- installation and maintenance of heating and ventilation systems at various facilities (\$48.2 million).
- window replacements, facades and roof reconstruction at various facilities (\$35.8 million).
- improvements to Rikers Island perimeter security and fencing (\$8.1 million).
- replacement of Rikers Island showers and plumbing (\$6.8 million).
- other improvements to the Department's building systems, infrastructure and support space (\$49.7 million).

*Equipment and Vehicles*

The Four-Year Strategy provides \$60.6 million for upgrades and/or replacements of vehicles, computers, security equipment, and communication systems. Commitments include:

- replacement of vehicles for inmate transport (\$11.1 million).
- allow for the purchase of FCC compliant narrow banded radios and personal body alarms (\$10.3 million).
- technology upgrades in the Department's network and server infrastructure (\$6.3 million).
- development of the discharge planning module for the Health and Human Services Connect database consolidation project (\$4.9 million).
- replacement of equipment associated with food services and inmate security (\$27.9 million).

## DEPARTMENT OF SOCIAL SERVICES

The Department of Social Services (DSS) administers a range of services and programs to assist individuals and families achieve self-sufficiency. Eligible clients receive employment and support services, Cash Assistance, nutrition benefits, and Medical Assistance. The Department also provides financial and support services to survivors of domestic violence, people with symptomatic HIV or AIDS, and frail, elderly and disabled individuals. Outreach and access to public and private health insurance options is also provided.

### Financial Review

The Department's 2012 Executive Budget provides for operating expenses of \$9.2 billion, of which \$7.0 billion are City funds. Capital funds of \$23.7 million are also provided, of which \$16.8 million are City funds.

### Expense Budget Highlights

#### *Budgetary Priorities: Providing Core Services*

- the Executive Budget provides \$10.4 million in City funds to support HIV/AIDS Services Administration (HASA) case managers. The restoration of HASA funding also eliminates funding that the Department had intended to use for new Departmental liaison positions and for case managers in contract supportive housing programs as a part of HASA case management reorganization.
- an increase of \$2.2 million in City funds and \$6.4 million in total funds in 2011 and 2012 is provided for operating costs of domestic violence shelters. This increase is the result of ongoing efforts to ensure that domestic violence survivors receive services in the most appropriate setting. The Department has improved placements of eligible families from Department of Homeless Services (DHS) intake to DSS domestic violence shelters, increasing occupancy rates by eight percent since 2008.
- in 2012, an increase of \$1.5 million in City funds and \$2.9 million in total funds will support 102 positions to administer application and recertification of Supplemental Nutrition Assistance Program (SNAP) benefits. As of March 2011, approximately 1.4 million of the 1.8 million New York City SNAP recipients were SNAP-only – e.g. did not receive Cash Assistance benefits.

#### *Restructuring and Streamlining*

- in 2012, a new Health and Human Services (HHS) Service Center will be created to work with eight participating health and human services agencies to develop efficiencies in the areas of auditing, claiming and purchasing. This initiative is expected to generate savings by leveraging economies of scale in procuring goods and services, reducing duplicative administrative interactions between the City and contracted providers, and spreading best practices.
- the HHS Service Center will also house the HHS-Connect program, which is charged with developing and managing technology to improve service delivery and client outcomes. Since its inception in 2007, HHS-Connect has launched several innovative applications, including a web-based portal for cross-agency data exchange and Access NYC, a public-facing website offering benefits eligibility screening and electronic application submission. In 2012, HHS-Connect will continue to enhance these systems as it builds comprehensive case management platforms for ACS, DHS, and DOC.
- in 2012 the Department will save \$11.7 million in City funds through administrative efficiencies, including improved cost allocation of lease expenditures and the elimination of 134 vacant positions throughout the agency.

### *State Budget Impact*

- the New York State 2011-2012 enacted budget made two major changes to Cash Assistance funding formulas. The City share of Safety Net Assistance (SNA) funding increases from 50 percent to 71 percent, while the 25 percent City share for the Family Assistance program is eliminated. These changes will cost the City approximately \$6.7 million in 2012 and \$11.3 million in 2013.
- the enacted New York State budget delays by one year the third scheduled ten percent increase to the base Cash Assistance grant. Recipients of Cash Assistance will collectively receive \$39.6 million less in benefits in 2012 than had been planned.

### **Summary of Agency Financial Data**

The following table compares the 2012 Executive Budget to the 2012 Preliminary Budget, and the 2011 forecast to actual expenditures for 2010. This includes costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services, and debt service.

**Summary of Agency Financial Data**  
(\$ in 000's)

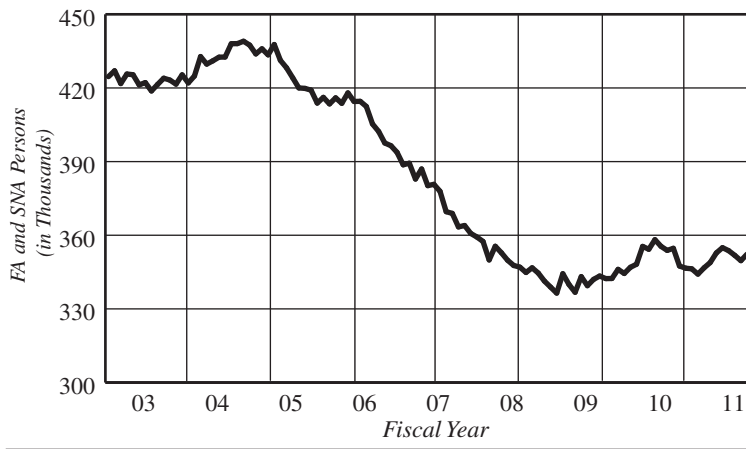
	2010 Actual	2011 Forecast	2012		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2011 Forecast	2012 Preliminary Budget
<b>Expenditures</b>						
Salary and Wages.....	\$733,160	\$744,195	\$760,433	\$746,457	\$2,262	(\$13,976)
Fringe Benefits.....	761	913	913	4,880	3,967	3,967
Medical Assistance.....	5,238,942	4,893,548	6,140,977	6,140,977	1,247,429	—
Public Assistance.....	1,535,217	1,557,729	1,526,362	1,347,733	(209,996)	(178,629)
Other OTPS.....	974,305	983,864	902,621	922,690	(61,174)	20,069
Total.....	<u>\$8,482,385</u>	<u>\$8,180,249</u>	<u>\$9,331,306</u>	<u>\$9,162,737</u>	<u>\$982,488</u>	<u>(\$168,569)</u>
<b>Funding</b>						
City.....	\$6,079,791	\$5,739,070	\$7,032,192	\$7,008,491	\$1,269,421	(\$23,701)
Other Categorical Grants.....	52	129	31	31	(98)	—
IFA.....	—	—	—	—	—	—
State.....	1,018,149	950,729	1,066,431	659,689	(291,040)	(406,742)
Federal CD.....	515	655	—	—	(655)	—
Federal Other.....	1,378,492	1,484,462	1,231,720	1,491,726	7,264	260,006
Intra-City Other.....	5,386	5,204	932	2,800	(2,404)	1,868
Total.....	<u>\$8,482,385</u>	<u>\$8,180,249</u>	<u>\$9,331,306</u>	<u>\$9,162,737</u>	<u>\$982,488</u>	<u>(\$168,569)</u>
<b>Additional Costs Centrally Funded</b>						
Personal Services (PS).....						
Fringe Benefits.....	\$279,888	\$302,721	\$317,342	\$322,765	\$20,044	\$5,423
Pensions.....	101,192	110,343	132,840	127,855	17,512	(4,985)
Other Than Personal Service (OTPS)						
Legal Services.....	5,151	4,569	4,444	4,617	48	173
Judgments and Claims.....	2	488	535	510	22	(25)
Debt Service.....	67,349	67,318	78,125	73,377	6,059	(4,748)
Total Additional Costs.....	<u>\$453,582</u>	<u>\$485,439</u>	<u>\$533,286</u>	<u>\$529,124</u>	<u>\$43,685</u>	<u>(\$4,162)</u>
<b>Funding</b>						
City.....	267,976	346,281	402,407	398,567	52,286	(3,840)
Non-City.....	185,606	139,158	130,879	130,557	(8,601)	(322)
<b>Full Agency Costs (including Central Accounts)</b>						
Salary and Wages.....	\$733,160	\$744,195	\$760,433	\$746,457	\$2,262	(\$13,976)
Fringe Benefits.....	280,649	303,634	318,255	327,645	24,011	9,390
Pensions.....	101,192	110,343	132,840	127,855	17,512	(4,985)
Total PS.....	<u>\$1,115,001</u>	<u>\$1,158,172</u>	<u>\$1,211,528</u>	<u>\$1,201,957</u>	<u>\$43,785</u>	<u>(\$9,571)</u>
Medical Assistance.....	\$5,238,942	\$4,893,548	\$6,140,977	\$6,140,977	\$1,247,429	\$—
Public Assistance.....	1,535,217	1,557,729	1,526,362	1,347,733	(209,996)	(178,629)
Other OTPS.....	974,305	983,864	902,621	922,690	(61,174)	20,069
Legal Services.....	5,151	4,569	4,444	4,617	48	173
Judgments and Claims.....	2	488	535	510	22	(25)
Debt Service.....	67,349	67,318	78,125	73,377	6,059	(4,748)
Total OTPS.....	<u>\$7,820,966</u>	<u>\$7,507,516</u>	<u>\$8,653,064</u>	<u>\$8,489,904</u>	<u>\$982,388</u>	<u>(\$163,160)</u>
Total Agency Costs.....	\$8,935,967	\$8,665,688	\$9,864,592	\$9,691,861	\$1,026,173	(\$172,731)
Less Intra-City.....	<u>\$5,386</u>	<u>\$5,204</u>	<u>\$932</u>	<u>\$2,800</u>	<u>(\$2,404)</u>	<u>\$1,868</u>
Net Agency Cost.....	<u>\$8,930,581</u>	<u>\$8,660,484</u>	<u>\$9,863,660</u>	<u>\$9,689,061</u>	<u>\$1,028,577</u>	<u>(\$174,599)</u>
<b>Funding</b>						
City.....	6,347,768	6,085,351	7,434,599	7,407,058	1,321,707	(27,541)
Non-City.....	2,582,813	2,575,133	2,429,061	2,282,003	(293,130)	(147,058)
<b>Personnel (includes FTEs at fiscal year-end)</b>						
City.....	10,219	10,478	10,288	10,608	130	320
Non-City.....	3,800	4,001	3,994	4,041	40	47
Total.....	<u>14,019</u>	<u>14,479</u>	<u>14,282</u>	<u>14,649</u>	<u>170</u>	<u>367</u>

**Programmatic Review and Service Impact**

**CASH ASSISTANCE CASELOAD 2003-2011**

*Family Independence Administration (FIA)*

The Family Independence Administration (FIA) administers Cash Assistance (CA) and employment programs, including the Family Assistance, Safety Net Assistance, and the Supplemental Nutrition Assistance Program (SNAP). FIA assists individuals in obtaining employment and provides specialized services to assist clients in overcoming barriers to work. FIA also ensures that childcare and support services are available to help clients achieve self-sufficiency.



*Cash Assistance (CA)*

The Department projects expenditures of \$1.6 billion on CA benefits in 2012, of which \$599.9 million will be City funds. The Family Assistance (FA) program, which is funded entirely with State and federal TANF funds in 2012, assisted 148,887 adults and children in March 2011. Projected FA expenditures in 2012 are \$549.7 million.

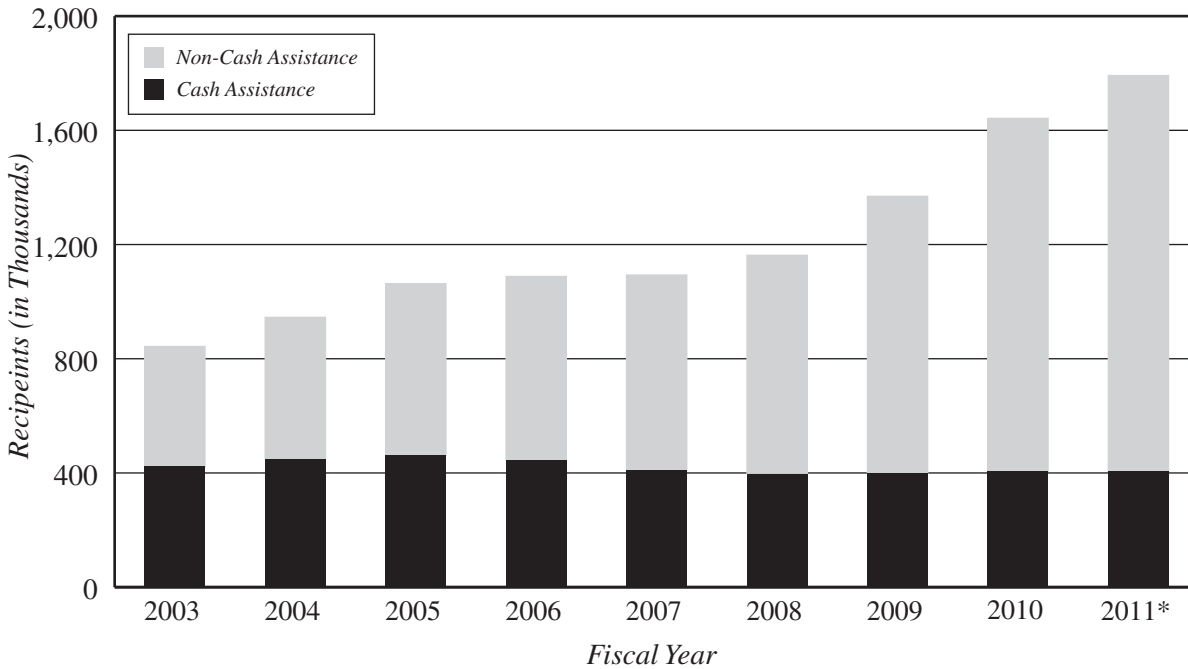
The Safety Net Assistance (SNA) program, which is supported with City and State funds, serves families and single adults who have reached the five-year time limit for TANF-funded benefits or who do not otherwise meet Federal eligibility rules. In March 2011, 116,476 individuals received SNA, of which 86,925 were adults and children who had reached the TANF time limit. In 2012, the Department projects spending \$798.0 million on SNA.

*Supplemental Nutrition Assistance Program (SNAP)*

SNAP, formerly known as Food Stamps, provides nutritional security to low income New Yorkers. Benefits, excluding administrative costs, are entirely funded by the Federal government. In February 2011, monthly benefit issuances were \$285.0 million for over 1.8 million recipients. The Department expects to provide \$3.3 billion in SNAP benefits in 2012.

Since January 2008, there has been a 61 percent increase in the number of individuals receiving SNAP benefits to supplement the purchase of nutritious food. In order to process both new applications and annual recertifications, the Department has replaced traditional face-to-face interviews with more efficient phone interviews. Expanded call centers and updated information systems will allow the Department to process this increased workload in a timely manner while minimizing errors that could affect the delivery of benefits.

## AVERAGE FOOD STAMP RECIPIENTS 2003-2011



### *Employment Services*

FIA offers a wide array of programs and services to help families and individuals achieve self-sufficiency. Services include basic education, training, work experience, job search, placement, and retention services. FIA also provides targeted services for those with barriers to employment. At the end of March 2011, 63,198 individuals were engaged in employment, training, or other work related activities. In calendar year 2010, 88 percent of clients who had been placed in jobs retained them for at least three months or did not return to Cash Assistance, and 81 percent achieved this outcome for at least six months.

In 2012 the Department will continue to operate a comprehensive employment program portfolio that provides employable clients a continuum of services. The Job Training Participant program places individuals in paid employment at the Department of Parks and Recreation and the Department of Sanitation. The Back to Work program provides job search and short-term training services to Cash Assistance applicants and to recipients who are also participating in the Work Experience Program. The College Opportunity to Prepare for Employment (COPE) program offers academic advisement, support and job search services for Cash Assistance recipients attending City University of New York (CUNY) colleges

### *Specialized Job Centers and Other Services*

DSS also operates special needs programs and services for clients with barriers to self-sufficiency. Services include comprehensive case management, substance abuse treatment, employment and vocational rehabilitation, disability benefits advocacy and case monitoring. Services are offered at specialized Job Centers, including the Veterans Center; the East River Center, which serves homeless single adults and families; the Refugee and Immigrant Center; the Substance Abuse Service Center (SASC), which serves patients in outpatient substance

abuse treatment centers; the Residential Treatment Service Center (RTSC); and the SeniorWorks Center.

*Office of Child Support Enforcement (OCSE)*

The primary role of OCSE is to ensure that children are supported by both parents. OCSE services include establishing paternity, obtaining child support orders, and collecting and enforcing child support from non-custodial parents. As of March 2011, there were 279,630 cases with support orders, including 33,910 Cash Assistance cases and 245,720 non-Cash Assistance (NCA) cases. Of the NCA cases 134,955 were former Cash Assistance recipients. In 2010, OCSE established 13,562 new orders, a 12 percent increase over 2009.

Child support collections in 2010 totaled \$699.9 million, a 3.25 percent increase over the prior year. In addition, 124,802 families received a child support payment in 2010, a 1.3 percent increase over the prior year. In 2010, about 90 percent of support collections went directly to families, and more than \$204 million was collected on behalf of families who formerly received Cash Assistance. When combined with earnings and work supports, child support payments can help needy families become or remain self-sufficient.

*Medical Insurance and Community Services Administration (MICSA)*

MICSA is comprised of the Medical Assistance Program (MAP), Home Care Services Program (HCSP), the Office of Domestic Violence and Emergency Intervention Services (ODVEIS), Adult Protective Services (APS), and HIV/AIDS Services Administration (HASA).

*Medical Assistance Program (MAP)*

Over 2.9 million New York City residents received Medicaid as of March 2011, an increase of 69 percent since January 2002. MAP is responsible for enrollment and recertification of Medicaid-only consumers. As of March 2011 there were more than 2.1 million Medicaid-only enrollees who do not receive Cash Assistance or SSI. Medicaid consumers receive a wide range of services including primary care, hospital inpatient, emergency room, physician, pharmacy, clinic, nursing home, personal care, dental, rehabilitation, transportation, vision care, laboratory services and x-rays.

MAP continues to simplify and streamline the public health insurance application and renewal process. Mail renewals for non-disabled, aged or blind consumers are processed via the Electronic Data and Image Transfer System (EDITS), which was specifically designed to automate and streamline the process. MAP sends out approximately 100,000 renewals per month with a 70% response rate, and a 90% acceptance rate for those cases returned. The program has implemented a web-based online renewal option for Medicaid and Family Health Plus that receives five thousand renewals per month. With online renewal, families can recertify for public health insurance at their convenience using ACCESS NYC, the online resource providing New Yorkers a single point of entry to health and human services programs.

*Home Care Services Program (HCSP)*

HCSP assists frail, elderly and disabled individuals remain safely in their homes with non-institutional alternatives to nursing home care. In 2011, HCSP provided Personal Care services, including home attendant and housekeeping services and case management, to over 40,000 beneficiaries. HCSP also approves service plans and authorizes service for about 30,000 participants in the Managed Long Term Care Program (MLTC), over 14,000 participants in the Long Term Home Health Care Program (LTHHCP), and 1,700 participants in the Assisted Living Program (ALP). HCSP staff provides guidance to help consumers navigate among managed long-term care options and find an appropriate program.

In 2012, DSS will continue to refine the LTC-Web with staff and vendor feedback to improve efficiency, strengthen quality control edits, and to provide reports on a range of medical, social, and service issues.

### *Adult Protective Services (APS)*

APS assists adults with mental or physical impairments who are unable to care for or protect themselves from abuse, neglect, or exploitation, and who have no one willing and able to responsibly assist them. Services include referrals for psychiatric and medical examinations; assistance in obtaining and recertifying benefits and entitlements; eviction prevention; and financial management. APS also petitions the State Supreme Court for community guardians to manage financial and domestic issues for clients who lack capacity to manage their own affairs. Approximately 50 percent of APS referrals involve eviction and about 16 percent include one or more allegations of abuse.

In calendar year 2010, APS received 14,876 referrals for new clients and 4,125 referrals for clients already active with APS. APS maintains an average of 5,582 undercare clients each month. In addition, the contracted community guardian program has an average monthly caseload of 1,360 clients.

APS is a member of the Executive Council for New York City's first Elder Abuse Center, which began operations in September 2010. The Center's Brooklyn Multidisciplinary Team meets three times a month in the APS Brooklyn Borough Office. The Team Coordinator provides support to APS staff on elder abuse issues. Last year, APS completed a training series for all NYPD Crime Prevention and DV Officers designed to provide a better understanding of APS and its role as a mandated reporter of abuse.

### *HIV/AIDS Services Administration (HASA)*

HASA provides a range of services to individuals and families living with HIV or AIDS. As of February 2011, HASA served 31,902 cases. Approximately 26,000 households receive ongoing rental assistance subsidies to facilitate and maintain housing stability, typically in private market apartments. HASA clients also receive case management and homemaking services.

HASA provides emergency housing placements in supportive transitional facilities and single room occupancy (SRO) units for homeless clients. HASA also provides supportive non-emergency housing in congregate facilities and scattered site apartments. These facilities are operated by community-based organizations that provide case management and support services. In 2012, HASA will support over 2,100 units in its emergency housing portfolio and over 4,700 units in its non-emergency supportive housing stock, including units developed under the New York/New York III agreement.

### *Customized Assistance Services (CAS)*

Customized Assistance Services (CAS) provides clinically-oriented services in the areas of health, mental health, substance abuse treatment and rehabilitation for clients served through all of the Department's programs. CAS programs provide comprehensive and individualized services to help individuals with medical or mental health conditions achieve their maximum degree of self-reliance.

The Visiting Psychiatric Service Program provides home-based psychiatric assessments and crisis intervention services to DSS clients. In 2010, the program made 6,877 home visits and court appearances.

The Wellness, Comprehensive Assessment, Rehabilitation and Employment (WeCARE) program works with CA recipients with medical or mental health conditions that pose barriers to employment. WeCARE provides integrated services that include assessment, diagnosis, comprehensive service planning, linkages to treatment, case management, vocational rehabilitation, training and education, job placement, and disability benefits assistance through two performance-based contracts. In 2010, 2,181 WeCARE clients obtained jobs and 7,128 were approved for Federal disability benefits.



*Office of Citywide Health Insurance Access (OCHIA)*

OCHIA expands access to health insurance for all New Yorkers. It makes information about free or low-cost health insurance options available to the recently unemployed and ensures that low-income New Yorkers, especially those transitioning from CA to work, have access to public health insurance enrollment assistance as well as affordable private health insurance options. OCHIA administers HealthStat, which facilitated over 68,000 enrollments in public health insurance in 2010.

NYC Health Insurance Link (NYC HI Link), a resource for freelancers, small business owners, and residents searching for affordable health insurance is a web-based tool that allows consumers to compare price and benefit information for private health insurance plans in one location. The site also links residents to ACCESS NYC, where they can screen themselves for public health insurance and receive information about health insurance basics. In 2010, OCHIA expanded NYC HI Link to include a full section about federal health care reform to provide ready access to information about the changes prescribed by the Affordable Care Act and their impact on the health insurance choices and decisions of the City's working individuals and small business owners.

*Office of Domestic Violence and Emergency Intervention Services (ODVEIS)*

ODVEIS is comprised of the Office of Domestic Violence Services (ODV), which provides emergency shelter and social services to survivors of domestic violence, and the Office of Emergency Intervention Services (OEIS). OEIS includes the Crisis and Disaster Services unit that responds to citywide disasters, the Low-Income Home Energy Assistance Program (LIHEAP), and the Office of Food Programs and Policy Coordination, which administers the Emergency Food Assistance Program (EFAP), as well as the SNAP-Ed, a nutrition education program for SNAP recipients.

ODV oversees 45 State-licensed emergency shelters, including one directly operated by the Department, which provide 2,228 beds for survivors of domestic violence and their children. ODV also administers seven Tier II shelters that provide 253 units for clients who require additional services before transitioning back to the community. Shelters provide safe environments and a range of support services including counseling, advocacy, and referrals. In addition, non-residential programs provide telephone hotlines, counseling, advocacy, legal services, and referrals to other supportive services. In 2010, these programs maintained an average monthly caseload of 3,000 individuals.

The LIHEAP program assists low-income homeowners and renters to pay energy costs and heating equipment repair bills. As of February 2011, the program provided over 710,000 benefit issuances totaling approximately \$41 million for the 2010-2011 season. Most benefits are provided to Cash Assistance, SNAP, and SSI recipients who receive automatic payments each season. LIHEAP receives 100 emergency calls per day and staff provides assistance with gas and utility shut-offs, obtaining service extensions, and payment for emergency oil deliveries and furnace repairs.

The Emergency Food Assistance Program (EFAP) administers programs to improve the nutritional status of low-income New Yorkers. EFAP provides nutrition education and SNAP outreach, and funds distribution of food to over 500 food pantries and soup kitchens.

## Capital Review

The Department's Ten-Year Capital Strategy totals \$131.0 million, of which \$79.1 are City funds. The Ten-Year Capital Strategy includes \$59.7 million for technology to streamline Department operations; \$39.9 million for facilities maintenance, equipment and improvements; \$29.8 million for the installation of telecommunications equipment; and \$1.6 million for vehicles.

### Capital Commitments

(\$000's)

	2010 Actual		2011 Plan		2012 Plan		2013 Plan		2014 Plan		2015 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Buildings.....	\$2,073	\$2,076	\$32,595	\$35,982	\$10,103	\$10,103	\$4,242	\$5,510	\$1,712	\$1,810	\$2,424	\$2,857
Computers.....	4,703	8,451	10,631	21,747	4,512	9,217	3,774	7,713	2,809	5,738	2,269	4,635
Telecommunications.....	350	621	3,274	6,684	2,038	4,164	2,071	4,131	1,320	2,696	1,328	2,712
Equipment.....	144	277	105	408	0	0	492	937	0	0	0	0
Vehicles.....	0	0	419	724	106	217	143	247	0	0	0	0
Total.....	<u>\$7,271</u>	<u>\$11,425</u>	<u>\$47,024</u>	<u>\$65,545</u>	<u>\$16,759</u>	<u>\$23,701</u>	<u>\$10,722</u>	<u>\$18,538</u>	<u>\$5,841</u>	<u>\$10,244</u>	<u>\$6,021</u>	<u>\$10,204</u>

#### *Highlights of the Ten-Year Capital Strategy*

- design, construction and renovation of a Food Stamps Change Center and façade renovation at multiple domestic violence shelters (\$10.9 million)
- routine replacement of computers, servers and printers Department-wide (\$29.6 million).
- implementation of telecommunications upgrades Department-wide (\$13.8 million).
- initial outfitting and data cabling for renovated structures (\$6.2 million).
- replacement of trucks and vans (\$1.6 million).

## ADMINISTRATION FOR CHILDREN'S SERVICES

The Administration for Children's Services (ACS) provides a broad range of programs that protect and advance the interests of children. The Department investigates allegations of child abuse and neglect, supports preventive services to families and children, provides foster care and adoption services for children who cannot safely remain in their homes, and provides custody and care for children who are involved in the juvenile justice system. The Department also administers early childhood education programs through the Division of Child Care and Head Start.

In 2012, ACS will fully implement new contracts for child welfare programs. The goal of the new preventive programs is to reduce the number of foster care placements by providing a comprehensive array of services to families. Contract providers were required to propose new program models that include neighborhood-based partnerships among preventive agencies, family foster care programs, residential care programs, and local communities. Through this continuum, ACS will work with providers and community partners to identify and address safety concerns at every step of its involvement with families. The Department will also continue to place emphasis on the use of family based foster care, rather than residential care, when a child must be removed from the home.

In 2012 the Department of Juvenile Justice (DJJ) will be fully integrated into ACS. The Division of Youth and Family Justice (DYFJ) will coordinate comprehensive services for youth involved in the juvenile justice system while maintaining a commitment to public safety. DYFJ will also work closely with the Department of Probation and the State Office of Children and Family Services to improve outcomes for young people in both residential and alternative settings.

### Financial Review

ACS's 2012 Executive Budget provides for operating expenses of \$2.8 billion, \$820.5 million of which are City funds. Capital commitments of \$19.3 million are also provided, of which \$17.7 million are City funds. An additional \$3.5 million is funded in the DJJ Capital Plan.

### Expense Budget Highlights

#### *Budgetary Priorities: Child Welfare Services*

- in 2012, ACS will save \$7.1 million in City funds and \$44.5 million in total funds in the Adoption subsidy program, which supports 28,000 children. As children adopted during the 1990's, when foster care rolls peaked, reach adulthood the overall number of adoptive children supported by ACS has declined.
- \$11.7 million in City funds and \$30.8 million in total funds will support restoration and enhancements to general and specialized preventive services programs. The 2012 preventive budget of over \$200 million in total funds will support approximately 14,500 slots to prevent child abuse and neglect in community-based organizations throughout New York City.
- \$10.1 million in total funds will support a restoration of the homemaking program, which assists families with childcare and household management. In 2012, ACS will revamp the program into a short term crisis intervention model that will transition families to other supportive services and to appropriate community-based supports.
- \$13.9 million in total funds will support 202 Child Protective positions and restores 32 units that conduct investigations of abuse and neglect.

*Budgetary Priorities: Child Care Services*

- in the February Financial Plan, the Department announced the termination of childcare subsidies for 16,200 children. The terminations were the consequence of budget deficits resulting from cost increases related to use of more expensive modes of care. The Executive Budget provides an additional \$40 million in 2012 that will allow the Department to provide pre-school care and OST options to the affected children.

*State Budget Impact*

- the enacted State Fiscal Year (SFY) 2011-12 budget reduced the State share of reimbursement for the Adoption subsidy program from 73.5% to 62% at a cost to the City of \$29.7 million in 2012.
- the enacted SFY 2011-12 budget reduced the State contribution for room and board costs of children placed by the Department of Education's Committee on Special Education by 50%, from 38% to 18.5%, at a cost to the City of \$17.4 million in 2012.

**Summary of Agency Financial Data**

The following table compares the 2012 Executive Budget with the 2012 Preliminary Budget, the 2011 forecast and actual expenditures for 2010, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

**Summary of Agency Financial Data**  
(\$ in 000's)

	2010 Actual	2011 Forecast	2012		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2011 Forecast	2012 Preliminary Budget
<b>Expenditures</b>						
Salary and Wages.....	\$388,889	\$359,819	\$392,873	\$402,867	\$43,048	\$9,994
Fringe Benefits.....	97	80	—	—	(80)	—
OTPS.....	2,488,445	2,405,965	2,317,857	2,349,307	(56,658)	31,450
Total.....	<u>\$2,877,431</u>	<u>\$2,765,864</u>	<u>\$2,710,730</u>	<u>\$2,752,174</u>	<u>(\$13,690)</u>	<u>\$41,444</u>
<b>Funding</b>						
City.....	\$710,426	\$686,596	\$856,594	\$820,543	\$133,947	(\$36,051)
Other Categorical Grants.....	193	739	641	641	(98)	—
IFA.....	—	—	—	—	—	—
State.....	760,099	672,777	605,865	652,826	(19,951)	46,961
Federal CD.....	3,292	3,292	3,292	3,292	—	—
Federal Other.....	1,351,560	1,352,215	1,243,180	1,273,763	(78,452)	30,583
Intra-City Other.....	51,861	50,245	1,158	1,109	(49,136)	(49)
Total.....	<u>\$2,877,431</u>	<u>\$2,765,864</u>	<u>\$2,710,730</u>	<u>\$2,752,174</u>	<u>(\$13,690)</u>	<u>\$41,444</u>
<b>Additional Costs Centrally Funded</b>						
Personal Services (PS).....						
Fringe Benefits.....	\$114,170	\$109,523	\$130,849	\$130,319	\$20,796	(\$530)
Pensions.....	49,275	54,935	69,981	67,027	12,092	(2,954)
Other Than Personal Service (OTPS)						
Legal Services.....	3,036	3,006	3,262	3,277	271	15
Judgments and Claims.....	754	1,141	1,943	1,854	713	(89)
Debt Service.....	—	—	—	—	—	—
Total Additional Costs.....	<u>\$167,235</u>	<u>\$168,605</u>	<u>\$206,035</u>	<u>\$202,477</u>	<u>\$33,872</u>	<u>(\$3,558)</u>
<b>Funding</b>						
City.....	74,583	128,612	165,735	160,384	31,772	(5,351)
Non-City.....	92,652	39,993	40,300	42,093	2,100	1,793
<b>Full Agency Costs (including Central Accounts)</b>						
Salary and Wages.....	\$388,889	\$359,819	\$392,873	\$402,867	\$43,048	\$9,994
Fringe Benefits.....	114,267	109,603	130,849	130,319	20,716	(530)
Pensions.....	49,275	54,935	69,981	67,027	12,092	(2,954)
Total PS.....	<u>\$552,431</u>	<u>\$524,357</u>	<u>\$593,703</u>	<u>\$600,213</u>	<u>\$75,856</u>	<u>\$6,510</u>
OTPS.....	\$2,488,445	\$2,405,965	\$2,317,857	\$2,349,307	(\$56,658)	\$31,450
Legal Services.....	3,036	3,006	3,262	3,277	271	15
Judgments and Claims.....	754	1,141	1,943	1,854	713	(89)
Debt Service.....	—	—	—	—	—	—
Total OTPS.....	<u>\$2,492,235</u>	<u>\$2,410,112</u>	<u>\$2,323,062</u>	<u>\$2,354,438</u>	<u>(\$55,674)</u>	<u>\$31,376</u>
Total Agency Costs.....	\$3,044,666	\$2,934,469	\$2,916,765	\$2,954,651	\$20,182	\$37,886
Less Intra-City.....	<u>\$51,861</u>	<u>\$50,245</u>	<u>\$1,158</u>	<u>\$1,109</u>	<u>(\$49,136)</u>	<u>(\$49)</u>
Net Agency Cost.....	<u>\$2,992,805</u>	<u>\$2,884,224</u>	<u>\$2,915,607</u>	<u>\$2,953,542</u>	<u>\$69,318</u>	<u>\$37,935</u>
<b>Funding</b>						
City.....	785,009	815,208	1,022,329	980,927	165,719	(41,402)
Non-City.....	2,207,796	2,069,016	1,893,278	1,972,615	(96,401)	79,337
<b>Personnel (includes FTEs at fiscal year-end)</b>						
City.....	5,845	5,891	6,199	6,398	507	199
Non-City.....	47	166	168	166	—	(2)
Total.....	<u>5,892</u>	<u>6,057</u>	<u>6,367</u>	<u>6,564</u>	<u>507</u>	<u>197</u>

## **Programmatic Review and Service Impact**

### *Division for Child Protection (DCP)*

DCP investigates allegations of child abuse and neglect and makes determinations about the safety and risk to children. The Agency monitors children and families in court-ordered supervision cases until it is determined whether children may remain safely in their homes or must be placed in foster care. Protective Services also conducts family-team conferences to bring caseworkers, parents, relatives and service providers together to ensure that service and placement decisions are based on all available information and perspectives.

The protective/diagnostic unit of DCP is the core unit tasked with investigating the majority of the approximately 65,000 cases of abuse and neglect that are reported to ACS each year. Protective/diagnostic field offices are located in each of the five boroughs and child protective personnel oversee more than 12,000 active cases on average throughout the year.

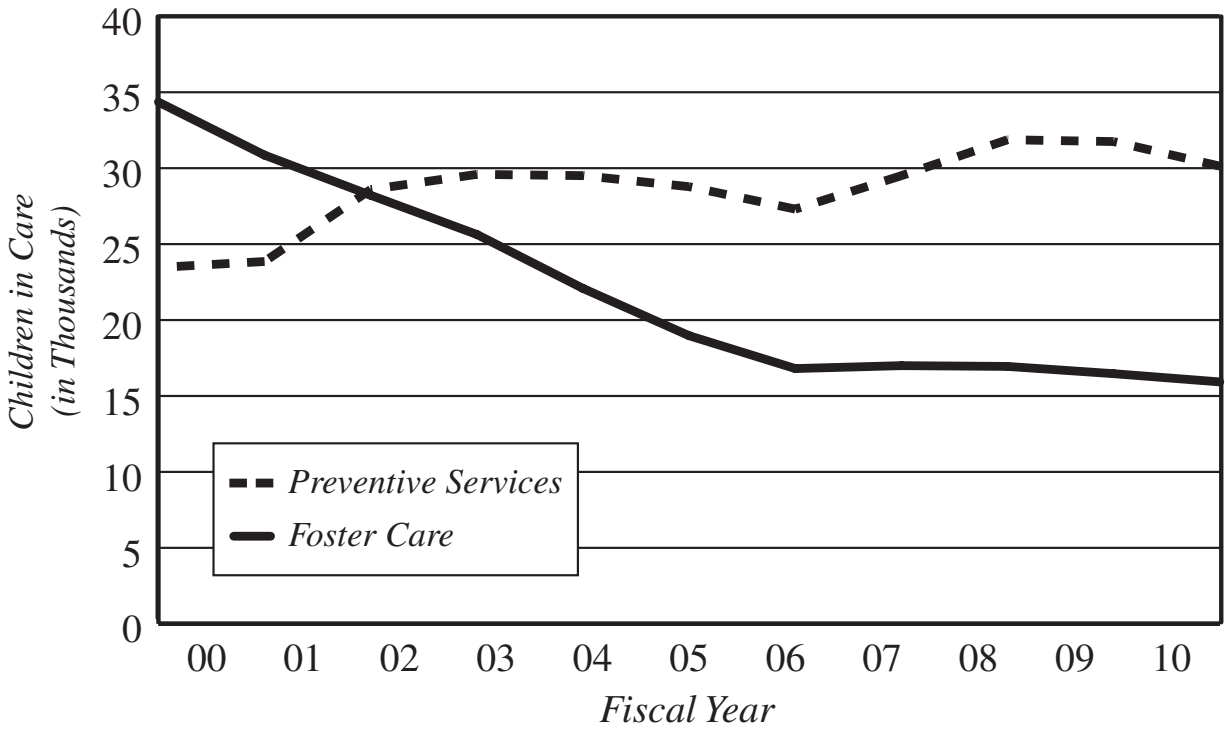
### *Preventive Services for Children and Families*

The Department provides both direct and contracted preventive services designed to prevent foster care placement and reduce the time that children spend in foster care. Preventive services include general preventive services, specialized programs for adolescents, programs for youth with juvenile justice involvement, the Family Treatment/Rehabilitation Program (FT/R) for families with substance abuse issues, and programs for families with other special needs.

In 2012, ACS will transition to a new portfolio of preventive provider contracts that encourage family connections to community based services and place a strong emphasis on community ties and supports. Services include parenting education, domestic violence counseling, housing subsidies, employment and job training services, substance abuse treatment and assistance with mental health issues.

As part of the new model, the Family Rehabilitation Program will be expanded to include families with a member who has a mental illness. ACS will also introduce specialized services for children with service needs that require specific expertise and interventions. The new model will also encourage an average 12-month service period to increase the availability of services to more families in need.

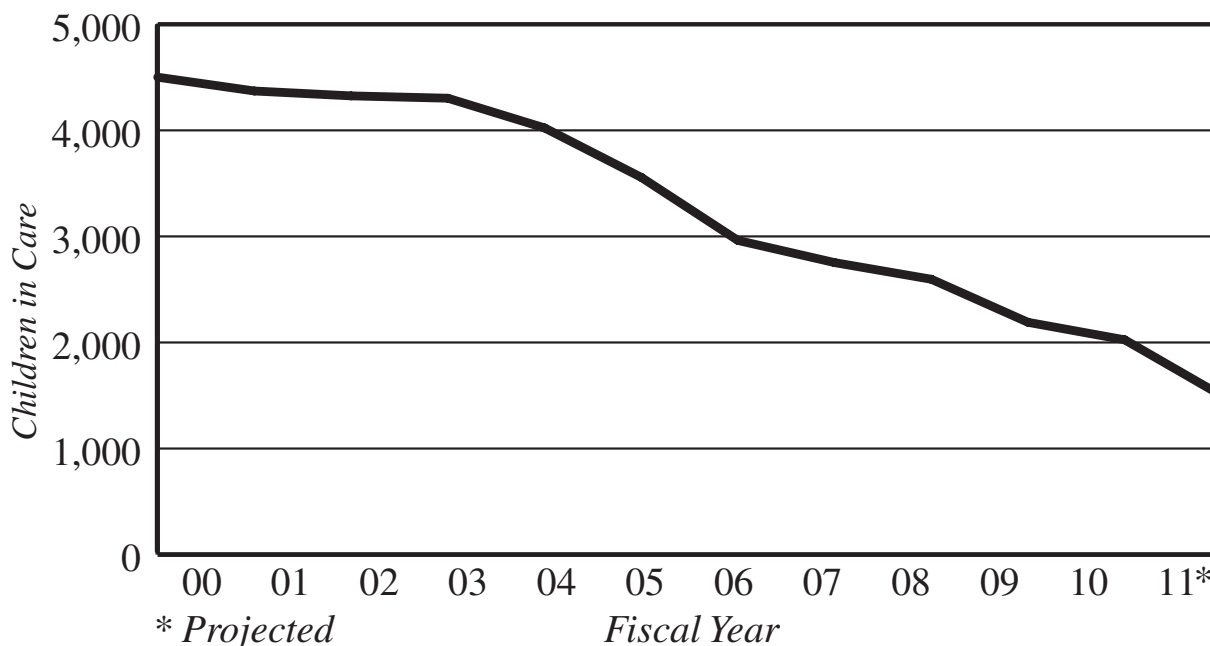
## CHILDREN IN FOSTER CARE AND PREVENTIVE SERVICES 2000-2010



### *Foster Care*

Placements in foster boarding homes, congregate settings or specialized residential care facilities are provided on a temporary basis until children can be reunified with their families. If reunification is not an option, children receive services that will lead to adoption or development of independent living skills. In 2010, 15,926 children on average were living in out-of-home placements, a three percent decline since 2009. During this same period, the number of children in congregate residential settings declined by 32 percent, from 2,190 to 1,500, due to the Department's continued efforts to place children in family settings whenever possible.

## RESIDENTIAL CASELOAD 2000-2011



*Note: Residential caseload includes foster children and adjudicated juvenile delinquents in congregate settings operated by private not-for-profit agencies.*

### *Adoption Services*

Adoption provides a stable and permanent home for children who cannot return to their birth parents. In 2011, approximately 28,000 children were living in adoptive homes. ACS's efforts to recruit adoptive parents, including the adoption hotline and the award winning "Wednesday's Child" television segment, have contributed to sustained placements of children in adoptive homes, even as the foster care population continues to decline.

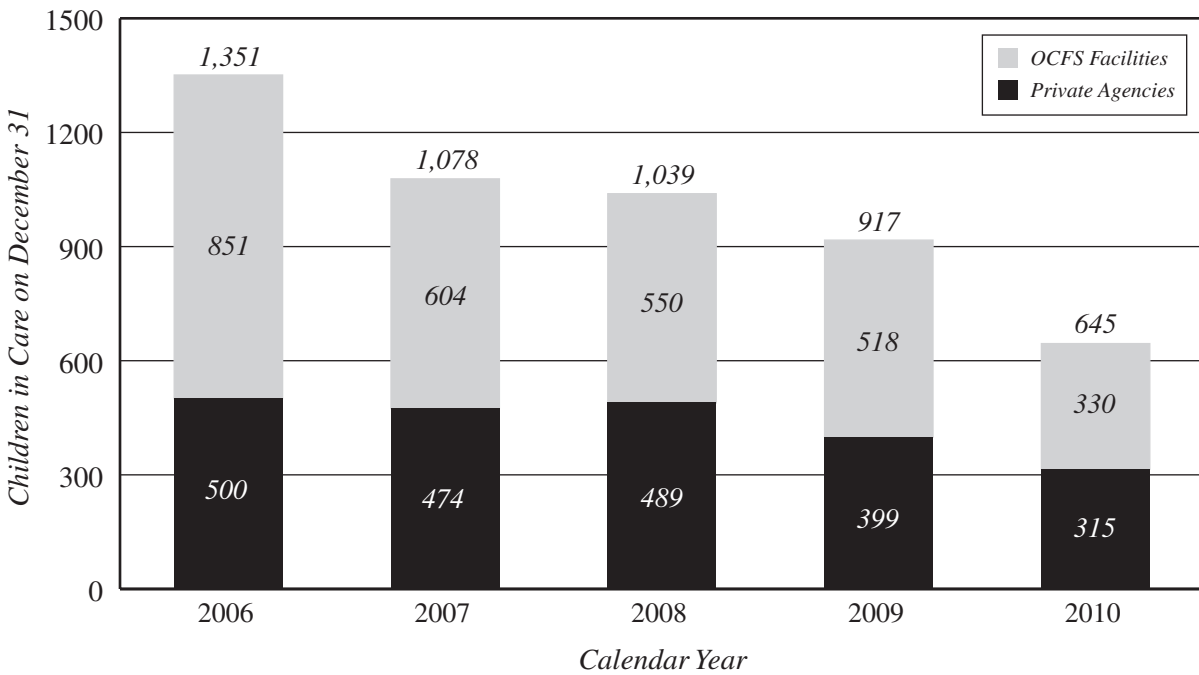
### *Division of Youth and Family Justice*

The Division of Youth and Family Justice (DYFJ) provides secure and non-secure detention services for alleged juvenile delinquents and offenders whose cases are pending in Family or Criminal Court and present a risk to public safety. Approximately 13,000 juveniles are arrested annually and more than 5,000 are admitted to detention, where they receive education, health and mental health care, recreation, and case management services. In 2011, due to juvenile justice reform efforts, including development of a new risk assessment instrument, the average daily population was 13 percent lower in secure and 24 percent lower in non-secure detention than the same period in 2010. As a result, ACS closed the Bridges Juvenile Center in March 2011, leaving two directly-operated secure detention facilities. Non-secure detention services are provided through a network of three City-operated and 13 contracted group homes.

At the disposition of cases, approximately 2,000 youth receive probation, 500 are placed in Alternative-to-Placement (ATP) programs, and 900 are adjudicated to residential placement with the State's Office of Children and Family Services (OCFS) or in private residential facilities. The costs associated with OCFS residential placements are shared equally by the State and City; but despite a steady decline in residential placements over the past 10 years, City savings have not been realized because OCFS has maintained an inventory of empty beds instead of downsizing system capacity, shifting costs to local districts.



## JUVENILES IN RESIDENTIAL PLACEMENT 2006-2010



### *Division of Child Care and Head Start*

The Division of Child Care and Head Start provides quality child care services that enhance child development and assist families in achieving and maintaining self-sufficiency. Subsidized child care is targeted to low-income working families, public assistance recipients who are employed or engaged in work activities, and families receiving child welfare services.

ACS provides access to child care through contracts with not-for-profit organizations and through vouchers issued to parents, which may be used to purchase care in both formal and informal settings. Formal child care settings include child care centers and group family day care homes registered and/or licensed by the Department of Health and Mental Hygiene (DOHMH). Informal settings include care provided in the child's own home or the homes of family, friends or neighbors. Head Start, a federally funded program that offers comprehensive early childhood care for pre-school aged children, is provided through 71 delegate agencies at 175 Head Start Centers. As of February 2011, more than 122,000 children were enrolled in child care Citywide, including approximately 19,000 in Head Start programs.

Ongoing collaborative efforts between ACS and the Department of Education have expanded Universal Pre-Kindergarten (UPK) programming to almost 17,000 children in Child Care and Head Start contracted centers. UPK funding supports enhancements such as classroom supplies, instructional materials, field trips, and educational consultants.

## Capital Review

The 2012-2021 Ten-Year Capital Strategy totals \$105.8 million, which includes \$2.1 million for child welfare facilities, \$26.2 million for child care facilities, \$29.0 million for administrative offices and \$48.5 million for information systems. The Ten-Year Capital Strategy for Juvenile Justice totals \$5.8 million, which includes \$5.4 million for construction and renovation projects at secure and non-secure juvenile detention sites.

The table below reflects capital commitments by program area over the 2012-2015 period for ACS, excluding Juvenile Justice.

### Capital Commitments

(\$ in 000's)

	2010 Actual		2011 Plan		2012 Plan		2013 Plan		2014 Plan		2015 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Child Welfare.....	\$21	\$21	\$3,754	\$3,754	\$2,128	\$2,128	\$0	\$0	\$0	\$0	\$0	\$0
Child Care.....	715	715	3,802	3,802	3,710	3,710	4,469	4,469	1,807	1,807	1,838	1,838
Buildings.....	572	1,074	5,276	9,771	2,192	2,696	8,637	10,341	847	1,591	752	1,576
MIS.....	3,658	4,697	49,739	59,963	9,627	10,722	10,704	13,131	3,310	3,731	2,860	3,421
Total.....	<u>\$4,924</u>	<u>\$6,465</u>	<u>\$62,571</u>	<u>\$77,290</u>	<u>\$17,657</u>	<u>\$19,256</u>	<u>\$23,810</u>	<u>\$27,941</u>	<u>\$5,964</u>	<u>\$7,129</u>	<u>\$5,450</u>	<u>\$6,835</u>

#### *Highlights of the Four-Year Capital Plan*

- \$15.5 million in the 2011 Capital budget will support development of the Juvenile Access Support System (JASS), to track and monitor services provided to juveniles under the Department's care.
- \$21.1 million will support the development of a new information technology system to track and monitor early childhood services provided by ACS and other City agencies. The new system will improve eligibility, payment and claiming processes.
- \$12.4 million will support renovations of ACS administrative and field offices.
- \$11.8 million will support renovations of child care centers Citywide to correct code violations and provide for handicapped accessibility.

## DEPARTMENT OF YOUTH AND COMMUNITY DEVELOPMENT

The Department of Youth and Community Development (DYCD) supports programs for families and youth in neighborhoods throughout the five boroughs. DYCD provides a wide range of high-quality youth and community development programs, including Out-of-School Time, Beacon Community Centers, Cornerstone Programs at NYCHA Community Centers, the Summer Youth Employment Program, Runaway and Homeless Youth Outreach, Fatherhood Programs, and Adolescent Literacy Services.

DYCD is also the designated Community Action Agency for New York City, which is the local grantee for the Federal Community Services Block Grant (CSBG). CSBG funding supports a variety of programs that promote self sufficiency and healthy communities.

### Financial Review

The Department's 2012 Executive Budget provides for operating expenses of \$259.2 million, of which \$153.9 million are City funds.

### Expense Budget Highlights

#### *Budgetary Priorities: Providing Core Services*

- in 2012, \$10.2 million in City funds will support youth and community programs at New York City Housing Authority (NYCHA) sites through the agency's Cornerstone Initiative, including the projected opening of a community center at the Johnson Houses in Manhattan.
- in 2012, a projected \$32.8 million in total funds will support nearly 22,000 slots in the Summer Youth Employment Program (SYEP).

#### *State Budget Impact*

- in 2012, State support for Runaway and Homeless Youth programs will be reduced from \$1.8 million to \$930 thousand, a decline of 48 percent. In 2013, when these reductions are fully phased-in, funding will decrease by \$1.1 million, or 59 percent. This will reduce funding for drop in centers, eliminate the street outreach program, and decrease residential beds for homeless youth.
- in 2012, State funding for the Youth Development and Delinquency Prevention (YDDP) program, which in New York City supports the Out of School Time program, will fall from \$7.8 million to \$4.7 million. This will result in the elimination of over 2,000 elementary and middle school slots in 2012. State YDDP reductions in 2013 will increase to \$4.2 million.

### Summary of Agency Financial Data

The following table compares the 2012 Executive Budget with the 2012 Preliminary Budget, the 2011 forecast and actual expenditures for 2010, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

**Summary of Agency Financial Data**  
(\$ in 000's)

	2010 Actual	2011 Forecast	2012		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2011 Forecast	2012 Preliminary Budget
<b>Expenditures</b>						
Salary and Wages.....	\$27,372	\$28,294	\$26,151	\$26,528	(\$1,766)	\$377
Fringe Benefits.....	—	—	—	—	—	—
OTPS.....	378,527	332,561	231,675	232,705	(99,856)	1,030
Total.....	<u>\$405,899</u>	<u>\$360,855</u>	<u>\$257,826</u>	<u>\$259,233</u>	<u>(\$101,622)</u>	<u>\$1,407</u>
<b>Funding</b>						
City.....	\$220,245	\$223,490	\$157,422	\$153,924	(\$69,566)	(\$3,498)
Other Categorical Grants.....	—	2,000	—	—	(2,000)	—
IFA.....	—	—	—	—	—	—
State.....	10,644	8,196	9,242	5,624	(2,572)	(3,618)
Federal CD.....	8,272	8,306	7,931	7,931	(375)	—
Federal Other.....	143,372	93,127	57,716	66,239	(26,888)	8,523
Intra-City Other.....	23,366	25,736	25,515	25,515	(221)	—
Total.....	<u>\$405,899</u>	<u>\$360,855</u>	<u>\$257,826</u>	<u>\$259,233</u>	<u>(\$101,622)</u>	<u>\$1,407</u>
<b>Additional Costs Centrally Funded</b>						
Personal Services (PS).....						
Fringe Benefits.....	\$7,779	\$8,029	\$8,057	\$8,027	(\$2)	(\$30)
Pensions.....	3,162	3,525	4,406	4,220	695	(186)
Other Than Personal Service (OTPS)						
Legal Services.....	74	242	278	248	6	(30)
Judgments and Claims.....	3	236	258	246	10	(12)
Debt Service.....	—	—	—	—	—	—
Total Additional Costs.....	<u>\$11,018</u>	<u>\$12,032</u>	<u>\$12,999</u>	<u>\$12,741</u>	<u>\$709</u>	<u>(\$258)</u>
<b>Funding</b>						
City.....	9,986	11,284	12,634	12,375	1,091	(259)
Non-City.....	1,032	748	365	366	(382)	1
<b>Full Agency Costs (including Central Accounts)</b>						
Salary and Wages.....	\$27,372	\$28,294	\$26,151	\$26,528	(\$1,766)	\$377
Fringe Benefits.....	7,779	8,029	8,057	8,027	(2)	(30)
Pensions.....	3,162	3,525	4,406	4,220	695	(186)
Total PS.....	<u>\$38,313</u>	<u>\$39,848</u>	<u>\$38,614</u>	<u>\$38,775</u>	<u>(\$1,073)</u>	<u>\$161</u>
OTPS.....	378,527	332,561	231,675	232,705	(99,856)	1,030
Legal Services.....	74	242	278	248	6	(30)
Judgments and Claims.....	3	236	258	246	10	(12)
Debt Service.....	—	—	—	—	—	—
Total OTPS.....	<u>\$378,604</u>	<u>\$333,039</u>	<u>\$232,211</u>	<u>\$233,199</u>	<u>(\$99,840)</u>	<u>\$988</u>
Total Agency Costs.....	\$416,917	\$372,887	\$270,825	\$271,974	(\$100,913)	\$1,149
Less Intra-City.....	<u>\$23,366</u>	<u>\$25,736</u>	<u>\$25,515</u>	<u>\$25,515</u>	<u>(\$221)</u>	<u>\$—</u>
Net Agency Cost.....	<u>\$393,551</u>	<u>\$347,151</u>	<u>\$245,310</u>	<u>\$246,459</u>	<u>(\$100,692)</u>	<u>\$1,149</u>
<b>Funding</b>						
City.....	230,230	234,774	170,056	166,299	(68,475)	(3,757)
Non-City.....	163,321	112,377	75,254	80,160	(32,217)	4,906
<b>Personnel (includes FTEs at fiscal year-end)</b>						
City.....	330	319	310	310	(9)	—
Non-City.....	94	98	74	74	(24)	—
Total.....	<u>424</u>	<u>417</u>	<u>384</u>	<u>384</u>	<u>(33)</u>	<u>—</u>

## **Programmatic Review and Service Impact**

### *Out-of-School Time (OST)*

The Out-of-School (OST) program, which began in 2005, provides a mix of academic, recreational and cultural activities for young people after school, during holidays and in the summer. These programs, which are operated by 142 community-based organizations, are located in schools, community and religious centers, settlement houses, cultural organizations, libraries, public housing, and Parks Department facilities. In 2012, OST will operate 383 programs in neighborhoods across the city and is projected to serve more than 42,000 children.

### *Beacon Community Centers*

These collaborative, school-based community centers were pioneered in the early 1990s and replicated nationally. The Beacon model combines a youth development framework with a strong community focus and is recognized as a flagship for positive youth development. Beacons focus on middle school students receiving academic enhancement, life skills, career awareness/school to work transition, civic engagement/community building, recreation/health and fitness, and culture/art. In 2011, Beacons served approximately 93,000 participants.

### *Cornerstone Program*

Cornerstone programs provide activities year-round for adults and young people at 25 New York City Housing Authority (NYCHA) Community Centers throughout the five boroughs. Cornerstone youth programs are designed to help participants acquire the skills they need to graduate from high school, succeed in their chosen careers, and give back to the community. In 2012, the program will serve 5,467 participants.

### *Youth Workforce Development*

The Summer Youth Employment Program (SYEP) provides New York City youth between the ages of 14 and 24 with summer employment and educational experiences. Participants work in a variety of entry-level jobs at community-based organizations, government agencies and private sector businesses and are paid for up to 25 hours per week for seven weeks at \$7.25 per hour. Program enhancements begun in 2010 will continue to focus on vulnerable youth, including children in foster care or involved in the juvenile justice system. City funds of \$20.7 million will support more than 13,000 SYEP slots, and will be supplemented by a projected \$5.0 million in Federal CSBG and WIA funding. DYCD will also receive \$8.5 million of additional funding through the State Temporary Assistance for Needy Families (TANF) program. In total, these funds will support approximately 22,000 participants in 2012.

The Department also provides employment services through Federal Workforce Investment Act (WIA) funding. Programs for In-School Youth (ISY) improve literacy, job readiness, and other workplace preparation skills. Programs for Out-of-School Youth (OSY) focus on educational goals and placement in employment or advanced occupational training. In 2012, the Department projects that OSY will serve 1,328 youth, and that ISY will serve 1,360 youth.

### *Runaway and Homeless Youth Services*

DYCD funds programs to protect runaway and homeless youth and, whenever possible, reunite them with their families. For youth in need of intensive residential assistance, Crisis Shelters offer safe and welcoming environments on a short-term basis, while Transitional Independent Living facilities combine longer-term shelter with training and support designed to place formerly homeless youth on the path to independence. Charged with giving vulnerable young people the resources they need to stabilize their lives, services also include Referral Services and Drop-In Centers. In 2012, DYCD will provide funding for 47 crisis shelter beds serving 660 youth and 59 Transitional Independent beds serving 118 youth. These programs will also be supplemented by drop in

services. The reduction in State funding may eliminate up to 18 crisis shelter beds that can serve 253 youth and will eliminate the Street Outreach program. Street Outreach serves youth under 21 and provides transportation from unsafe places to a safe environment including family, another safe home, or a Crisis Shelter.

#### *Literacy Services*

In 2012, Adult Literacy services will be supported by a projected \$2.0 million in Community Services Block Grant and Community Development Block Grant funding. The literacy services will provide English for Speakers of Other Languages (ESOL), Adult Basic Education, and General Education Development (GED) Courses to over 2,350 adults.

The DYCD Adolescent Literacy program partners with community organizations in 11 middle schools to help sixth, seventh and eighth graders improve reading, writing and communication skills in an afterschool setting. In this program, 250 students work on engaging projects, such as playwriting or technology, as they build their literacy skills. Family Literacy, which provided service to approximately 300 families in 2011, will be eliminated in 2012.

#### *Neighborhood Development Programs*

DYCD administers the Federal Community Services Block Grant program to fund anti-poverty initiatives in 43 designated low-income Neighborhood Development Areas (NDAs) across the five boroughs of New York City. The NDA programs are designed to allow individual neighborhoods to fund the social services they determine best meet their particular needs. In 2011, the Department allocated \$15.7 million to these programs, which provided immigrant services, family support services, youth development, senior support, and housing assistance.

#### *Fatherhood Programs*

By promoting positive involvement of fathers in the lives of their children, DYCD's 16 CSBG-funded Fatherhood programs strengthen family relationships and encourage fathers to fulfill their financial responsibilities. Fatherhood services include individual, family and group counseling; father-to-father mentoring; parent and child rearing classes; visitation arrangements; and mediation and conflict resolution training. Support activities include independent living skills training, college preparation classes, and adult basic education and English instruction for speakers of other languages. DYCD also encourages program providers to form linkages with other organizations to address the comprehensive needs of fathers, including job training and placement, health care, and housing.

**AGENCY TOTAL EXPENDITURES 2003-2010**



*Note: Total funds increased between 2009 and 2010 due to Recovery Act funds. City funds declined due to reductions in the Summer Youth Employment and Out of School Time programs.*

## DEPARTMENT OF HOMELESS SERVICES

The Department of Homeless Services (DHS) provides programs and services for homeless families and single adults. These include transitional housing, outreach and drop-in services, homelessness prevention, and placement into permanent housing.

In 2012, the Department will continue to utilize innovative strategies to reduce the length of shelter stay and assist families and individuals achieve self sufficiency in permanent housing. DHS will also provide targeted assistance to individuals with medical, substance abuse, and mental health issues so that they successfully move off the City's streets and into housing.

### Financial Review

The Department's 2012 Executive Budget provides for operating expenses of \$788.8 million, of which \$393.7 million are City funds, a decrease of \$17 million in City funds from the 2011 forecast. Capital commitments of \$32 million are also provided.

### Expense Budget Highlights

#### *Budgetary Priorities: Providing Core Services*

- since the 2011 Adopted Budget, \$62 million in City funds have been added to support adult shelter. The 2011 Executive Budget funds a total of 9,883 units of transitional housing for homeless adults in DHS shelters.

#### *Restructuring and Streamlining*

- completion of a new Family Intake Center in the Bronx will provide a modern facility specially designed to facilitate the eligibility and placement process for families with children seeking shelter.
- completion of a new client intake, referral, and case management system for families and single adults is expected to consolidate multiple data systems into a single system that, coupled with a new staffing model, will expedite the intake process and improve shelter management.
- housing small families with children in shared apartment-style units will create efficiencies in the family shelter system and reduce City costs by \$4.5 million in 2012 and \$9.1 million in 2013 and out.
- the expansion of homeless prevention services at single adult intake will allow applicants to remain in the community and avoid shelter and will produce \$2.0 million in City savings in 2012 and out.

#### *State Budget Impact*

- the enacted State Fiscal Year (SFY) 2011-12 budget terminated the State's financial participation in the Advantage rental assistance program, which provides time limited rental assistance to 15,000 formerly homeless families and individuals who are working or disabled.
- the State reduced already capped funding for adult shelter by \$15.7 million. The Adult Shelter Cap will decline from \$84.7 to \$69 million, while the population of homeless men and women is at a 20 year high.

### Summary of Agency Financial Data



**Summary of Agency Financial Data**  
**(\$ in 000's)**

	2010 Actual	2011 Forecast	2012		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2011 Forecast	2012 Preliminary Budget
<b>Expenditures</b>						
Salary and Wages.....	\$118,969	\$117,943	\$115,155	\$114,094	(\$3,849)	(\$1,061)
Fringe Benefits.....	1,368	1,487	1,482	1,482	(5)	—
OTPS.....	821,648	928,124	687,322	673,227	(254,897)	(14,095)
Total.....	<u>\$941,985</u>	<u>\$1,047,554</u>	<u>\$803,959</u>	<u>\$788,803</u>	<u>(\$258,751)</u>	<u>(\$15,156)</u>
<b>Funding</b>						
City.....	\$373,743	\$410,255	\$423,728	\$393,711	(\$16,544)	(\$30,017)
Other Categorical Grants.....	654	—	—	—	—	—
IFA.....	—	—	—	—	—	—
State.....	200,308	149,257	192,285	106,608	(42,649)	(85,677)
Federal CD.....	13,074	5,866	4,553	4,553	(1,313)	—
Federal Other.....	208,251	282,694	180,529	281,067	(1,627)	100,538
Intra-City Other.....	145,955	199,482	2,864	2,864	(196,618)	—
Total.....	<u>\$941,985</u>	<u>\$1,047,554</u>	<u>\$803,959</u>	<u>\$788,803</u>	<u>(\$258,751)</u>	<u>(\$15,156)</u>
<b>Additional Costs Centrally Funded</b>						
Personal Services (PS).....						
Fringe Benefits.....	\$38,033	\$38,616	\$38,585	\$39,477	\$861	\$892
Pensions.....	14,759	16,454	19,368	18,551	2,097	(817)
Other Than Personal Service (OTPS)						
Legal Services.....	969	824	881	845	21	(36)
Judgments and Claims.....	1,649	825	903	862	37	(41)
Debt Service.....	—	—	—	—	—	—
Total Additional Costs.....	<u>\$55,410</u>	<u>\$56,719</u>	<u>\$59,737</u>	<u>\$59,735</u>	<u>\$3,016</u>	<u>(\$2)</u>
<b>Funding</b>						
City.....	41,309	44,029	48,454	48,336	4,307	(118)
Non-City.....	14,101	12,690	11,283	11,399	(1,291)	116
<b>Full Agency Costs (including Central Accounts)</b>						
Salary and Wages.....	\$118,969	\$117,943	\$115,155	\$114,094	(\$3,849)	(\$1,061)
Fringe Benefits.....	39,401	40,103	40,067	40,959	856	892
Pensions.....	14,759	16,454	19,368	18,551	2,097	(817)
Total PS.....	<u>\$173,129</u>	<u>\$174,500</u>	<u>\$174,590</u>	<u>\$173,604</u>	<u>(\$896)</u>	<u>(\$986)</u>
OTPS.....	\$821,648	\$928,124	\$687,322	\$673,227	(\$254,897)	(\$14,095)
Legal Services.....	969	824	881	845	21	(36)
Judgments and Claims.....	1,649	825	903	862	37	(41)
Debt Service.....	—	—	—	—	—	—
Total OTPS.....	<u>\$824,266</u>	<u>\$929,773</u>	<u>\$689,106</u>	<u>\$674,934</u>	<u>(\$254,839)</u>	<u>(\$14,172)</u>
Total Agency Costs.....	\$997,395	\$1,104,273	\$863,696	\$848,538	(\$255,735)	(\$15,158)
Less Intra-City.....	<u>\$145,955</u>	<u>\$199,482</u>	<u>\$2,864</u>	<u>\$2,864</u>	<u>(\$196,618)</u>	<u>\$—</u>
Net Agency Cost.....	<u>\$851,440</u>	<u>\$904,791</u>	<u>\$860,832</u>	<u>\$845,674</u>	<u>(\$59,117)</u>	<u>(\$15,158)</u>
<b>Funding</b>						
City.....	415,052	454,284	472,182	442,047	(12,237)	(30,135)
Non-City.....	436,388	450,507	388,650	403,627	(46,880)	14,977
<b>Personnel (includes FTEs at fiscal year-end)</b>						
City.....	1,832	1,883	1,884	1,867	(16)	(17)
Non-City.....	95	130	31	48	(82)	17
Total.....	<u>1,927</u>	<u>2,013</u>	<u>1,915</u>	<u>1,915</u>	<u>(98)</u>	<u>—</u>

## **Programmatic Review and Service Impact**

### *Single Adult Services*

The Department provides a variety of services for homeless single adults, including street outreach, safe havens, drop-in centers and stabilization beds for those who do not embrace traditional shelter; general and specialized transitional facilities; and housing assistance, including housing placement and supportive housing. In March 2011, the average daily census in single adult shelters was 8,844, an increase of 16 percent over the same month in 2010 when the average census was 7,597.

The Department also maintains a commitment to low demand housing and other alternative program options for individuals living on the streets. In 2012, DHS will continue to operate 482 safe haven beds and 300 stabilization beds as well as four drop-in centers. In March 2011, an average of 435 clients were served each day in safe havens and 558 were served in drop-in centers.

DHS and the U.S. Department of Veterans Affairs (VA) jointly operate a Multi-Service Center, which places homeless veterans into short-term or permanent housing and links them with VA benefits and other appropriate resources. In addition, DHS refers veterans to not-for-profit providers who receive funding directly from the VA to serve homeless veterans. DHS also works with the VA and the New York City Housing Authority to utilize HUD's Veteran's Affairs Supporting Housing (VASH) vouchers allocated to New York City.

In January 2011, the Department sponsored the seventh annual Homeless Outreach Population Estimate (HOPE) to measure progress in reducing street homelessness. HOPE 2011 estimated that 2,648 individuals were sleeping on City streets, 463 fewer than in 2010 and 1,747 fewer than in 2005, the first year of the HOPE survey. The ratio of street homeless individuals to the City's population as a whole (1 in 3,087) remains one of the lowest of any major city in the country.

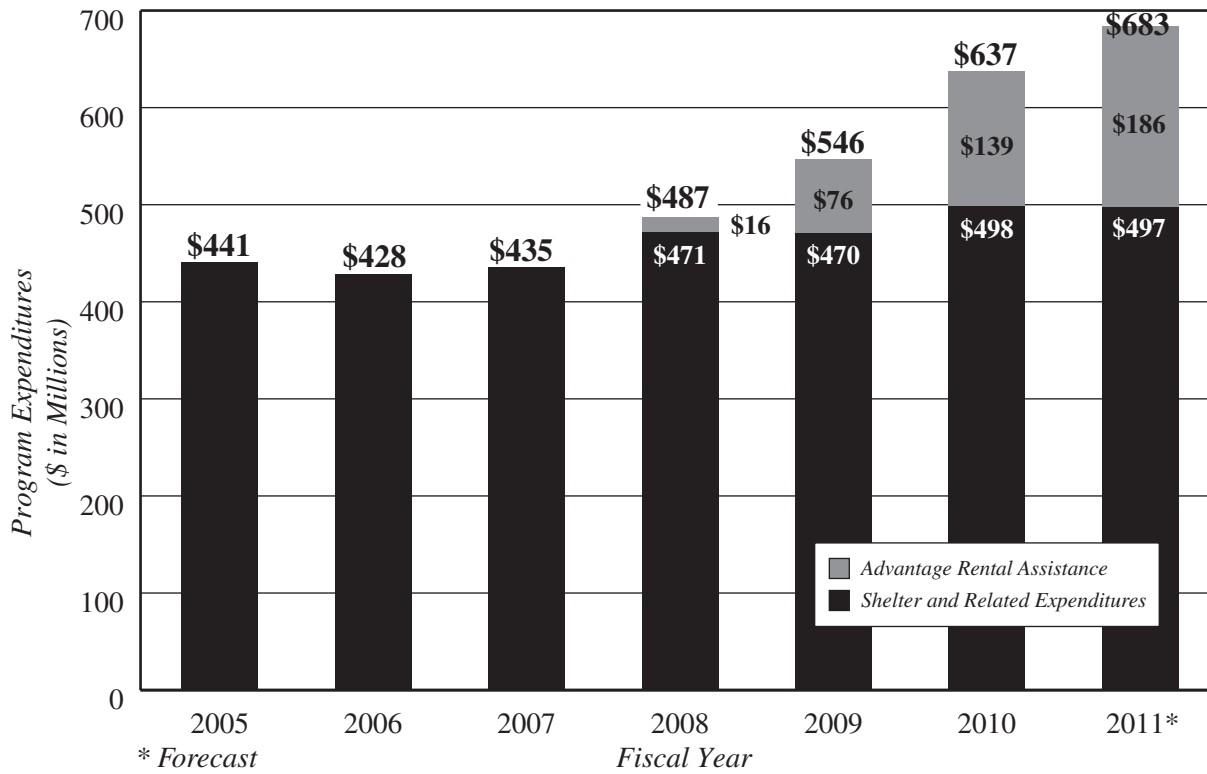
### *Family Services*

The Department serves homeless families through a network of facilities that provide families with transitional housing and supportive services designed to help them move to permanent housing and self sufficiency. DHS's goal is to minimize the disruptions associated with homelessness for shelter residents and to maximize family stability. The average length of time homeless families with children spend in shelter declined six percent, from 274 days in February 2009, to 258 days in February 2011. From March 2010 to March 2011, the families with children census declined four percent from 8,639 to 8,317.

At the end of 2010, the Department launched an income savings program to support families in their efforts to work and save. Working families are required to make monthly contributions to an interest-bearing savings account that they can access after moving out of shelter and into permanent housing.

In 2011, DHS revised the Advantage rental assistance program to strengthen its focus on employment and better target it to families that demonstrate the strongest potential for self-sufficiency. Advantage rewarded work and provided families with an opportunity to leave shelter and stabilize in the community. However, as part of the enacted SFY 2011-12 budget, New York State abruptly terminated its financial participation in the program. As a result, DHS stopped enrolling new families in March 2011.

## HOMELESS FAMILIES - PROGRAM EXPENDITURES: 2005-2011



### Homelessness Prevention

The Homebase program is a network of not-for-profit organizations that provide homelessness prevention services. Twelve Homebase offices across the city provide a comprehensive continuum of services targeted to households at risk of homelessness, families in shelter, and former shelter residents placed in permanent housing. Since its inception in 2004, the program has served over 30,000 families and individuals, and over 90 percent of those served have avoided entering shelter. The Department also funds anti-eviction legal services, through nine not-for-profit organizations in all five boroughs, that help over 6,000 families a year avoid eviction and remain stably housed in their community.

## Capital Review

The Ten-Year Capital Strategy for 2012-21 totals \$78.2 million, including \$32.7 million for homeless family facilities, \$30.0 million for single adult facilities, and \$15.4 million allocated for computer systems and equipment purchases. The table below reflects capital commitments by program area over the 2011-2015 period.

### Capital Commitments

(\$ in 000's)

	2010 Actual		2011 Plan		2012 Plan		2013 Plan		2014 Plan		2015 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Homeless Families.....	\$8,510	\$8,510	\$17,394	\$17,394	\$17,308	\$17,308	\$3,657	\$3,657	\$4,116	\$4,116	\$7,244	\$7,244
Homeless Individuals.....	4,932	4,932	13,800	13,800	10,445	10,445	5,128	5,128	6,034	6,034	6,030	6,030
Equipment and Vehicles.....	0	0	215	215	382	382	250	250	256	256	264	264
Information Technology.....	20,282	20,282	12,069	12,069	3,950	3,950	6,100	6,100	400	400	1,600	1,600
Total.....	<u>\$33,725</u>	<u>\$33,725</u>	<u>\$43,478</u>	<u>\$43,478</u>	<u>\$32,085</u>	<u>\$32,085</u>	<u>\$15,135</u>	<u>\$15,135</u>	<u>\$10,806</u>	<u>\$10,806</u>	<u>\$15,138</u>	<u>\$15,138</u>

#### *Highlights of the Ten-Year Capital Plan*

- development of the \$18.9 million Client Assistance and Rehousing Enterprise System (CARES), a client intake, referral, and case management system that will streamline business processes, expedite case processing, and improve oversight and accountability through automated performance management (\$6.8 million in 2012-21).
- exterior and interior building upgrades at facilities for homeless families, including the HELP 1 Family Shelter (\$32.7 million).
- exterior and interior building upgrades at facilities for homeless adults, including the Park Avenue Armory (\$30.0 million).

## DEPARTMENT FOR THE AGING

The Department for the Aging (DFTA) administers a wide range of programs that enhance the independence and quality of life for the City's elderly population. The Department's services include the operation of senior centers, provision of home delivered and congregate meals, employment counseling and placement, case management, social and legal services, and home care services. DFTA serves as an advocate for the City's elderly population through legislative activity and public policy initiatives.

The Department also collaborates with City agencies and private partners to maximize seniors' access to all available resources. In 2012, DFTA will continue development of Community Innovations for Aging in Place, a program that focuses on seniors living in Naturally Occurring Retirement Communities (NORCs) who suffer from chronic illness or depression and who wish to remain in their own homes. Through its non-profit arm, the Aging in New York Fund, DFTA will continue to participate in the Time Bank NYC initiative with New York City Service. The program encourages volunteers to leverage their time and talents in exchange for credit in the bank. Participants earn an hour of credit for every hour volunteered, which can then be redeemed for service from other volunteers.

### Financial Review

The Department's 2012 Executive Budget provides for operating expenses of \$218.4 million, of which \$99.3 million are City funds. Capital funding of \$8.0 million is also provided.

### Expense Budget Highlights

#### *Restructuring and Streamlining*

- in 2012, DFTA will support ten new Innovative Senior Centers (ISC) based the on the new senior center program model. The ISC model will offer flexibility and community oriented programming to address the needs of older adults with a particular focus on health promotion programs. Eight of the centers are slated for the neediest community districts and two will target special needs such as Lesbian, Gay, Bi-sexual and Transgender seniors (LGBT) and hearing or visually impaired.
- in 2012, DFTA will work with its contracted case management agencies to restructure the program, which assesses and links homebound seniors with appropriate services. In order to mitigate the impact of a planned \$6.6 million funding reduction, DFTA will assist providers in managing their resources to focus higher levels of service to the neediest clients.

### Summary of Agency Financial Data

The following table compares the 2012 Executive Budget with the 2012 Preliminary Budget, the 2011 forecast and actual expenditures for 2010, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

**Summary of Agency Financial Data**  
(\$ in 000's)

	2010 Actual	2011 Forecast	2012		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2011 Forecast	2012 Preliminary Budget
<b>Expenditures</b>						
Salary and Wages.....	\$26,840	\$28,804	\$25,998	\$25,909	(\$2,895)	(\$89)
Fringe Benefits.....	—	—	410	410	410	—
OTPS.....	254,779	246,883	190,823	192,044	(\$4,839)	1,221
Total.....	<u>\$281,619</u>	<u>\$275,687</u>	<u>\$217,231</u>	<u>\$218,363</u>	<u>(\$57,324)</u>	<u>\$1,132</u>
<b>Funding</b>						
City.....	\$158,078	\$140,584	\$99,415	\$99,270	(\$41,314)	(\$145)
Other Categorical Grants.....	97	31	—	—	(31)	—
IFA.....	—	—	—	—	—	—
State.....	40,036	37,897	37,331	37,331	(566)	—
Federal CD.....	1,375	2,495	2,495	2,495	—	—
Federal Other.....	80,452	92,033	77,498	77,949	(14,084)	451
Intra-City Other.....	1,581	2,647	492	1,318	(1,329)	826
Total.....	<u>\$281,619</u>	<u>\$275,687</u>	<u>\$217,231</u>	<u>\$218,363</u>	<u>(\$57,324)</u>	<u>\$1,132</u>
<b>Additional Costs Centrally Funded</b>						
Personal Services (PS).....						
Fringe Benefits.....	\$6,998	\$7,017	\$7,236	\$7,124	\$107	(\$112)
Pensions.....	3,275	3,652	4,320	4,138	486	(182)
Other Than Personal Service (OTPS)						
Legal Services.....	28	44	54	45	1	(9)
Judgments and Claims.....	25	87	95	91	4	(4)
Debt Service.....	—	—	—	—	—	—
Total Additional Costs.....	<u>\$10,326</u>	<u>\$10,800</u>	<u>\$11,705</u>	<u>\$11,398</u>	<u>\$598</u>	<u>(\$307)</u>
<b>Funding</b>						
City.....	9,405	9,888	11,085	10,775	887	(310)
Non-City.....	921	912	620	623	(289)	3
<b>Full Agency Costs (including Central Accounts)</b>						
Salary and Wages.....	\$26,840	\$28,804	\$25,998	\$25,909	(\$2,895)	(\$89)
Fringe Benefits.....	6,998	7,017	7,646	7,534	517	(112)
Pensions.....	3,275	3,652	4,320	4,138	486	(182)
Total PS.....	<u>\$37,113</u>	<u>\$39,473</u>	<u>\$37,964</u>	<u>\$37,581</u>	<u>(\$1,892)</u>	<u>(\$383)</u>
OTPS.....	\$254,779	\$246,883	\$190,823	\$192,044	(\$54,839)	\$1,221
Legal Services.....	28	44	54	45	1	(9)
Judgments and Claims.....	25	87	95	91	4	(4)
Debt Service.....	—	—	—	—	—	—
Total OTPS.....	<u>\$254,832</u>	<u>\$247,014</u>	<u>\$190,972</u>	<u>\$192,180</u>	<u>(\$54,834)</u>	<u>\$1,208</u>
Total Agency Costs.....	\$291,945	\$286,487	\$228,936	\$229,761	(\$56,726)	\$825
Less Intra-City.....	<u>\$1,581</u>	<u>\$2,647</u>	<u>\$492</u>	<u>\$1,318</u>	<u>(\$1,329)</u>	<u>\$826</u>
Net Agency Cost.....	<u>\$290,364</u>	<u>\$283,840</u>	<u>\$228,444</u>	<u>\$228,443</u>	<u>(\$55,397)</u>	<u>(\$1)</u>
<b>Funding</b>						
City.....	167,483	150,472	110,500	110,045	(40,427)	(455)
Non-City.....	122,881	133,368	117,944	118,398	(14,970)	454
<b>Personnel (includes FTEs at fiscal year-end)</b>						
City.....	53	61	54	52	(9)	(2)
Non-City.....	847	935	758	757	(178)	(1)
Total.....	<u>900</u>	<u>996</u>	<u>812</u>	<u>809</u>	<u>(187)</u>	<u>(3)</u>

## **Programmatic Review and Service Impact**

### *Senior Centers*

The core of DFTA's service portfolio is the Department's citywide network of senior centers. In addition to supporting congregate meals, senior centers offer older New Yorkers opportunities for socialization, recreation, and participation in a wide array of activities designed to improve their health and quality of life. In 2011, DFTA initiated a streamlined procurement process for Innovative Senior Centers beginning with a goal and vision statement produced through a comprehensive evaluation process with stakeholders, including seniors, providers, elected officials, and advocates. In 2012, DFTA will provide funding for an initial ten centers that will address the diverse needs and preferences of the growing senior population. The senior center budget for 2012 will be \$80.9 million, and will support 28,000 daily meals in centers throughout New York City.

### *Case Management and Home Delivered Meals Services*

Case management services connect older New Yorkers to social service resources in the community. Throughout the 23 service areas in the City, case management workers perform comprehensive in-home assessments of homebound seniors. Following the assessment, eligible seniors may receive home delivered meals, home care, and other benefits. Seniors are referred to case management providers from senior centers, meal providers, hospitals and other community-based social service and health care agencies. In 2012, \$15 million will support case management services for approximately 17,000 clients.

DFTA has 20 contracts city-wide for home-delivered meals, which offer seniors the option of frozen or hot meal deliveries. DFTA serves approximately 3.8 million meals annually to 16,000 clients. The 2012 home-delivered meals budget is projected to be \$27.4 million.

### *Employment Services*

DFTA addresses the employment needs of older New Yorkers through its Senior Community Service Employment Program, a \$4.1 million initiative, which provides part-time on the job training to over 1,000 low income participants annually. Clients serve their communities while receiving job training and other support services to facilitate re-entry into the workforce; placements are made in City agencies and with not-for-profit employers.

The Department also sponsors several efforts that encourage older New Yorkers to remain active in retirement. The Foster Grandparent Program enlists 400 seniors each year as mentors and tutors for children and youth with special needs. ReServe, an initiative targeting career professionals, places retirees at City agencies where they contribute their expertise to short term projects that benefit the public.

### *Naturally Occurring Retirement Communities*

Naturally Occurring Retirement Communities (NORCs) are on-site collaborations among housing entities, social service providers, and healthcare networks that provide services to allow seniors to remain in their own homes. The Department provides \$5.4 million to NORCs supported social services programs for over 9,000 residents in the Bronx, Brooklyn, Manhattan, and Queens. The NORCs program model has gained national recognition, placing New York City in the forefront of adapting programs to meet the changing needs of the elderly population.

## Capital Review

The Department's 2012-2021 Ten-Year Capital Strategy totals \$26.1 million. The Ten-Year Capital Strategy includes rehabilitation of senior centers throughout the City and information technology projects to improve operations. Capital improvements to Senior Centers include fire suppression systems, heat and hot water systems, and renovations for handicapped accessibility. Technology upgrades include computer lab expansions and the installation of high-speed Internet connections in senior centers. The Department's 2012-2015 Four-Year Plan totals \$17.1 million with \$11.1 million for infrastructure and \$6 million for IT and computers.

### Capital Commitments

(\$ in 000's)

	2010 Actual		2011 Plan		2012 Plan		2013 Plan		2014 Plan		2015 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Elec. Data Processing .....	\$3,044	\$3,044	\$8,322	\$8,322	\$1,290	\$1,290	\$2,918	\$2,918	\$0	\$0	\$0	\$0
Building Renovations and Vehicles.....	\$1,165	\$1,165	\$15,328	\$15,328	\$6,746	\$6,746	\$2,503	\$2,503	\$1,943	\$1,943	\$1,703	\$1,703
Total .....	<u>\$4,209</u>	<u>\$4,209</u>	<u>\$23,650</u>	<u>\$23,650</u>	<u>\$8,036</u>	<u>\$8,036</u>	<u>\$5,421</u>	<u>\$5,421</u>	<u>\$1,943</u>	<u>\$1,943</u>	<u>\$1,703</u>	<u>\$1,703</u>

#### *Highlights of the Four-Year Capital Plan*

- infrastructure improvements to the City's senior center network, including renovations and repairs to existing facilities (\$16.9 million).
- information technology upgrades that bridge the digital divide by enhancing the ability of seniors to access services and entitlement programs electronically (\$9.2 million).



## DEPARTMENT OF HEALTH AND MENTAL HYGIENE

The mission of the New York City Department of Health and Mental Hygiene (the Department) is to protect and promote the health of all New Yorkers, to support the recovery of individuals with mental illness and chemical dependencies, and to promote the realization of the full potential of individuals with mental retardation and developmental disabilities. The Department is committed to maintaining core public health services and continues to introduce new programs and technologies to improve the health status of all New Yorkers.

In 2012, the Department will continue its focus on reducing the incidence of preventable and treatable conditions; reducing smoking; decreasing obesity rates; decreasing dependence on alcohol and drugs; improving primary medical care through electronic health record implementation; improving HIV prevention and the care, housing, and treatment of individuals with HIV/AIDS; increasing supportive housing for persons with behavioral and physical health conditions; and ensuring health and safety of New Yorkers in emergency situations. The Department's public health activities will continue to be targeted towards those communities that bear a disproportionate share of physical and mental illness and premature death, relying on evidence-based programs and interventions.

The Office of the Chief Medical Examiner determines the cause and manner of deaths occurring in the City, and operates the county mortuaries and the accredited Forensic Biology Laboratory.

### Financial Review

The Department's 2012 Executive Budget provides for operating expenses of \$1.5 billion, of which \$593 million are City funds. The Department will add additional funding of approximately \$60 million to the budget during the fiscal year when Federal and State award notifications are received. Capital commitments of \$248 million are also provided to fund agency initiatives.

### Revenue Forecast

The Department generates revenue from licenses, permits, inspection and service fees, and fines for violations of the New York City Health Code. In 2012, the Department will generate \$34.1 million from these sources, \$43.4 million less than the amount for 2011. The 2012 decrease is due to the consolidation of the Department's Administrative Tribunal with the Office of Administrative Trials and Hearings.

### Expense Budget Highlights

#### *Budgetary Priorities: Providing Core Services*

- expand the use of electronic health records throughout the City including community health centers, hospitals, private doctor offices, and City jails.
- expand correctional health services due to the reopening of the Brooklyn House of Detention.
- expand upon current Animal Care and Control services by increasing staff and resources devoted to field response, medical care and animal adoption.
- streamline the Assisted Outpatient Treatment program by transferring all Health and Hospital Corporation staff who administer the program to the Department.
- continue to implement the Department's priorities as presented in the Take Care New York 2012 initiative.

### Summary of Agency Financial Data

The following compares the 2011 Executive Budget with the 2011 Preliminary Budget, the 2011 forecast and actual expenditures for 2010, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services, and debt service.

**Summary of Agency Financial Data**  
**(\$ in 000's)**

	2010 Actual	2011 Forecast	2012		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2011 Forecast	2012 Preliminary Budget
<b>Expenditures</b>						
Salary and Wages.....	\$410,601	\$411,563	\$380,200	\$372,917	(\$38,646)	(\$7,283)
Fringe Benefits.....	1,179	600	250	280	(320)	30
Medical Assistance.....	800	400	400	400	—	—
Other OTPS.....	1,272,872	1,275,771	1,162,049	1,170,686	(105,085)	8,637
<b>Total.....</b>	<b>\$1,685,452</b>	<b>\$1,688,334</b>	<b>\$1,542,899</b>	<b>\$1,544,283</b>	<b>(\$144,051)</b>	<b>\$1,384</b>
<b>Funding</b>						
City.....	\$641,651	\$607,432	\$578,213	\$593,403	(\$14,029)	\$15,190
Other Categorical Grants.....	295,391	269,045	264,147	255,595	(13,450)	(8,552)
IFA.....	—	—	—	—	—	—
State.....	467,711	466,867	442,264	424,142	(42,725)	(18,122)
Federal CD.....	—	—	—	—	—	—
Federal Other.....	261,657	332,150	257,528	270,399	(61,751)	12,871
Intra-City Other.....	19,042	12,840	747	744	(12,096)	(3)
<b>Total.....</b>	<b>\$1,685,452</b>	<b>\$1,688,334</b>	<b>\$1,542,899</b>	<b>\$1,544,283</b>	<b>(\$144,051)</b>	<b>\$1,384</b>
<b>Additional Costs Centrally Funded</b>						
Personal Services (PS).....						
Fringe Benefits.....	\$111,619	\$115,259	\$122,136	\$119,622	\$4,363	(\$2,514)
Pensions.....	48,165	53,697	66,276	63,479	9,782	(2,797)
Other Than Personal Service (OTPS)						
Legal Services.....	1,942	2,028	1,947	2,079	51	132
Judgments and Claims.....	439	1,072	1,174	1,120	48	(54)
Debt Service.....	43,593	43,573	50,583	52,536	8,963	1,953
<b>Total Additional Costs.....</b>	<b>\$205,758</b>	<b>\$215,629</b>	<b>\$242,116</b>	<b>\$238,836</b>	<b>\$23,207</b>	<b>(\$3,280)</b>
<b>Funding</b>						
City.....	175,149	184,237	210,457	206,011	21,774	(4,446)
Non-City.....	30,609	31,392	31,659	32,825	1,433	1,166
<b>Full Agency Costs (including Central Accounts)</b>						
Salary and Wages.....	\$410,601	\$411,563	\$380,200	\$372,917	(\$38,646)	(\$7,283)
Fringe Benefits.....	112,798	115,859	122,386	119,902	4,043	(2,484)
Pensions.....	48,165	53,697	66,276	63,479	9,782	(2,797)
<b>Total PS.....</b>	<b>\$571,564</b>	<b>\$581,119</b>	<b>\$568,862</b>	<b>\$556,298</b>	<b>(\$24,821)</b>	<b>(\$12,564)</b>
Medical Assistance.....	\$800	\$400	\$400	\$400	\$—	\$—
Other OTPS.....	1,272,872	1,275,771	1,162,049	1,170,686	(105,085)	8,637
Legal Services.....	1,942	2,028	1,947	2,079	51	132
Judgments and Claims.....	439	1,072	1,174	1,120	48	(54)
Debt Service.....	43,593	43,573	50,583	52,536	8,963	1,953
<b>Total OTPS.....</b>	<b>\$1,319,646</b>	<b>\$1,322,844</b>	<b>\$1,216,153</b>	<b>\$1,226,821</b>	<b>(\$96,023)</b>	<b>\$10,668</b>
<b>Total Agency Costs.....</b>	<b>\$1,891,210</b>	<b>\$1,903,963</b>	<b>\$1,785,015</b>	<b>\$1,783,119</b>	<b>(\$120,844)</b>	<b>(\$1,896)</b>
Less Intra-City.....	\$19,042	\$12,840	\$747	\$744	(\$12,096)	(\$3)
<b>Net Agency Cost.....</b>	<b>\$1,872,168</b>	<b>\$1,891,123</b>	<b>\$1,784,268</b>	<b>\$1,782,375</b>	<b>(\$108,748)</b>	<b>(\$1,893)</b>
<b>Funding</b>						
City.....	816,800	791,669	788,670	799,414	7,745	10,744
Non-City.....	1,055,368	1,099,454	995,598	982,961	(116,493)	(12,637)
<b>Personnel (includes FTEs at fiscal year-end)</b>						
City.....	4,723	4,813	4,754	4,776	(37)	22
Non-City.....	1,507	1,824	1,295	1,295	(529)	—
<b>Total.....</b>	<b>6,230</b>	<b>6,637</b>	<b>6,049</b>	<b>6,071</b>	<b>(566)</b>	<b>22</b>

## **Programmatic Review and Service Impact**

Launched in September 2009, Take Care New York (TCNY) 2012 is a comprehensive health policy for New York City. It lays out the Department's plans to help all New Yorkers live longer and healthier lives, and sets specific goals in 10 key areas. TCNY was first launched in 2004; the Department surpassed 2008 goals in four of the priority areas and made significant progress in three others. TCNY 2012 aims to build on these successes and adds new focus on reducing health disparities, making all New York City neighborhoods healthy and safe places, improving the health of children, and improving access to high-quality, prevention-oriented health care. In June 2011, the Department will release a two-year progress report on TCNY 2012's goals and will continue to work strategically with its more than 500 TCNY partners to implement TCNY initiatives and make New York City even healthier.

The Executive Budget includes proposals to help reduce the budget gap for 2012 and out. Potential impacts on the public include:

- improved coordination and controls for Early Intervention program services.
- the closure of two tuberculosis clinics, in response to a decline in tuberculosis cases, and redirection of patients to remaining clinics.
- a reduction in services provided by contracted nonprofit organizations to counsel people to prevent HIV/AIDS.
- a reduction in contracted services to individuals with mental health, alcohol/drug abuse or mental retardation/developmental disability conditions.
- decreased volume of services performed at the Public Health Lab.
- reduced services performed by the Newborn Home Visiting program.

## **Mental Hygiene Services**

The Department seeks to prevent and address mental illness, substance use, and developmental disabilities and delays among New York City's children and adults. The Department provides planning, funding, and oversight of mental health, mental retardation, developmental disabilities, alcohol and drug abuse, and Early Intervention services. Hundreds of thousands of mental hygiene consumers are served annually through contracts and agreements with community-based provider agencies, hospitals and other City agencies. Key activities include continued implementation of supportive housing through the New York-New York III initiative, improved care monitoring and coordination for individuals with serious mental illness, and an overdose prevention initiative with targeted education and training and expanded access to buprenorphine and naloxone.

### *Mental Health*

The Department is responsible for mental health service delivery of and planning for New York City residents with mental health needs. Through contracting directly with New York City service providers, the Division oversees and coordinates the delivery of treatment, housing, case management, and the Department also administers the Assisted Outpatient Treatment program (mandated by Kendra's law). Through the contracted programs and through its policy, planning and advocacy work, the Department seeks to facilitate access, quality care, and recovery for all New York City residents.

### *Alcohol and Drug Use Prevention, Care and Treatment*

The Department seeks to prevent the development of alcohol and drug use problems, to educate and assist individuals to reduce problem use, to access long-term treatment for dependence, and to prevent health risks related to use. The Department will continue its buprenorphine initiative for individuals who seek an alternative treatment for opioid dependence and efforts to reduce overdose mortality through prevention education and promoting the use of naloxone, an antidote to opioid overdose. To identify and intervene with problem drinking and drug use, the Department will continue to expand and promote patient screening and brief intervention in diverse venues and locations.

### *Early Intervention Services and Mental Retardation and Developmental Disabilities (MRDD)*

The Department provides services for individuals with developmental disabilities and their families. MRDD services include transitional employment, work readiness, family support, counseling, recreation services for children and adults, education, information and referral, summer camp, and respite care.

The Early Intervention program identifies and serves children from birth to age three who are at risk for, or diagnosed with, developmental delays or disabilities. Services are designed to reduce or eliminate delays and enable families to manage their children's needs and support their development. A network of approximately 100 contracted agencies provides services to more than 30,000 children and their families annually. In 2012, the Department and the providers will begin using the New York Early Intervention System (NYEIS). NYEIS is a new comprehensive, web based system, which facilitates county administration, case management and billing of Early Intervention services.

## **Public Health Services**

### *Disease Control*

The Department safeguards the health of New Yorkers through the identification, surveillance, treatment, control, and prevention of infectious diseases and protects the health of citizens during emergencies.

HIV/AIDS Prevention and Control remains a critical focus, through increasing HIV testing among New Yorkers, linking and keeping HIV/AIDS-patients in care, and HIV/AIDS surveillance and program planning. The Department and its numerous community partners have continued to expand the condom distribution program and since 2007, have distributed some 163 million condoms. The Department will also focus on keeping HIV-infected New Yorkers in care, through direct outreach and contracted agencies. In addition, the Department will focus on populations with disproportionate rates of HIV infection, through a wide range of education, outreach, and prevention strategies.

Sexually Transmitted Disease Control provides testing and treatment services to curtail the spread of infections, supports outreach activities and targeted screening through community-based organizations, conducts provider training, and sponsors a partner self-notification website. In response to increasing primary and secondary syphilis, the Department has launched a full-time field unit with emphasis on providing follow-up to persons diagnosed by private providers.

The Bureau of Tuberculosis Control provides direct patient care, education, surveillance, and outreach to reduce the incidence of tuberculosis (TB). TB continues to decline with only 711 cases reported in calendar year 2010. The Department will also work with medical providers and local hospitals, community boards, and community-based organizations to raise awareness and reduce the spread of disease in neighborhoods where TB cases are increasing.

The Department continues with its plans to construct a new Public Health Laboratory (PHL) that will support day-to-day public health needs of the City and respond to emergency events that may endanger the public health more broadly.

The Bureau of Immunization conducts activities to promote on time and up-to-date vaccination of children, adolescents, and adults through vaccine distribution, clinical services, provider outreach and support, public communication and monitoring coverage rates and conducts surveillance to identify cases of vaccine preventable diseases and outbreak control. The Bureau is at the forefront using Immunization Information Systems (IIS) to facilitate reporting of vaccinations and improve coverage rates. In the coming year, the Bureau will continue to promote real-time, bidirectional interoperability between electronic health records and New York City's IIS, the Citywide Immunization Registry.

### *Epidemiology*

The Epidemiology Division provides timely, systematic, and ongoing collection, analysis interpretation and dissemination of data to monitor health trends and assist in the development of appropriate policies and interventions. The Division also registers, processes, certifies, analyzes, and issues reports of births, deaths, and spontaneous and induced terminations of pregnancy, and coordinates public health training and education for agency staff and other health professionals.

Key activities during 2012 will include continued surveying of World Trade Center Health Registry enrollees to learn more about their health status a decade after the disaster; expanding physical activity and transportation data collection; analyzing new child health and cardiovascular disease data; and expanding outreach and education for physicians in hospitals and other healthcare settings. The Division will also continue roll-out of its Electronic Vital Events Registration System by building an interface with the existing Vital Records birth and death imaging system.

### *Health Promotion and Disease Prevention*

In 2012, the Department will continue its focus on non-communicable diseases, which comprise the vast majority of the New York City disease burden, and conditions related to maternal, child and adolescent health. The Department seeks to advance health equity among communities by directing its most intensive efforts to communities with the greatest needs.

Though smoking rates declined by 27 percent since 2002, nearly one million New York City adults still smoke and tobacco use remains one of the City's leading causes of preventable death. The Department will continue to promote evidence-based tobacco control interventions, educating smokers about the dangers of smoking, motivating them to quit through hard-hitting campaigns, and distributing nicotine replacement therapy to help those who want to quit be more successful.

Improving nutrition and increasing physical activity are critical to reducing the burden of chronic disease. In 2012, the Department will continue to work to decrease consumption of unhealthy food items by continuing a Centers for Disease Control and Prevention's grant funded educational campaign aimed at reducing sugar-sweetened beverage consumption. The Department will also encourage everyday physical activity like stair climbing, walking and biking and promote the City's Active Design Guidelines for creating healthier buildings, streets and neighborhoods. A top priority of the Department is its joint effort with the Department of Education (DOE) to expand healthy food and beverage options and physical education among students. The Department will also continue to work with the DOE to address other priority school health issues, including insulin-dependent diabetes.

Improving maternal, infant and reproductive health remains a priority for the Department. The Department will continue efforts to reduce infant mortality, especially in high-risk neighborhoods. The Healthy Teens Initiative will continue to work with health care facilities to increase the number of adolescents receiving reproductive health services. Since 2007, the Department has worked with New York City hospitals to implement the evidence-based "Baby-Friendly Hospital" principles to increase breastfeeding initiation, duration and exclusivity.

### *Environmental Health*

The Department conducts surveillance of environmental-related disease; assesses risk from exposure to potential environmental and occupational hazards; inspects child care facilities, food service establishments and other permitted entities to ensure compliance with regulations; responds to complaints of environmental and occupational exposures; and educates the public and health care providers on environmental and occupational illnesses. Key achievements include further decline in the number of children with lead poisoning, release of findings from the New York City Community Air Survey, the expected health benefits from our PlaNYC air quality initiatives, and launching the popular restaurant grading program, which has now issued grades to more than 70 percent of the City's restaurants. The successful Rat Indexing Initiative has now been expanded to the entire borough of Manhattan.

During 2012, the Office of Administrative Tribunals and Hearings will assume responsibility for adjudication of all Notices of Violations, historically issued by the Department. This transfer will improve customer service and enable hearings to occur throughout the City.

### *Health Care Access and Improvement*

The Primary Care Information Project (PCIP) extends prevention-oriented electronic health record (EHR) systems into underserved communities to improve the quality of health care. PCIP has worked to develop tools that bring life-saving information to the point of care through clinical decision support on Take Care New York prevention priorities. In February 2010, PCIP received a Regional Electronic Adoption Center for Health (REACH) Federal grant to expand on the City's successful efforts to facilitate adoption and use of EHRs. As a REACH grantee, PCIP is committed to assisting over 2,500 additional providers to adopt and meaningfully use an EHR. The City's prevention-oriented EHR is already in use by over 2,000 primary care providers working in approximately 520 practices that care for more than two million New Yorkers. PCIP is also the nation's largest Patient Centered Medical Home project with over 150 medical homes created over the last two years alone, reflecting quality care, enabled by Health Information Technology being delivered in a patient centric manner.

The Bureau of Correctional Health Services provides health services to approximately 100,000 people who pass through the City's correctional facilities each year. During 2012, the Department will resume required health services at the re-opened Brooklyn House of Detention.

### **Office of Chief Medical Examiner**

Working closely with the New York Police Department (NYPD) and the District Attorney's Offices, the independent Office of Chief Medical Examiner (OCME) is responsible for the investigation of persons who die within New York City from criminal violence; by casualty or by suicide; suddenly, when in apparent good health; when unattended by a physician; in a correctional facility; or in any suspicious or unusual manner. The OCME is also responsible for coordinating the burial of 2,000 to 3,000 unclaimed or unidentified bodies of adults and children each year.

The OCME is on the forefront of identifying trends in the patterns of death and provides the data needed to monitor potential public health outbreaks and the spread of infectious diseases. More routinely Medical Examiners discover undiagnosed tuberculosis and meningitis at autopsy and provide vital statistics on deaths related to HIV and AIDS, Sudden Infant Death Syndrome (SIDS), and drug and alcohol-related deaths.

The OCME houses the nation's largest public forensic DNA laboratory, responsible for performing DNA analysis on nearly every category of crime occurring in the City, including homicide, rape, property crime, and weapons cases. Due to the large volume of casework the laboratory processes each year, the OCME is the largest contributor of forensic crime scene DNA profiles in the country. These profiles are uploaded to the national FBI DNA database, CODIS. The DNA Laboratory is also the only public laboratory in the country accredited to perform High Sensitivity Testing, a test requiring a very small amount of DNA. The OCME provides this type of test to other jurisdictions in the country that do not have the capabilities of OCME's laboratory.



The OCME also plays a key role in planning and leading efforts in the event of a mass fatality incident. Working closely with the NYPD, OEM, DEP, and FDNY, the OCME has developed inter-agency teams and protocols to respond to and mitigate the effects of a mass fatality disaster. To this end the OCME is spearheading a multi-state effort to prepare the region in the event there is another large scale incident in the Metropolitan New York area such as a plane crash, terrorist attack, or an outbreak of pandemic influenza. In the case of an infectious disease outbreak, the health of survivors and the family members of the deceased are of paramount importance to stem possible spread.

Finally, the OCME is the custodian of all unclaimed or unidentified World Trade Center (WTC) remains until the WTC Memorial is completed in lower Manhattan. The OCME continues to identify additional victims of the World Trade Center Disaster.

## Capital Review

The 2012-2021 Ten-Year Capital Strategy totals \$247.7 million, including \$214.6 million in the 2012-2015 Four-Year Plan. The 2012-2015 Four-Year Plan includes allocations for renovating facilities, new construction, information technology improvements, and the purchase of equipment. The focus of the Department's Ten-Year Capital Strategy (2012-2021) is to identify, prioritize and support immediate needs for code compliance and other renovations at the City's public health facilities and technology investments that are essential in providing critical public health services.

The table below shows capital commitments by program area over the 2010 - 2015 period.

### Capital Commitments (\$ in 000's)

	2010 Actual		2011 Plan		2012 Plan		2013 Plan		2014 Plan		2015 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Administration .....	\$148	\$148	\$0	\$0	\$256	\$256	\$0	\$0	\$0	\$0	\$0	\$0
Animal Care .....	\$419	\$419	\$12,117	\$12,117	\$600	\$600	\$0	\$0	\$0	\$0	\$0	\$0
Information Technology ....	\$6,094	\$6,094	\$25,826	\$40,373	\$1,479	\$2,311	\$640	\$1,000	\$864	\$1,350	\$1,541	\$1,541
Laboratories .....	\$8	\$8	\$12,097	\$12,097	\$34,419	\$34,419	\$103,105	\$103,105	\$1,403	\$1,403	\$0	\$0
OCME .....	\$2,058	\$2,058	\$8,358	\$8,358	\$537	\$537	\$4,854	\$4,854	\$719	\$719	\$1,052	\$1,052
Equipment .....	\$8,565	\$8,565	\$97,037	\$99,553	\$5,536	\$5,820	\$2,980	\$2,980	\$506	\$790	\$400	\$400
Renovation .....	33,217	33,217	178,964	179,167	35,960	36,086	14,266	14,266	1,074	1,074	0	0
Total .....	<u>\$50,509</u>	<u>\$50,509</u>	<u>\$334,399</u>	<u>\$351,665</u>	<u>\$78,787</u>	<u>\$80,029</u>	<u>\$125,845</u>	<u>\$126,205</u>	<u>\$4,566</u>	<u>\$5,336</u>	<u>\$2,993</u>	<u>\$2,993</u>

#### Highlights of the 2012 Capital Commitment Plan:

The Department's 2012 Capital Commitment Plan features several important projects, including:

- approximately \$34.4 million for the initial design and construction of a new Public Health Laboratory. The Department is now in the planning phase, and the work is progressing in collaboration with EDC and DCAS.
- the rehabilitation of the Chelsea Health Center, including a new STD clinic (\$14.4 million).
- the full exterior and interior renovation of the Riverside Health Center, including a new STD clinic (\$4.2 million).

*Highlights of the Ten-Year Capital Commitment Plan:*

The Department's Ten-Year Capital Commitment Plan (2012-2021) features several important projects, including:

- the new Public Health Laboratory (\$138.9 million).
- information technology improvements, which include upgrades to the Department's network and security systems, and the purchase of critical technologies needed to maintain and improve services (\$26.8 million).
- a new Bronx Mortuary on the Health and Hospitals Corporation's Jacobi Medical Center Campus for the OCME (\$4.3 million). Also, \$11.7 million will be utilized to upgrade facilities to comply with code standards, network/IT infrastructure and vehicle purchases within the OCME.



## **FIRE DEPARTMENT**

The Fire Department is responsible for protecting the lives and property of the citizens of New York City while responding to fire, medical and other emergencies, and investigating building hazards. The Fire Department extinguishes fires, promotes fire prevention awareness, investigates suspicious fires, provides ambulance and emergency medical services, and conducts building safety inspections. The Department currently has 357 fire units that provide fire, rescue, and emergency medical services. The agency also promotes fire prevention through public outreach and enforcement of New York City's Fire Code. The Department's Fire Marshals investigate fires and apprehend arsonists. The Bureau of Emergency Medical Services (EMS), assisted by the Certified First Responder (CFR) trained personnel responding from engine companies, provides pre-hospital emergency medical care and ambulance transport, where required.

### **Financial Review**

The Fire Department's 2012 Executive Budget provides for operating expenses of \$1.6 billion, a decrease of \$161.2 million from the amount forecasted for 2011. This variance is in part the result of \$77.9 million in Federal grant funding that has not been reflected in 2012.

Capital commitments of \$123.0 million are also provided in 2012. This represents a decrease of \$49.2 million, a 28.6 percent change, from the amount forecasted for 2011. The 2011 forecast is greater in part because it includes Federal funding for radio communications projects and fireboat purchases; the additional variance is primarily due to the number of vehicles replaced each year as per the mandated vehicle replacement cycle, as well as the anticipated completion of a number of information technology projects in 2011.

### **Revenue Forecast**

The Fire Department issues permits and collects fees for the inspection of fire suppression and electrical systems, places of public assembly, laboratories, high-rise buildings, and the storage and use of combustible materials. In addition, the Department realizes revenues from fees charged to out-of-state fire insurers that issue policies in New York City and to private fire alarm companies. In 2012, the revenue estimate for the Fire Department is \$80.3 million.

The Department also collects revenue from Emergency Medical Services (EMS) ambulance transports. In 2012, the Fire Department will pursue a cost-sharing arrangement with hospitals that provide ambulance tours within the 911 system to recoup a portion of shared dispatch and telemetry costs. In 2012, total EMS revenue is projected at \$181.0 million, which is \$8.9 million more than 2011. The cost-sharing initiative is responsible for \$8.7 million of the increase, with the remaining \$0.2 million tied to municipal EMS tours added to replace tours no longer provided by North General Hospital.

### **Expense Budget Highlights**

#### *Budgetary Priorities: Providing Core Services*

- continue to provide fire extinguishment and rescue services, investigate suspicious fires, promote fire prevention, and conduct building safety inspections.
- continue to provide on-site emergency medical care and ambulance transport services City-wide.
- add seven new EMS supervisory positions at the Woodlawn EMS station in the Bronx, at a cost of \$0.4 million.
- add three new Basic Life Support (BLS) ambulance tours in Manhattan to replace voluntary tours no longer

provided by North General Hospital, at a net cost of \$0.2 million.

- add six Supervising Fire Alarm Dispatchers to maintain appropriate levels of dispatch supervision, at a cost of \$0.4 million.
- maintain the Department's public CPR training program through 2012, in partnership with NYC Service, at a cost of \$0.2 million.

#### *Restructuring and Streamlining*

- increase uniformed availability by 1.5% through controls on medical leave, light duty, and/or other leave, resulting in savings of \$15 million.
- eliminate 100 uniformed administrative (non-field) positions through attrition, saving \$5.9 million.
- seek to recover all grant-eligible fringe costs, resulting in an additional reimbursement of approximately \$5 million.
- eliminate 25 civilian vacancies in administrative positions, saving \$2.0 million. Critical safety titles, buildings and fleet trades positions, and revenue generating positions, are excluded.
- eliminate five vacancies in the Bureau of Fire Prevention, saving \$0.4 million.
- eliminate two vacant Deputy Commissioner positions in the Bureaus of Legal Affairs and Strategic Planning, saving a combined \$0.4 million.
- shorten the turnaround time in reviewing and closing active and pending retirement cases, leading to net uniformed salary savings of \$0.3 million.
- eliminate a uniformed Staff Chief through attrition, resulting in savings of \$0.2 million.

#### **Summary of Agency Financial Data**

The following table compares the 2012 Executive Budget with the 2012 Preliminary Budget, the 2011 forecast and actual expenditures for 2010, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

**Summary of Agency Financial Data**  
(\$ in 000's)

	2010 Actual	2011 Forecast	2012		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2011 Forecast	2012 Preliminary Budget
<b>Expenditures</b>						
Salary and Wages.....	\$1,489,011	\$1,543,614	\$1,452,073	\$1,449,794	(\$93,820)	(\$2,279)
Fringe Benefits.....	18,741	26,365	23,719	23,719	(2,646)	—
OTPS.....	162,270	217,178	149,103	152,404	(64,774)	3,301
Total.....	<u>\$1,670,022</u>	<u>\$1,787,157</u>	<u>\$1,624,895</u>	<u>\$1,625,917</u>	<u>(\$161,240)</u>	<u>\$1,022</u>
<b>Funding</b>						
City.....	\$1,431,240	\$1,490,074	\$1,400,838	\$1,407,136	(\$82,938)	\$6,298
Other Categorical Grants.....	168,006	172,417	180,996	180,996	8,579	—
IFA.....	120	240	240	240	—	—
State.....	1,534	1,839	1,801	1,801	(38)	—
Federal CD.....	—	—	—	—	—	—
Federal Other.....	59,640	111,615	33,715	33,715	(77,900)	—
Intra-City Other.....	9,482	10,972	7,305	2,029	(8,943)	(5,276)
Total.....	<u>\$1,670,022</u>	<u>\$1,787,157</u>	<u>\$1,624,895</u>	<u>\$1,625,917</u>	<u>(\$161,240)</u>	<u>\$1,022</u>
<b>Additional Costs Centrally Funded</b>						
Personal Services (PS).....						
Fringe Benefits.....	\$501,914	\$536,820	\$563,203	\$565,288	\$28,468	\$2,085
Pensions.....	941,064	965,742	1,167,728	1,165,494	199,752	(2,234)
Other Than Personal Service (OTPS)						
Legal Services.....	6,334	8,310	9,157	8,538	228	(619)
Judgments and Claims.....	21,282	23,184	25,386	24,227	1,043	(1,159)
Debt Service.....	115,012	114,960	133,269	133,540	18,580	271
Total Additional Costs.....	<u>\$1,585,606</u>	<u>\$1,649,016</u>	<u>\$1,898,743</u>	<u>\$1,897,087</u>	<u>\$248,071</u>	<u>(\$1,656)</u>
<b>Funding</b>						
City.....	1,535,352	1,596,608	1,849,681	1,848,114	251,506	(1,567)
Non-City.....	50,254	52,408	49,062	48,973	(3,435)	(89)
<b>Full Agency Costs (including Central Accounts)</b>						
Salary and Wages.....	\$1,489,011	\$1,543,614	\$1,452,073	\$1,449,794	(\$93,820)	(\$2,279)
Fringe Benefits.....	520,655	563,185	586,922	589,007	25,822	2,085
Pensions.....	941,064	965,742	1,167,728	1,165,494	199,752	(2,234)
Total PS.....	<u>\$2,950,730</u>	<u>\$3,072,541</u>	<u>\$3,206,723</u>	<u>\$3,204,295</u>	<u>\$131,754</u>	<u>(\$2,428)</u>
OTPS.....	\$162,270	\$217,178	\$149,103	\$152,404	(\$64,774)	\$3,301
Legal Services.....	6,334	8,310	9,157	8,538	228	(619)
Judgments and Claims.....	21,282	23,184	25,386	24,227	1,043	(1,159)
Debt Service.....	115,012	114,960	133,269	133,540	18,580	271
Total OTPS.....	<u>\$304,898</u>	<u>\$363,632</u>	<u>\$316,915</u>	<u>\$318,709</u>	<u>(\$44,923)</u>	<u>\$1,794</u>
Total Agency Costs.....	\$3,255,628	\$3,436,173	\$3,523,638	\$3,523,004	\$86,831	(\$634)
Less Intra-City.....	<u>\$9,482</u>	<u>\$10,972</u>	<u>\$7,305</u>	<u>\$2,029</u>	<u>(\$8,943)</u>	<u>(\$5,276)</u>
Net Agency Cost.....	<u>\$3,246,146</u>	<u>\$3,425,201</u>	<u>\$3,516,333</u>	<u>\$3,520,975</u>	<u>\$95,774</u>	<u>\$4,642</u>
<b>Funding</b>						
City.....	2,966,592	3,086,682	3,250,519	3,255,250	168,568	4,731
Non-City.....	279,554	338,519	265,814	265,725	(72,794)	(89)
<b>Personnel (includes FTEs at fiscal year-end)</b>						
City.....	15,904	15,744	15,147	15,119	(625)	(28)
Non-City.....	66	81	19	19	(62)	—
Total.....	<u>15,970</u>	<u>15,825</u>	<u>15,166</u>	<u>15,138</u>	<u>(687)</u>	<u>(28)</u>

## **Programmatic Review and Service Impact**

In 2012 the Department expects that 85 percent of the responses by fire companies will be to potentially life threatening medical and other non-fire emergencies. The Department's City-wide response time to structural fires is projected to be about four minutes in 2011; given the reduction in fire companies planned for 2012, response times may be impacted. The Department anticipates that its ambulances will respond to over 1.2 million medical incidents in 2012.

### *Fire Extinguishment*

The Fire Department currently provides fire and rescue operations via 357 units consisting of 198 engine companies, 143 ladder companies, seven squads, five rescue units, three marine companies, and one hazardous materials unit. In 2012, it is anticipated that the City will eliminate staffing at 20 companies.

### *Emergency Medical Services*

The Department is budgeted for 614 daily ambulance tours, including the three new EMS tours as noted above. Engine company personnel have received CFR training, and re-certification continues for those whose initial certification will expire.

### *Fire Prevention*

The Bureau of Fire Prevention is responsible for enforcing the City's Fire Code through the inspection of public and private properties.

### *Fire Investigation*

The Bureau of Fire Investigation is responsible for investigating and determining the cause and origin of all suspicious fires, and for the apprehension of arsonists. The Department will deploy 80 City-funded Fire Marshals and 20 City-funded Supervising Fire Marshals to field duty in 2012.

### *Emergency Communication*

The City is undertaking significant upgrades and enhancements to its 911 Emergency Dispatch System. The majority of the capital funding for this initiative, known as the Emergency Communications Transformation Program (ECTP), is contained within DoITT's budget. In conjunction with the NYPD and DoITT, the Fire Department is working to develop an integrated 911 dispatch system that will bolster the City's critical emergency response capabilities. This project includes the development of a consolidated dispatch system, an upgraded telecommunications infrastructure, and redundant call-taking and dispatch centers. In 2012, the City expects to complete the consolidation of Police, Fire and EMS call taking and dispatch operations into a Public Safety Answering Center (PSAC 1). The City is currently in the process of reviewing the scope and funding necessary for a second, redundant call center.

## **Capital Review**

The 2012-2021 Ten Year Capital Strategy totals \$522.4 million, which includes \$273.5 million in the 2012-2015 Four-Year Plan. This funding will be used for the purchase of fire-fighting apparatus, support vehicles, fire suppression and emergency medical equipment, the renovation and modernization of firehouses and other facilities, and the upgrade and replacement of computer and communications systems.

## Capital Commitments

(\$000's)

	2010 Actual		2011 Plan		2012 Plan		2013 Plan		2014 Plan		2015 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Communications .....	\$3,089	\$2,914	\$3,591	\$9,405	\$263	\$263	\$8,148	\$8,148	\$4,234	\$4,234	\$285	\$285
Electronic Data Processing ...	14,186	13,786	19,660	19,660	600	600	510	510	510	510	300	300
Reconstruction/Modernization of Facilities .....	49,829	49,829	47,158	47,158	45,491	45,491	17,806	17,806	13,997	13,997	4,661	4,661
Vehicles and Equipment .....	52,565	69,081	92,885	96,018	76,687	76,687	56,279	56,279	12,166	12,166	31,520	31,520
Total .....	<u>\$119,670</u>	<u>\$135,610</u>	<u>\$163,294</u>	<u>\$172,241</u>	<u>\$123,041</u>	<u>\$123,041</u>	<u>\$82,743</u>	<u>\$82,743</u>	<u>\$30,907</u>	<u>\$30,907</u>	<u>\$36,766</u>	<u>\$36,766</u>

### *Highlights of the 2012-2021 Ten-Year Capital Strategy and 2012-2015 Four-Year Plan*

- the replacement of front-line fire-fighting apparatus according to mandated replacement cycles as well as support vehicles and equipment (\$394.9 million), which includes \$176.7 million in the 2012-2015 Four-Year Plan.
- the renovation of firehouse components such as boilers, electrical upgrades, kitchens, roofs, bathrooms, waterproofing, apparatus doors, floors, and windows (\$78.1 million), which includes \$54.5 million in the 2012-2015 Four-Year Plan.
- the construction of EMS stations (\$13.0 million), including a new station in the Soundview section of the Bronx.
- site acquisition and renovations for the Department's fleet maintenance facilities (\$14.4 million).
- the purchase of upgraded radio equipment (\$11.8 million).
- cabling to support the Department's Voice Alarm system (\$4.2 million).
- information technology systems improvements and equipment replacement (\$6.0 million).

### *The 2012 Plan for the Department totals \$123.0 million and highlights include:*

- the replacement of front-line fire-fighting apparatus, support vehicles, fireboats, and equipment (\$76.7 million).
- the renovation of firehouse components such as boilers, electrical upgrades, kitchens, roofs, bathrooms, waterproofing, apparatus doors, floors, and windows (\$18.0 million).
- the construction of EMS stations (\$13.0 million), including a new station in the Soundview section of the Bronx.
- site acquisition and renovations for the Department's fleet maintenance facilities (\$14.4 million).
- information technology systems improvements and equipment replacement (\$0.6 million).
- cabling to support the Department's Voice Alarm system (\$0.3 million).

## DEPARTMENT OF SANITATION

As one of the oldest and largest public solid waste organizations in the United States, the Department of Sanitation maintains sanitary conditions and enforces sanitary compliance through street cleaning and the collection, management, recycling, and disposal of municipal solid waste in the City's 59 Community Districts.

### Financial Review

The Department of Sanitation's 2012 Executive Budget provides for operating expenses of \$1.3 billion, a decrease of \$117.0 million from the 2011 forecast, due mostly to above-average spending on snow removal in 2011.

Capital commitments of \$456.0 million are also provided in 2012, a decrease of \$33.3 million from the 2011 Plan amount.

### Revenue Forecast

The Department of Sanitation generates revenue from contracts for the removal of abandoned vehicles from City streets and property, from concession fees on methane gas extracted from the Fresh Kills landfill, from the sale of recycled paper and metal to private processors, and from an assortment of miscellaneous fees and minor sales. The Department's 2012 revenue estimate is \$18.3 million from these sources.

### Expense Budget Highlights

#### *Budgetary Priorities: Providing Core Services*

- in 2011 the Department eliminated 200 sanitation officer positions by increasing the Span of Control established in the Sanitation Officers Association contract from 1 supervisor per 7 pieces of equipment to 1 supervisor per 12 pieces of equipment, and assigning posts by applying the Span of Control to equipment at the district level rather than the section level. As a result of this initiative, the Department will save \$21.1 million in 2012.
- in 2011 refuse tonnage generated by city residents and institutions is projected to be lower than the tonnage generated in 2010. This continuing trend in Department-managed waste reduces the forecasted costs to export that waste. Also, the costs of certain interim and long-term export contracts are lower than previously budgeted. As a result of these factors, the waste export budget has been reduced by \$21.9 million in 2012 and by \$8.0 million in 2013.
- the Department's 2012 snow removal budget, as required to be set by the City Charter, has been increased by \$4.5 million, based on the previous five-year spending average.

### Summary of Agency Financial Data

The following table compares the 2012 Executive Budget with the 2012 Preliminary Budget, the 2011 forecast and actual expenditures for 2010, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

**Summary of Agency Financial Data**  
(\$ in 000's)

	2010 Actual	2011 Forecast	2012		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2011 Forecast	2012 Preliminary Budget
<b>Expenditures</b>						
Salary and Wages.....	\$762,143	\$823,481	\$759,570	\$757,559	(\$65,922)	(\$2,011)
Fringe Benefits.....	29,256	32,022	31,447	31,560	(462)	113
OTPS.....	509,795	562,263	506,170	511,675	(50,588)	5,505
Total.....	<u>\$1,301,194</u>	<u>\$1,417,766</u>	<u>\$1,297,187</u>	<u>\$1,300,794</u>	<u>(\$116,972)</u>	<u>\$3,607</u>
<b>Funding</b>						
City.....	\$1,267,964	\$1,377,469	\$1,268,962	\$1,272,396	(\$105,073)	\$3,434
Other Categorical Grants.....	2,060	1,603	750	750	(853)	—
IFA.....	8,024	8,638	8,637	8,638	—	1
State.....	2,000	10,078	—	25	(10,053)	25
Federal CD.....	14,288	16,190	16,321	16,468	278	147
Federal Other.....	4,233	403	—	—	(403)	—
Intra-City Other.....	2,625	3,385	2,517	2,517	(868)	—
Total.....	<u>\$1,301,194</u>	<u>\$1,417,766</u>	<u>\$1,297,187</u>	<u>\$1,300,794</u>	<u>(\$116,972)</u>	<u>\$3,607</u>
<b>Additional Costs Centrally Funded</b>						
Personal Services (PS).....						
Fringe Benefits.....	\$293,952	\$312,507	\$328,261	\$329,172	\$16,665	\$911
Pensions.....	210,457	220,929	253,659	270,891	49,962	17,232
Other Than Personal Service (OTPS)						
Legal Services.....	7,031	4,490	4,444	4,573	83	129
Judgments and Claims.....	42,713	36,344	39,796	37,979	1,635	(1,817)
Debt Service.....	251,223	251,108	291,502	282,163	31,055	(9,339)
Total Additional Costs.....	<u>\$805,376</u>	<u>\$825,378</u>	<u>\$917,662</u>	<u>\$924,778</u>	<u>\$99,400</u>	<u>\$7,116</u>
<b>Funding</b>						
City.....	782,302	799,217	889,703	897,400	98,183	7,697
Non-City.....	23,074	26,161	27,959	27,378	1,217	(581)
<b>Full Agency Costs (including Central Accounts)</b>						
Salary and Wages.....	\$762,143	\$823,481	\$759,570	\$757,559	(\$65,922)	(\$2,011)
Fringe Benefits.....	323,208	344,529	359,708	360,732	16,203	1,024
Pensions.....	210,457	220,929	253,659	270,891	49,962	17,232
Total PS.....	<u>\$1,295,808</u>	<u>\$1,388,939</u>	<u>\$1,372,937</u>	<u>\$1,389,182</u>	<u>\$243</u>	<u>\$16,245</u>
OTPS.....	\$509,795	\$562,263	\$506,170	\$511,675	(\$50,588)	\$5,505
Legal Services.....	7,031	4,490	4,444	4,573	83	129
Judgments and Claims.....	42,713	36,344	39,796	37,979	1,635	(1,817)
Debt Service.....	251,223	251,108	291,502	282,163	31,055	(9,339)
Total OTPS.....	<u>\$810,762</u>	<u>\$854,205</u>	<u>\$841,912</u>	<u>\$836,390</u>	<u>(\$17,815)</u>	<u>(\$5,522)</u>
Total Agency Costs.....	\$2,106,570	\$2,243,144	\$2,214,849	\$2,225,572	(\$17,572)	\$10,723
Less Intra-City.....	<u>\$2,625</u>	<u>\$3,385</u>	<u>\$2,517</u>	<u>\$2,517</u>	<u>(\$868)</u>	<u>\$—</u>
Net Agency Cost.....	<u>\$2,103,945</u>	<u>\$2,239,759</u>	<u>\$2,212,332</u>	<u>\$2,223,055</u>	<u>(\$16,704)</u>	<u>\$10,723</u>
<b>Funding</b>						
City.....	2,050,266	2,176,686	2,158,665	2,169,796	(6,890)	11,131
Non-City.....	53,679	63,073	53,667	53,259	(9,814)	(408)
<b>Personnel (includes FTEs at fiscal year-end)</b>						
City.....	9,069	8,880	8,777	8,823	(57)	46
Non-City.....	285	346	345	345	(1)	—
Total.....	<u>9,354</u>	<u>9,226</u>	<u>9,122</u>	<u>9,168</u>	<u>(58)</u>	<u>46</u>

## **Programmatic Review and Service Impact**

The Department's main administrative and planning divisions include the Bureau of Long Term Export, Financial Management and Administration, and the Bureau of Waste Prevention, Reuse, and Recycling. The two operational divisions are the Bureau of Cleaning and Collection (BCC) and the Bureau of Waste Disposal (BWD). The Bureau of Motor Equipment (BME) and the Bureau of Building Management (BBM) provide support operations.

### *Long Term Solid Waste Management*

In accordance with the 2006 Solid Waste Management Plan (SWMP), the Department is developing a City waste export infrastructure to replace existing contracts, limit truck-based export, and maximize the export of containerized waste by barge or rail. The Department has designed new containerization facilities to be built at four Marine Transfer Station sites for the Department-managed waste, and continues to negotiate and contract with vendors interested in providing long-term waste services at the Marine Transfer stations.

For Staten Island waste, the Department operates a facility at the closed Fresh Kills landfill that containerizes waste for rail transport via a rail link connecting Staten Island to the national rail freight network. In addition, the Department maintains long term solid waste management contracts with vendors to export refuse by rail for all of the Bronx and a portion of Brooklyn.

Containerization at the Marine Transfer Stations and at the Staten Island facility will provide the City with an environmentally sound approach to waste management and increased flexibility in disposal options. In addition, the Solid Waste Management Plan equitably distributes the responsibility for waste transfer among the five boroughs.

The 2012-2021 Ten-Year Capital Strategy provides \$406.9 million for the implementation of the City's Solid Waste Management Plan.

### *Bureau of Waste Prevention, Reuse, and Recycling*

The Department continues its efforts to reduce the quantity of solid waste that must be disposed. The Department currently operates a dual-stream recycling program that requires residents to separate metal, glass, and plastic (MGP) from paper and place it in bins, bags or bundles.

In 2011, the paper recycling program will generate an average of \$10.49 of revenue per ton from various vendors, or \$3.4 million per year. The City is paying \$69.30 per ton for MGP processing.

In 2008, the Department entered into a 20-year contract for MGP and paper recycling with Sims Municipal Recycling of New York LLC (Sims). The City is funding the rehabilitation of the 30th Street Pier in the South Brooklyn Marine Terminal as site preparation for a recycling processing facility to be built there by Sims.

### *Bureau of Cleaning and Collection*

The Bureau of Cleaning and Collection (BCC) is primarily responsible for collecting household refuse and recyclables, cleaning City streets, and enforcing recycling regulations and portions of the City's health and administrative codes. During the winter, BCC is also responsible for the removal of snow from City streets.

Currently, BCC provides refuse collection services two to three times a week depending on the population density of the community. To date in 2011, the Department's curbside collection program has averaged 9.9 tons per truck.



### *Bureau of Waste Disposal*

The Bureau of Waste Disposal (BWD) is responsible for the receipt, transfer, transportation, and final disposal of approximately 11,000 daily tons of waste through its waste export contracts.

BWD is also responsible for the Fresh Kills landfill closure activities. The Financial Plan includes funds for closure activities including final capping of the landfill, leachate treatment and control, methane gas collection and flaring, maintenance and security of the site and waterways, and environmental monitoring.

### *Support Bureaus*

The Bureau of Motor Equipment (BME) provides services related to the acquisition, repair, and maintenance of the Department's equipment including collection trucks, street sweepers, salt spreaders, snow melters, front-end loaders, and other vehicles and equipment. BME operates an extensive network of repair and maintenance facilities. This Bureau researches and develops equipment specifications to improve productivity, vehicle design, and to take advantage of the newest technologies including alternative fuel vehicles and emissions-reducing exhaust after-treatments.

The Bureau of Building Management (BBM) provides facility management services. BBM provides maintenance and emergency repair work for the Department's 206 facilities. BBM is also working in conjunction with the New York Power Authority to reduce the Department's overall electrical consumption, particularly peak loads during high temperature summer days.

### **Capital Review**

The Department's 2012-2021 Ten-Year Capital Strategy totals \$1.6 billion. The Ten-Year Plan provides the Department with funding to construct, rehabilitate, purchase, and develop the necessary infrastructure and assets to support refuse collection, recycling, cleaning, waste disposal, and support operations. The Department's Ten-Year Plan consists of four components — equipment purchases; marine transfer station renovation and construction; garage rehabilitation, site acquisition, and construction; and information technology and telecommunications.

To support the Department's collection and cleaning operations, garages and facilities will be constructed and rehabilitated. In accordance with the City's Long Term Solid Waste Management Plan, the Department has embarked on the renovation and the construction of marine transfer stations. These containerized facilities will enable the City to export its refuse via barge or rail. The Department continues to replenish its fleet, including collection trucks, dual-bin trucks, mechanical brooms, and salt spreaders in order to support operations.

The table below shows capital commitments by program area over the 2010-2015 period.

### **Capital Commitments**

**(\$ in 000's)**

	2010 Actual		2011 Plan		2012 Plan		2013 Plan		2014 Plan		2015 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Waste Disposal .....	\$19	\$19	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Solid Waste Management .....	415,534	415,534	12,970	17,570	272,877	272,877	134,071	134,071	0	0	0	0
Garages .....	15,794	15,794	359,203	359,203	44,090	44,090	9,841	9,841	3,020	3,020	7,371	7,371
Equipment .....	67,332	67,416	102,494	104,389	94,456	94,456	95,213	95,213	74,608	74,608	124,888	124,888
Information Technology and Telecommunications .....	4,115	4,115	8,150	8,150	44,540	44,540	1,000	1,000	1,000	1,000	833	833
<b>Total .....</b>	<b>\$502,794</b>	<b>\$502,878</b>	<b>\$482,817</b>	<b>\$489,312</b>	<b>\$455,963</b>	<b>\$455,963</b>	<b>\$240,125</b>	<b>\$240,125</b>	<b>\$78,628</b>	<b>\$78,628</b>	<b>\$133,092</b>	<b>\$133,092</b>

*Highlights of the 2012-2021 Ten-Year Capital Strategy and 2012-2015 Four-Year Plan*

The 2012-2021 Capital Strategy includes \$1.6 billion for equipment purchases, marine transfer station renovation and construction, garage rehabilitation, site acquisition, and construction, and information technology and telecommunications, including:

- construction and rehabilitation of garages and other facilities (\$83.9 million), including: component rehabilitation and construction of garages citywide (\$53.6 million), site acquisition for Department facilities (\$20.0 million) and construction of salt storage facilities (\$10.3 million).
- construction and renovation of transfer stations and other facilities in accordance with the City's Long Term Solid Waste Management Plan (\$406.9 million), all of which is included in the 2012-2015 Four-Year Plan.
- replacement of vehicles (\$1.0 billion), which includes \$389.2 million in the 2012-2015 Four-Year Plan.
- information technology and telecommunications (\$60.4 million).

The 2012 Capital Plan provides \$456.0 million in 2012 including:

- component rehabilitation and construction of garages citywide (\$13.8 million), and construction of salt storage facilities (\$10.3 million).
- site acquisition for Department facilities, including salt sheds and garages (\$20.0 million).
- construction and renovation of transfer stations and other facilities in accordance with the City's Long Term Solid Waste Management Plan (\$272.9 million).
- replacement of mechanical brooms, collection trucks, salt spreaders and other vehicles (\$94.5 million).
- information technology and telecommunications projects (\$44.5 million).

## DEPARTMENT OF PARKS AND RECREATION

The Department of Parks and Recreation (DPR) is the steward of more than 29,000 acres of land, including more than 5,000 individual properties ranging from Coney Island and Central Park to community gardens and Greenstreets. The Department maintains and operates more than 800 athletic fields, more than 1,000 playgrounds, 550 tennis courts, 66 public pools, 48 recreational facilities, 17 nature centers, 14 miles of beaches, and 13 golf courses. The Department is also responsible for 1,200 monuments and 23 historic house museums and the care and maintenance of over 600,000 street trees and two million trees in parks. The Department is New York City's principal provider of athletic facilities, and hosts concerts and world-class sports and cultural events.

### Financial Review

The 2012 Executive Budget for the Department provides for operating expenses of \$299.9 million. This represents a net decrease of \$70.6 million from the amount forecasted for 2011. This decrease is due primarily to reductions in full-time staffing via attrition, a reduction in funding for seasonal positions, and the fact that much of the Federal, State and private grant funding reflected in 2011 is not yet reflected in 2012. Capital commitments of \$467.5 million are also provided in 2012.

### Revenue Forecast

The Department of Parks and Recreation issues recreational permits, collects revenue from marina rentals, and receives revenue generated by concessions operated on Parks property. The Department will collect \$72.6 million from these sources in 2012, \$10 million more than 2011, partially due to an increase in fees for recreational facilities and permits.

### Expense Budget Highlights

#### *Budgetary Priorities: Providing Core Services*

- maintaining the City's parks, playgrounds, infrastructure, and safety equipment, while ensuring acceptable ratings for the cleanliness and overall condition of parks.
- sustaining parks through workforce transformation programs. Parks maintenance funding is also provided through the City's Human Resources Administration for the Parks Opportunity Program. This program provides a workforce to assist in the maintenance and operation of park facilities and helps to train and employ public assistance recipients.
- operating pools and employing lifeguards at pools and beaches. The 2012 budget includes an \$8.66 million allocation to provide the lifeguards necessary for the operation of swimming pools and beaches during the summer months.
- maintaining street trees, park flora and fauna. The 2012 budget includes \$8.75 million for tree pruning, dead tree removal, reforestation, foresters, contract inspection, and administration to support a variety of forestry initiatives, including increasing the City's street tree inventory. In addition, the 2012 budget includes \$3.1 million for the removal of wood waste in areas affected by the Asian Longhorned Beetle throughout the City and to prevent further infestation and damage to the City's trees.
- designing and supervising park construction. The 2012 budget includes the continuation of full-time positions in the Capital Projects Division for the design and construction of hundreds of parks projects, including parks, playgrounds, recreational and athletic fields, and tree planting.
- the 2012 budget includes \$6.0 million to support the Wildlife Conservation Society for the operation of the Central Park Zoo, the Prospect Park Zoo and the Queens Wildlife Center, and \$5.3 million to the Central Park Conservancy for the management and operation of Central Park.

## **Summary of Agency Financial Data**

The following table compares the 2012 Executive Budget with the 2012 Preliminary Budget, the 2011 forecast and actual expenditures for 2010, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

**Summary of Agency Financial Data**  
(\$ in 000's)

	2010 Actual	2011 Forecast	2012		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2011 Forecast	2012 Preliminary Budget
<b>Expenditures</b>						
Salary and Wages.....	\$304,853	\$278,338	\$219,004	\$225,489	(\$52,849)	\$6,485
Fringe Benefits.....	2,097	4,478	1,743	1,743	(2,735)	—
OTPS.....	75,765	87,682	69,467	72,681	(15,001)	3,214
Total.....	<u>\$382,715</u>	<u>\$370,498</u>	<u>\$290,214</u>	<u>\$299,913</u>	<u>(\$70,585)</u>	<u>\$9,699</u>
<b>Funding</b>						
City.....	\$273,752	\$263,093	\$222,104	\$223,239	(\$39,854)	\$1,135
Other Categorical Grants.....	14,254	17,820	250	250	(17,570)	—
IFA.....	34,413	34,572	27,258	33,793	(779)	6,535
State.....	1,356	1,452	—	—	(1,452)	—
Federal CD.....	3,119	3,142	2,642	2,642	(500)	—
Federal Other.....	523	2,297	—	660	(1,637)	660
Intra-City Other.....	55,298	48,122	37,960	39,329	(8,793)	1,369
Total.....	<u>\$382,715</u>	<u>\$370,498</u>	<u>\$290,214</u>	<u>\$299,913</u>	<u>(\$70,585)</u>	<u>\$9,699</u>
<b>Additional Costs Centrally Funded</b>						
Personal Services (PS).....						
Fringe Benefits.....	\$101,219	\$99,213	\$103,250	\$93,721	(\$5,492)	(\$9,529)
Pensions.....	35,564	39,650	49,404	47,319	7,669	(2,085)
Other Than Personal Service (OTPS)						
Legal Services.....	6,078	5,263	5,388	5,397	134	9
Judgments and Claims.....	18,710	19,324	21,159	20,193	869	(966)
Debt Service.....	221,404	221,302	256,902	288,399	67,097	31,497
Total Additional Costs.....	<u>\$382,975</u>	<u>\$384,752</u>	<u>\$436,103</u>	<u>\$455,029</u>	<u>\$70,277</u>	<u>\$18,926</u>
<b>Funding</b>						
City.....	360,658	355,097	406,570	420,795	65,698	14,225
Non-City.....	22,317	29,655	29,533	34,234	4,579	4,701
<b>Full Agency Costs (including Central Accounts)</b>						
Salary and Wages.....	\$304,853	\$278,338	\$219,004	\$225,489	(\$52,849)	\$6,485
Fringe Benefits.....	103,316	103,691	104,993	95,464	(8,227)	(9,529)
Pensions.....	35,564	39,650	49,404	47,319	7,669	(2,085)
Total PS.....	<u>\$443,733</u>	<u>\$421,679</u>	<u>\$373,401</u>	<u>\$368,272</u>	<u>(\$53,407)</u>	<u>(\$5,129)</u>
OTPS.....	\$75,765	\$87,682	\$69,467	\$72,681	(\$15,001)	\$3,214
Legal Services.....	6,078	5,263	5,388	5,397	134	9
Judgments and Claims.....	18,710	19,324	21,159	20,193	869	(966)
Debt Service.....	221,404	221,302	256,902	288,399	67,097	31,497
Total OTPS.....	<u>\$321,957</u>	<u>\$333,571</u>	<u>\$352,916</u>	<u>\$386,670</u>	<u>\$53,099</u>	<u>\$33,754</u>
Total Agency Costs.....	\$765,690	\$755,250	\$726,317	\$754,942	(\$308)	\$28,625
Less Intra-City.....	<u>\$55,298</u>	<u>\$48,122</u>	<u>\$37,960</u>	<u>\$39,329</u>	<u>(\$8,793)</u>	<u>\$1,369</u>
Net Agency Cost.....	<u>\$710,392</u>	<u>\$707,128</u>	<u>\$688,357</u>	<u>\$715,613</u>	<u>\$8,485</u>	<u>\$27,256</u>
<b>Funding</b>						
City.....	634,410	618,190	628,674	644,034	25,844	15,360
Non-City.....	75,982	88,938	59,683	71,579	(17,359)	11,896
<b>Personnel (includes FTEs at fiscal year-end)</b>						
City.....	6,218	5,770	4,756	4,331	(1,439)	(425)
Non-City.....	1,024	667	461	525	(142)	64
Total.....	<u>7,242</u>	<u>6,437</u>	<u>5,217</u>	<u>4,856</u>	<u>(1,581)</u>	<u>(361)</u>

## **Programmatic Review and Service Impact**

The Department of Parks and Recreation is committed to providing a safe and clean park system and offering a range of recreational opportunities to all New Yorkers. To that end, the Department expects to build upon past successes in establishing public and private partnerships and obtaining Federal and State funding to assist in parkland maintenance and operations.

New York City monitors the cleanliness and condition of its parks through the Parks Inspection Program (PIP). The Department of Parks and Recreation is working with the unions to finalize an Attrition Incentive Program, whereby the Department will provide Parks full-time employees who resign or retire on a voluntary basis the opportunity for a six-month position. The Department will continue to optimize its full-time and seasonal staffing resources, which are responsible for park cleanliness, maintenance, security and safety.

### *Expanding Partnerships*

The Department of Parks and Recreation continues to explore a variety of opportunities to partner with local organizations and to increase resources for parks programs. Park improvements have been bolstered by significant partnerships with support for capital projects, maintenance, programming and special events. Such partnerships include everything from conservancies for specific parks, such as the Central Park Conservancy and Greenbelt Conservancy, to the City Parks Foundation which provides programming at parks citywide, to local gardening and volunteer groups. The Department will expand its support from partnerships including revitalizing Van Cortlandt Park with the newly created Van Cortlandt Park Conservancy, creating new waterfront parks in Greenpoint and Williamsburg with the Open Space Alliance, expanding the free fitness Shape Up NYC program with NYC Service, and continuing to plant one million trees citywide with the New York Restoration Project.

### *Recreational Services*

In its mission to provide free and low cost opportunities for sports, fitness and outdoor adventure, the Department partners with sister agencies, private and non-profit organizations. Through partnerships with NYC Service, DOHMH, Equinox and Empire Blue Cross Blue Shield, the Department had over 96,000 visits in the past year to its free fitness programs: Shape Up NYC and Walk NYC. Additionally, through an expanded partnership with DOE, the Department coordinated with 219 public schools this year to utilize our indoor facilities and outdoor green spaces for physical education. And thanks to the support of the Heckscher Foundation for Children, the Department has partnered with NYC's other leading swim providers to launch a three year expansion of our second grade swim programming. The program, Swim for Life, has set an ambitious goal of "drown proofing" 41,000 second graders in NYC's public schools by 2013, preventing needless drownings and teaching an essential recreation activity, one that will provide holistic health and fitness benefits for life.

## Capital Review

The 2012-2015 Four-Year Capital Plan totals \$897.4 million, including \$80.2 million in non-City funds. The table below reflects capital commitments by program area over the 2010-2015 period.

### Capital Commitments

(\$000's)

	2010 Actual		2011 Plan		2012 Plan		2013 Plan		2014 Plan		2015 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Beaches and Boardwalks .....	\$17,505	\$17,505	\$3,663	\$7,073	\$1,396	\$1,396	\$1,245	\$1,245	\$1,000	\$1,000	\$1,000	\$1,000
Land Acquisition and Tree Planting.....	43,461	45,434	152,204	155,426	20,700	20,800	46,351	46,351	27,895	27,895	25,041	25,041
Major Recreation Facilities and Facility Reconstruction .	125,819	125,819	64,924	66,842	35,670	36,510	6,757	6,797	4,550	4,590	4,550	4,590
Neighborhood Parks and Playgrounds.....	114,937	132,881	146,661	163,331	102,964	127,671	37,719	37,719	8,500	8,500	10,565	10,565
Vehicles and Equipment .....	6,147	6,147	33,417	33,542	6,493	6,493	5,628	5,628	5,200	5,200	5,200	5,200
“Large, Major and Regional” Park Reconstruction.....	210,472	214,151	304,522	405,783	219,886	274,357	144,070	144,070	23,372	23,372	69,680	69,680
Zoos.....	200	200	12,771	12,771	275	275	500	500	500	500	500	500
Total.....	<u>\$518,541</u>	<u>\$542,137</u>	<u>\$718,162</u>	<u>\$844,768</u>	<u>\$387,384</u>	<u>\$467,502</u>	<u>\$242,270</u>	<u>\$242,310</u>	<u>\$71,017</u>	<u>\$71,057</u>	<u>\$116,536</u>	<u>\$116,576</u>

#### *Highlights of the 2012-2021 Ten-Year Capital Strategy and 2012-2015 Four-Year Plan.*

- acquisition and development of open space along the Greenpoint and Williamsburg waterfronts in Brooklyn (\$55.6 million).
- rehabilitation of pedestrian bridges, Citywide (\$39.2 million).
- construction of a new park at Fresh Kills (\$36.4 million).
- construction of a waterfront park at Ferry Point Park in the Bronx (\$12.0 million).
- reconstruction of lake landscapes and facilities at Central Park in Manhattan (\$7.9 million).
- design and construction of the Ridgewood Reservoir at Highland Park in Queens (\$6.8 million).
- acquisition of Lemon Creek Park in Staten Island (\$6.0 million).
- reconstruction of Soundview Park in the Bronx (\$5.8 million).
- reconstruction of sidewalks damaged by trees Citywide (\$5.7 million).
- infrastructure and requirements work for City zoos including the Central Park Zoo, the Prospect Park Zoo and the Queens Zoo (\$3.9 million).
- acquisition of Socrates Sculpture Park land addition in Queens (\$2.0 million).

The 2012 Plan for the Department totals \$467.5 million (including \$80.1 million in non-City funding) and highlights include:

- reconstruction of the High Bridge in Manhattan and the Bronx (\$57.4 million).
- construction of gazebos, an entry plaza and a parking lot at Midland Beach in Staten Island (\$11.7 million).
- increased access to the waterfront in Ft. Washington Park in Manhattan (\$11.6 million).
- construction of tennis courts and renovation of the bathhouse, pool house and nature center at Crotona Park in the Bronx (\$6.6 million).
- conversion of schoolyards to playgrounds, Citywide as part of PlaNYC 2030 (\$6.5 million).
- construction of an annex at the Alley Pond Environmental Center in Queens (\$5.8 million).
- improvements to Squibb Park in Brooklyn (\$4.4 million).
- phase one reconstruction of Betsy Head Memorial Park in Brooklyn (\$3.4 million).
- construction of an indoor horse riding arena at Ocean Breeze Park in Staten Island (\$2.6 million).
- reconstruction of soccer fields in Flushing Meadow Corona Park (\$2.6 million).



## DEPARTMENT OF ENVIRONMENTAL PROTECTION

The primary mission of the Department of Environmental Protection (DEP) is to protect the environmental health, welfare and natural resources of New York City and its residents. This includes managing the New York City water and sewer system. The New York City water system consists of 19 collecting reservoirs and three controlled lakes located within the 2,000 square miles of the Croton, Catskill and Delaware watersheds, along with 7,000 miles of aqueducts, tunnels and water mains, and seven upstate water pollution control plants. The New York City sewer system is comprised of a comprehensive network of 7,400 miles of sewers, 14 in-City water pollution control plants, and 93 pump stations to convey and treat approximately 1.3 billion gallons of captured sewage to standards established by State and Federal law before releasing the effluent into receiving waters.

### Financial Review

The Department of Environmental Protection's 2012 Executive Budget provides \$1.0 billion in operating expenses, a decrease of \$21.2 million from the amount forecast for 2011. It also provides capital commitments of \$1.9 billion in Water Finance Authority Funds and \$205.3 million in non-City funds.

### Revenue Forecast

The Department collects revenue from environmental quality permits, the sale of hydro-energy to upstate power utilities, property rentals, and other fees. The revenue estimate for 2012 is \$23.0 million. The Bureau of Environmental Compliance regulates air, noise and hazardous materials, performs inspections, issues licenses and permits, and reviews technical plans related to asbestos control, air quality, and noise abatement laws. The Bureau will collect \$14.1 million from these sources in 2012.

In addition, DEP also gathers the data used to generate bills for customers of, and collects water and sewer fees for, the New York City Water Board. DEP projects approximately \$3.2 billion in water and sewer revenue for 2012.

### Expense Budget Highlights

#### *Budgetary Priorities: Providing Core Services*

- DEP supplies approximately 1.0 billion gallons of drinking water per day to eight million City residents and one million upstate residents, and maintains the City's water main and sewer infrastructure. Approximately 2,098 personnel and \$425.7 million are dedicated to this function. In addition, there are 264 police and security force personnel, including 188 environmental police officers (\$20.7 million), who protect the upstate watershed and respond to hazardous materials emergencies.
- DEP treats an average of 1.3 billion gallons of dry-weather sewage per day at the City's 14 Water Pollution Control Plants (WPCPs). Approximately 1,974 personnel and \$367.3 million are dedicated to this function.
- the Department enforces the City's air and noise codes in addition to asbestos regulations with 164 personnel and \$10.4 million dedicated to this function.
- as the Catskill/Delaware Ultraviolet Disinfection Facility comes online in 2012, the DEP will incur operational, managerial, and functional expenses (\$5.0 million). Twenty eight new positions will be added to the existing 12 personnel. In total, 40 positions will be dedicated to this function.
- the Department will continue to fund a contract with IBM to provide overall technical assistance to the Bureau of Customer Service for the development of a new billing system (\$3.9 million), and will increase mailings to keep customers up-to-date on new initiatives (\$1.2 million).

- the implementation of the City's Green Infrastructure Plan will require \$1.6 million to purchase, install, and maintain green infrastructure components, as well as to hire 20 personnel dedicated to these functions.

#### *Restructuring and Streamlining*

- in an effort to limit the 2012 water-rate increase, DEP will reduce 108 budgeted positions at a savings of \$9.4 million. This will be achieved mainly through a combination of vacancy reductions, attrition and internal re-allocations.
- the Agency has identified savings of \$21.8 million to its other than personal services budget. Of this amount, \$11.2 million is attributed to the operational changes in the handling of biosolids and \$10.6 million in further reductions and reallocations.

#### **Summary of Agency Financial Data**

The following table compares the 2012 Executive Budget with the 2012 Preliminary Budget, the 2011 forecast and actual expenditures for 2010, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

**Summary of Agency Financial Data**  
(\$ in 000's)

	2010 Actual	2011 Forecast	2012		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2011 Forecast	2012 Preliminary Budget
<b>Expenditures</b>						
Salary and Wages.....	\$681,159	\$453,338	\$449,377	\$451,399	(\$1,939)	\$2,022
Fringe Benefits.....	3,120	4,767	3,269	3,269	(1,498)	—
OTPS.....	786,650	556,754	534,654	581,418	24,664	46,764
Total.....	<u>\$1,470,929</u>	<u>\$1,014,859</u>	<u>\$987,300</u>	<u>\$1,036,086</u>	<u>\$21,227</u>	<u>\$48,786</u>
<b>Funding</b>						
City.....	\$1,138,929	\$936,932	\$926,953	\$970,758	\$33,826	\$43,805
Other Categorical Grants.....	250,285	—	—	—	—	—
IFA.....	73,465	59,121	59,073	64,010	4,889	4,937
State.....	62	73	—	—	(73)	—
Federal CD.....	—	—	—	—	—	—
Federal Other.....	7,008	17,206	123	123	(17,083)	—
Intra-City Other.....	1,180	1,527	1,151	1,195	(332)	44
Total.....	<u>\$1,470,929</u>	<u>\$1,014,859</u>	<u>\$987,300</u>	<u>\$1,036,086</u>	<u>\$21,227</u>	<u>\$48,786</u>
<b>Additional Costs Centrally Funded</b>						
Personal Services (PS).....						
Fringe Benefits.....	\$152,535	\$143,436	\$150,820	\$151,807	\$8,371	\$987
Pensions.....	51,234	57,119	110,135	105,487	48,368	(4,648)
Other Than Personal Service (OTPS)						
Legal Services.....	14,773	14,977	12,635	13,720	(1,257)	1,085
Judgments and Claims.....	12,712	13,102	14,346	13,691	589	(655)
Debt Service.....	97,801	97,756	113,481	95,475	(2,281)	(18,006)
Total Additional Costs.....	<u>\$329,055</u>	<u>\$326,390</u>	<u>\$401,417</u>	<u>\$380,180</u>	<u>\$53,790</u>	<u>(\$21,237)</u>
<b>Funding</b>						
City.....	303,929	303,287	380,187	359,833	56,546	(20,354)
Non-City.....	25,126	23,103	21,230	20,347	(2,756)	(883)
<b>Full Agency Costs (including Central Accounts)</b>						
Salary and Wages.....	\$681,159	\$453,338	\$449,377	\$451,399	(\$1,939)	\$2,022
Fringe Benefits.....	155,655	148,203	154,089	155,076	6,873	987
Pensions.....	51,234	57,119	110,135	105,487	48,368	(4,648)
Total PS.....	<u>\$888,048</u>	<u>\$658,660</u>	<u>\$713,601</u>	<u>\$711,962</u>	<u>\$53,302</u>	<u>(\$1,639)</u>
OTPS.....	\$786,650	\$556,754	\$534,654	\$581,418	\$24,664	\$46,764
Legal Services.....	14,773	14,977	12,635	13,720	(1,257)	1,085
Judgments and Claims.....	12,712	13,102	14,346	13,691	589	(655)
Debt Service.....	97,801	97,756	113,481	95,475	(2,281)	(18,006)
Total OTPS.....	<u>\$911,936</u>	<u>\$682,589</u>	<u>\$675,116</u>	<u>\$704,304</u>	<u>\$21,715</u>	<u>\$29,188</u>
Total Agency Costs.....	\$1,799,984	\$1,341,249	\$1,388,717	\$1,416,266	\$75,017	\$27,549
Less Intra-City.....	<u>\$1,180</u>	<u>\$1,527</u>	<u>\$1,151</u>	<u>\$1,195</u>	<u>(\$332)</u>	<u>\$44</u>
Net Agency Cost.....	<u>\$1,798,804</u>	<u>\$1,339,722</u>	<u>\$1,387,566</u>	<u>\$1,415,071</u>	<u>\$75,349</u>	<u>\$27,505</u>
<b>Funding</b>						
City.....	1,442,857	1,240,219	1,307,140	1,330,591	90,372	23,451
Non-City.....	355,947	99,503	80,426	84,480	(15,023)	4,054
<b>Personnel (includes FTEs at fiscal year-end)</b>						
City.....	207	222	218	215	(7)	(3)
Non-City.....	5,756	5,904	5,866	5,831	(73)	(35)
Total.....	<u>5,963</u>	<u>6,126</u>	<u>6,084</u>	<u>6,046</u>	<u>(80)</u>	<u>(38)</u>

## **Programmatic Review and Service Impact**

### *Water Supply Strategies*

The Department will continue the implementation of programs related to the Filtration Avoidance Determination (FAD) for the City's Catskill and Delaware water supplies. In 2007, the Environmental Protection Agency (EPA) issued an administrative determination providing the City with a waiver from filtering the Catskill and Delaware water supplies through 2017. The current FAD is based on DEP's ongoing long-term watershed protection program. As part of the FAD, DEP will complete the construction of an ultraviolet lighting disinfection facility in 2012 to further purify water from the Catskill and Delaware watersheds and is also continuing its upstate land acquisition program to protect the water entering the City's reservoirs.

### *Wastewater Treatment Initiatives*

According to recent harbor surveys issued by the Department, water quality in the harbor and surrounding waters continues to improve to levels not experienced in the last 100 years. Coliform bacterial counts, which are indicators of sewage pollution, continue a downward trend. Improvements have also been realized in the measure of dissolved oxygen, as concentration levels in most harbor areas have been notably higher than in past years. These advancements are attributed to the following DEP initiatives: continued reconstruction and upgrades of City water pollution control plants; implementation of advanced treatment technologies for nitrogen removal; the abatement of illegal discharges; improved sewer maintenance; decreased water consumption; and increased capture of wet weather flows.

To continue building upon these improvements over the next 20 years, DEP will implement the NYC Green Infrastructure Plan. It proposes to supplement existing combined sewer overflow (CSO) controls with a mix of "green infrastructure" (natural, permeable surfaces) and the optimization of "grey infrastructure" (modifications and cleanings of existing tanks and tunnels) that will more cost-effectively reduce CSOs into waterways, while also improving air quality. This program is intended to remove the need for additional, expensive holding tanks and tunnels.

### *Customer Services Programs*

As required by the New York State Department of Environmental Conservation and the NYC Water Board, the Department is progressing towards its goal of universally metering all properties. The major objectives of universal metering include water conservation, improved water supply system management and rate equity. DEP services approximately 835,000 water and sewer customer accounts — 815,000 metered (of which 50,000 are billed on a flat-rate system) and 20,000 un-metered.

DEP will continue service terminations to residential properties for non-payment of water and sewer bills. The service terminations come after months of notifications to single-family home customers owing \$500 or more for six months or longer. DEP also can conduct lien sales of delinquent water and sewer charges independent of other delinquencies, provided that the water and sewer charges have been delinquent for at least one year and equal or exceed one thousand dollars for Tax Class 2 and 4 properties and over \$2,000 for Tax Class 1 two and three family properties.

### *Environmental Compliance*

The Bureau of Environmental Compliance reviews and inspects asbestos abatement projects; investigates air quality and noise complaints; monitors emissions and environmental impacts from alternative fuel vehicles; issues permits for boilers, other combustion equipment, and other potential sources of air pollution; maintains four air monitoring stations on Staten Island; and assists environmental economic development through outreach and compliance assistance.

The Bureau is also responsible for enforcing the City’s noise code. Along with establishing rules, guidelines and standards for governing noise in the City, the Bureau promulgates construction rules that require a site-specific noise mitigation plan for each construction site, offering alternatives for contractors to continue construction while reducing the noise impact on the surrounding environment.

*Energy Policy*

The Agency has taken on new responsibilities for working with the Department of Citywide Administrative Services on coordinating the City’s energy policy. Given that DEP is one of the City’s largest energy users (spending almost \$100.0 million a year on heat, light and power) this policy role is closely linked with a number of objectives in the Agency’s strategic plan.

DEP’s role will include evaluation and coordination on all major third party investments on supply, transmission and distribution within New York City. DEP will also represent the City on energy regulatory matters with the Federal Energy Regulatory Commission, the NYS Independent System Operators and the NYS Public Service Commission. This expanded role is in addition to over \$300.0 million in capital projects with some energy components that will invest in clean distributed generation, energy efficiency and hydro-electric generation.

*Bureau of Police and Security*

The Bureau of Police and Security is responsible for protecting the New York City water supply and the associated critical infrastructure from terrorism, pollution and crime. Since February 1, 2010, the Bureau has been responsible for responding to hazardous material emergencies within the City by evaluating the characteristics of the materials involved and making technical decisions concerning containment, abatement and disposal, when that role was shifted from the Bureau of Environmental Compliance. The DEP Police Department patrols the upstate water supply and currently employs 188 Environmental Police Officers.

**Capital Review**

*Overview*

The Ten-Year Capital Plan provides a total of \$12.6 billion from the following sources: \$12.3 billion in Water Finance Authority funds and \$305.2 million in non-City funds.

The table below shows the capital commitments by program area over the 2010-2015 period.

**Capital Commitments**  
**(\$ in 000’s)**

	2010 Actual		2011 Plan		2012 Plan		2013 Plan		2014 Plan		2015 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Water Pollution .....	1,314,685	1,529,937	631,019	649,813	438,536	438,536	393,457	393,457	568,084	568,084	298,488	298,488
Water Mains .....	660,017	660,017	796,681	954,444	760,090	964,339	551,765	551,765	310,553	310,553	105,711	105,711
Sewers .....	126,748	133,978	314,940	328,331	449,498	449,502	218,055	218,055	230,722	230,722	154,774	154,774
Water Supply .....	89,168	89,168	25,072	25,072	170,216	170,216	681,380	681,380	322,393	322,393	682,417	682,417
Equipment .....	136,801	236,801	128,976	129,477	120,328	121,395	90,620	100,620	181,488	183,488	91,702	91,702
Total .....	<u>2,327,419</u>	<u>2,649,901</u>	<u>1,896,688</u>	<u>2,087,137</u>	<u>1,938,668</u>	<u>2,143,988</u>	<u>1,935,277</u>	<u>1,945,277</u>	<u>1,613,240</u>	<u>1,615,240</u>	<u>1,333,092</u>	<u>1,333,092</u>

The major elements of the Ten-Year Capital Plan include:

- construction of a bypass for the Rondout-West Branch Tunnel (RWBT) and related projects associated with repairing the Delaware Aqueduct leak (\$2.1 billion). This cost includes \$938.8 million for the construction of the bypass tunnel and shaft work and \$791.4 million for supplemental water projects necessary during the dewatering and shutdown of the RWBT to provide augmentation measures such as additional sources of water and conservation.
- ongoing stabilization and upgrade contracts of in-City water pollution control plants and systems to ensure compliance with State and Federal mandates for: operating permit requirements (\$142.3 million, including \$110.0 million budgeted for 26th Ward); the mandated studies and facility upgrades to reduce nitrogen levels in treated wastewater (\$124.5 million, of which \$74.5 million is in the first four years); and the enhancement of the existing chlorination system at various WPCPs in order to meet stricter chlorine discharge limits (\$156.7 million, of which \$71.7 million is in the first four years).
- continuation of land acquisition and construction for the award-winning Staten Island Bluebelt program (\$307.9 million, of which \$307.6 million is in the first four years).
- investments to maintain the operational integrity of existing wastewater treatment facilities (\$1.9 billion, of which \$740.4 million is in the first four years).
- implementation of the NYC Green Infrastructure Plan, a strategy for combined sewer overflow (CSO) capture through the use of green infrastructure (\$735.1 million) and the optimization of existing grey infrastructure (\$932.2 million). During the first four years of the plan, \$190.8 million is budgeted for green infrastructure, and \$326.6 million is budgeted for grey infrastructure.
- extending and reconstructing 168 miles of sewers (\$1.8 billion, of which \$1.1 billion is in the first four years). This total includes the emergency replacement of malfunctioning or collapsed cement combined sewers (\$529.8 million, with \$199.8 million in the first four years).
- replacing and extending approximately 882 miles of trunk and distribution water mains and ancillary work (\$1.5 billion), of which \$924.6 million is in the first four years. This includes funding to connect City Water Tunnel No. 3 to in-City distribution water mains.
- constructing the Catskill Pressurization Tunnel (\$415.0 million).
- reconstruction of upstate dams, roads and bridges (\$444.9 million), of which \$290.4 million is in the first four years. Included is \$161.0 million for projects associated with the reconstruction of the Gilboa Dam in the Catskill Watershed.
- continuing the construction of the Croton Water Filtration Plant and related projects, including Parks Department projects in the Bronx (\$179.8 million).
- continuing construction of Stage Two of City Water Tunnel No. 3 (\$367.1 million), of which \$59.2 million is in the first four years.
- continuing water conservation programs (\$293.1 million), of which \$282.4 million is in the first four years. Included is the installation of water meters (\$174.8 million) and the toilet rebate program (\$115.0 million).

Major projects scheduled for 2012 include:

- implementing initiatives that address water quality problems attributed to CSO discharges into the City's surrounding waterways during wet weather conditions (\$61.5 million).
- working with multiple City agencies to construct, install, and maintain various green infrastructure projects for stormwater capture citywide (\$30.7 million), such as bioswales, tree pits, constructed wetlands, and green roofs.
- reconstruction and augmentation of the City's sewer system (\$449.5 million), including the reconstruction of storm and sanitary sewers in the Whitestone Expressway Service Road, Queens (\$52.1 million).
- continued in-City water main construction and ancillary work (\$621.5 million) including \$458.6 million for 3rd Water Tunnel connection projects.
- continued various filtration avoidance measures and land acquisition in the upstate watershed (\$86.5 million).
- continued advancement of the Croton Water Filtration Plant and related projects (\$94.0 million).
- various 3rd Water Tunnel projects to connect to the distribution system (\$520.0 million).
- continued purchase, replacement and installation of water meters as part of the citywide Automated Meter Reading (AMR) Project (\$41.8 million).

## DEPARTMENT OF TRANSPORTATION

The Department of Transportation (DOT) maintains, operates and reconstructs City bridges, maintains and resurfaces streets and arterial highways within the five boroughs, plans and funds street reconstruction, operates the Staten Island Ferry, oversees private ferry operations, manages the streetlighting system and traffic signal network, maintains and collects revenue from parking meters, operates parking facilities, helps regulate traffic flow, coordinates transportation planning, and manages street use franchises.

### Financial Review

The Department of Transportation's 2012 Executive Budget provides for operating expenses of \$685.4 million, a decrease of \$163.3 million from the amount forecast for 2011. This is mainly a result of a decrease in Federal and State grant funding included in 2011 that has not yet been allocated to the Department's 2012 operating budget. Capital commitments of approximately \$1.78 billion are also provided in 2012, including \$798.6 million in Federal, State and private funding.

### Revenue Forecast

The Department of Transportation collects revenue from parking meters and parking garages, franchises, concessions, and street opening permits. In 2012, the Department will collect \$315.7 million in revenue.

### Expense Budget Highlights

#### *Budgetary Priorities: Providing Core Services*

- an allocation of \$133.8 million for the resurfacing of 700 lane miles of streets and the repair of approximately 314,000 street defects (potholes) in addition to approximately \$17.6 million in 2012 for the maintenance and cleaning of arterial highways throughout the five boroughs.
- funding of \$250.7 million for the Traffic program, including \$72 million for energy costs associated with all streetlights and traffic signals throughout the City, and \$66.8 million for the maintenance of approximately 12,000 traffic signalized intersections and over 300,000 streetlights City-wide.
- funding of \$100.6 million for the operation of the Staten Island Ferry and overseeing private ferry service.
- an allocation of \$25.3 million for the preventive maintenance, cleaning and spot and splash zone painting of City bridges in addition to federal funding for the maintenance of East River Bridges.
- approximately \$16.1 million and 163 positions for the in-house bridge flag/corrective repair program.

#### *Restructuring and Streamlining*

- savings of \$5 million in Other Than Personnel Services funding for Traffic Operations from changes in the streetlight maintenance contract bidding process, renegotiated requirements in the traffic signals maintenance contract, programmatic cuts, and the replacement of 250-watt cobrahead fixtures with more efficient 150-watt fixtures on streetlights City-wide (while maintaining the same light emission through the use of reflectors).
- the reduction of \$2.7 million and 35 managerial, administrative, planning and clerical positions agency-wide beginning in FY12. This reduction will be achieved through layoffs.



- savings of \$1 million from one-week winter furlough of 641 full-time (non-seasonal) workers in Street Maintenance and Arterial Resurfacing.
- revenue of \$19 million from raising commercial and passenger parking rates from \$2.50 to \$3.00 per hour for single-spaced and multi-spaced meters located in Manhattan south of 86th Street, and raising passenger parking rate from \$0.75 to \$1.00 per hour for single-spaced and multi-spaced meters located in Manhattan north of 86th Street and in the Outer Boroughs.

### **Summary of Agency Financial Data**

The following table compares the 2012 Executive Budget with the 2012 Preliminary Budget, the 2011 forecast and actual expenditures for 2010, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

**Summary of Agency Financial Data**  
(\$ in 000's)

	2010 Actual	2011 Forecast	2012		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2011 Forecast	2012 Preliminary Budget
<b>Expenditures</b>						
Salary and Wages.....	\$377,618	\$366,820	\$321,841	\$323,949	(\$42,871)	\$2,108
Fringe Benefits.....	3,901	15,332	4,218	4,218	(11,114)	—
OTPS.....	419,233	466,513	343,899	357,221	(109,292)	13,322
Total.....	<u>\$800,752</u>	<u>\$848,665</u>	<u>\$669,958</u>	<u>\$685,388</u>	<u>(\$163,277)</u>	<u>\$15,430</u>
<b>Funding</b>						
City.....	\$434,355	\$421,357	\$417,976	\$422,425	\$1,068	\$4,449
Other Categorical Grants.....	4,132	1,441	34	34	(1,407)	—
IFA.....	187,521	182,479	171,051	173,163	(9,316)	2,112
State.....	90,353	106,032	40,254	49,123	(56,909)	8,869
Federal CD.....	—	—	—	—	—	—
Federal Other.....	82,615	135,884	39,260	39,260	(96,624)	—
Intra-City Other.....	1,776	1,472	1,383	1,383	(89)	—
Total.....	<u>\$800,752</u>	<u>\$848,665</u>	<u>\$669,958</u>	<u>\$685,388</u>	<u>(\$163,277)</u>	<u>\$15,430</u>
<b>Additional Costs Centrally Funded</b>						
Personal Services (PS).....						
Fringe Benefits.....	\$113,879	\$124,345	\$128,177	\$129,264	\$4,919	\$1,087
Pensions.....	44,145	49,216	61,406	58,814	9,598	(2,592)
Other Than Personal Service (OTPS)						
Legal Services.....	22,402	23,703	24,765	24,658	955	(107)
Judgments and Claims.....	77,918	118,348	129,588	123,672	5,324	(5,916)
Debt Service.....	608,467	608,187	706,024	682,729	74,542	(23,295)
Total Additional Costs.....	<u>\$866,811</u>	<u>\$923,799</u>	<u>\$1,049,960</u>	<u>\$1,019,137</u>	<u>\$95,338</u>	<u>(\$30,823)</u>
<b>Funding</b>						
City.....	830,384	886,880	1,002,470	970,872	83,992	(31,598)
Non-City.....	36,427	36,919	47,490	48,265	11,346	775
<b>Full Agency Costs (including Central Accounts)</b>						
Salary and Wages.....	\$377,618	\$366,820	\$321,841	\$323,949	(\$42,871)	\$2,108
Fringe Benefits.....	117,780	139,677	132,395	133,482	(6,195)	1,087
Pensions.....	44,145	49,216	61,406	58,814	9,598	(2,592)
Total PS.....	<u>\$539,543</u>	<u>\$555,713</u>	<u>\$515,642</u>	<u>\$516,245</u>	<u>(\$39,468)</u>	<u>\$603</u>
OTPS.....	\$419,233	\$466,513	\$343,899	\$357,221	(\$109,292)	\$13,322
Legal Services.....	22,402	23,703	24,765	24,658	955	(107)
Judgments and Claims.....	77,918	118,348	129,588	123,672	5,324	(5,916)
Debt Service.....	608,467	608,187	706,024	682,729	74,542	(23,295)
Total OTPS.....	<u>\$1,128,020</u>	<u>\$1,216,751</u>	<u>\$1,204,276</u>	<u>\$1,188,280</u>	<u>(\$28,471)</u>	<u>(\$15,996)</u>
Total Agency Costs.....	\$1,667,563	\$1,772,464	\$1,719,918	\$1,704,525	(\$67,939)	(\$15,393)
Less Intra-City.....	\$1,776	\$1,472	\$1,383	\$1,383	(\$89)	\$—
Net Agency Cost.....	<u>\$1,665,787</u>	<u>\$1,770,992</u>	<u>\$1,718,535</u>	<u>\$1,703,142</u>	<u>(\$67,850)</u>	<u>(\$15,393)</u>
<b>Funding</b>						
City.....	1,264,737	1,308,237	1,420,446	1,393,297	85,060	(27,149)
Non-City.....	401,050	462,755	298,089	309,845	(152,910)	11,756
<b>Personnel (includes FTEs at fiscal year-end)</b>						
City.....	2,368	2,144	2,153	1,989	(155)	(164)
Non-City.....	2,620	2,967	2,237	2,399	(568)	162
Total.....	<u>4,988</u>	<u>5,111</u>	<u>4,390</u>	<u>4,388</u>	<u>(723)</u>	<u>(2)</u>

## **Programmatic Review and Service Impact**

### *Bridges*

The Bureau of Bridges is responsible for the reconstruction, repair, maintenance and operation of approximately 800 City-owned bridge and tunnel structures. In 2012, the Bureau of Bridges will be staffed with 768 positions and have an operating budget of \$71.9 million, a decrease of \$19.5 million from the amount forecast for 2011. This reduction is primarily due to Federal and State grants expiring at the end of 2011. Most of these grants are expected to be renewed during 2011, including Federal grants for preventive maintenance on the Manhattan, Williamsburg, Queensboro and Brooklyn Bridges.

The Bridge program in the 2012 Executive Budget continues the City's commitment to preserve and maintain its infrastructure. The Bridge "Flag" and Correction Repair program corrects mostly structural ("red" and "yellow" flags, in descending order of priority) and safety deficiencies on bridges by using both in-house and contract forces. Furthermore, the Preventive Maintenance program includes the oiling, sweeping, cleaning, washing, electrical maintenance and spot and salt splash zone painting of the City's bridges.

### *Highway Operations*

The Roadway Repair and Maintenance Division is responsible for maintaining approximately 19,324 lane miles of streets and 1,175 arterial highways within the five boroughs, 70.8 percent of which are in good condition as of 2010. The Permits Management and Construction Control programs are responsible for regulating the excavation and various other uses of City streets and sidewalks. In 2012, Highway Operations will be staffed by approximately 1,042 full-time and approximately 240 seasonal positions with a budget totaling \$184.8 million, a decrease of \$43.4 million over the 2011 agency forecast. The expiration of Federal and State grants at the end of 2011 is contributing to this decrease. These grants are expected to be renewed during 2012.

The Department manages the New York City Plaza program, which converts underused street areas into public plaza spaces for pedestrians. The Department has three active rounds of plaza programs, including seven plazas currently under design.

### *Traffic Operations*

The Bureau of Traffic Operations maintains and collects revenue from approximately 86,000 metered spaces and operates 44 municipal parking facilities. It also installs and maintains an estimated 1.3 million traffic signs, approximately 12,000 signalized intersections and over 300,000 streetlights. The 2012 Executive Budget for the Bureau of Traffic provides for 1,064 positions and \$250.4 million, a decrease of \$74.5 million from the amount forecast for 2011. This reduction is primarily due to Federal and State grants expiring at the end of 2011. A number of these grants are expected to be renewed during 2012.

In tandem with current safety engineering projects completed by the Department, the bureau continues conducting audits and inspections of high pedestrian accident, injury, and fatality locations City-wide. These assessments typically result in safety improvement programs at locations throughout the five boroughs. These include Safe Streets for Seniors and Safe Routes to Schools.

### *Transit Operations (Ferries)*

The Department of Transportation operates and maintains the Staten Island Ferry and its terminals and regulates private ferry operations. The 2012 Executive Budget for Ferries provides for 656 positions and an operating budget of \$100.6 million, a decrease of \$17.4 million from the amount forecast for 2011. This decrease is the result of Federal and State grants expiring at the end of 2011, and is offset by an increase in City funds primarily for ferry security needs. A number of these grants are expected to be renewed during 2012.

The Staten Island Ferry is expected to carry approximately 21 million passengers and the Department anticipates that the Ferry program will continue to achieve an on-time performance rate of 90 percent in 2012. The Department currently estimates that annual ridership on privately operated commuter ferries to be approximately 10 million passengers.

## Capital Review

The Department of Transportation's 2012-2021 Ten-Year Capital Commitment Plan totals \$7 billion for the reconstruction of transportation infrastructure, of which approximately 63.8 percent is City-funded. The 2012-2015 Four-Year Capital Commitment Plan totals \$3.8 billion for the Department of Transportation, of which approximately 57.3 percent is City-funded. The table below shows commitments by program area over the 2010-2015 period.

### Capital Commitments

(\$000's)

	2010 Actual		2011 Plan		2012 Plan		2013 Plan		2014 Plan		2015 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Highways and Streets .....	\$324,239	\$386,511	\$429,960	\$514,794	\$443,798	\$699,156	\$229,417	\$277,460	\$187,100	\$240,383	\$166,733	\$173,153
Highway Bridges .....	195,439	477,335	122,223	124,425	334,357	724,126	180,452	253,784	189,957	300,469	120,259	216,259
Waterway Bridges.....	336,096	687,212	4,695	25,534	67,241	67,241	1,631	1,631	6,714	6,714	8,000	40,000
Traffic .....	41,714	76,783	63,262	180,556	82,771	201,078	14,172	71,565	23,137	72,137	6,177	51,177
Vehicles/Equipment.....	-7,119	-7,119	27,335	28,151	13,019	17,519	4,399	4,399	1,817	1,817	1,997	1,997
Ferries .....	16,229	25,885	14,458	43,176	34,032	64,644	35,834	268,001	8,984	11,484	3,550	10,550
Total .....	<u>\$906,598</u>	<u>\$1,646,607</u>	<u>\$661,933</u>	<u>\$916,636</u>	<u>\$975,218</u>	<u>\$1,773,764</u>	<u>\$465,905</u>	<u>\$876,840</u>	<u>\$417,709</u>	<u>\$633,004</u>	<u>\$306,716</u>	<u>\$493,136</u>

*The highlights of the Ten-Year Capital Commitment Plan include:*

- complete reconstruction/rehabilitation of nine bridges currently or projected to be rated “poor” (\$395.4 million including \$360.4 million for 2012 to 2015), including the Henry Hudson Parkway 72nd Street Viaduct (\$63 million).
- complete reconstruction/rehabilitation of 35 bridges rated “fair” (\$1.73 billion including \$764.5 million for 2012 to 2015), such as Roosevelt Avenue Bridge over Van Wyck Expressway (\$111.7 million) and the Belt Parkway over Gerritsen Inlet (\$118.9 million).
- complete reconstruction/rehabilitation of 31 bridge structures scheduled for life extension reconstruction (\$1.07 billion including \$337.2 million for 2012 to 2015), including Protection against Marine Borers (\$78.2 million).
- street reconstruction of 180 lane miles (\$742.4 million including \$646 million for 2012 to 2015), including Reconstruction of 94th Street in Queens (\$38.2 million), Reconstruction of Hudson Yard Vicinity in Manhattan (\$39.5 million), Reconstruction of Pelham Parkway in Bronx (\$17.5 million), Reconstruction of Nostrand Avenue in Brooklyn (\$14.8 million), and Reconstruction of Woodrow Road in Staten Island (\$17 million).
- street and arterial resurfacing of 7,000 lane miles (\$1.28 billion including \$521 million for 2012 to 2015).
- installation of pedestrian ramps at 1,940 corners (\$26.1 million including \$25.5 million for 2012 to 2015) and replacement of 20.7 million square feet of sidewalks (\$279 million including \$131.2 million for 2012 to 2015).

- signal installations and maintenance, as well as the computerization and modernization of signalized intersections (\$224.8 million including \$109.9 million for 2012 to 2015); and installation of approximately 37.8 million linear feet of thermoplastic markings for traffic control (\$37.6 million including \$18.7 million for 2012 to 2015).
- upgrade and replacement of lampposts and luminaries and associated infrastructure (\$191.2 million including \$87.2 million for 2012 to 2015).
- replacement of 54,000 linear feet of electrical distribution systems along the City's streets (\$47 million including \$18 million for 2012 and 2015).
- reconstruction and replacement of ferry boats (\$374.1 million including \$315.5 million for 2012 to 2015).
- ferry terminal and facility improvements (\$39.2 million, planned in 2012 to 2015).
- replacement of vehicles for field forces and the upgrading of computer equipment (\$38.3 million including \$25.7 million for 2012 to 2015).

*The highlights of the 2012 Capital Plan include:*

- complete reconstruction/rehabilitation of five bridges currently or projected to be rated "poor" (\$271 million), including the Belt Parkway Bridge over Mill Basin (\$218.9 million) and the pedestrian bridge at West 8th Street (\$6.7 million).
- reconstruction of "fair" rated bridge structures which include Belt Parkway over Gerritsen Inlet (\$118.9 million) and Roosevelt Avenue Bridge over Van Wyck Expressway (\$111.7 million).
- reconstruction of underwater infrastructure for the protection against marine borers along the East River (\$78.2 million).
- reconstruction of sidewalks and pedestrian ramps (\$73.9 million) and reconstruction of 14 retaining walls (\$15.2 million).
- reconstruction of streets (\$456.2 million), including 94th Street in Queens (\$41.8 million), Nostrand Avenue in Brooklyn (\$14.8 million), Chatham Square in Manhattan (\$43.3 million), E. 177th Street and Devoe Avenue in Bronx (\$10.7 million), and the reconstruction of Todt Hill Road in Staten Island (\$4.6 million).
- upgrade of the street lighting system and associated infrastructure (\$33 million).
- modernization and expansion of the City's computerized traffic signal network (\$32.2 million).
- design of new ferryboats (\$20 million).
- replacement and repair of ferry barges and derricks (\$7.9 million).

## HOUSING PRESERVATION AND DEVELOPMENT

The Department of Housing Preservation and Development (HPD) is responsible for the preservation, rehabilitation and expansion of New York City's housing stock. HPD serves as a catalyst for private investment in communities with the greatest need. The preservation of New York City's existing housing stock is assured through targeted anti-abandonment and conservation activities in communities throughout the City. The agency will continue to focus on creative and innovative strategies to leverage City resources to encourage private investment in the preservation and creation of affordable housing.

A key agency collaborator is the Housing Development Corporation (HDC). HDC is a public benefit corporation created to provide both taxable and tax-exempt financing for affordable housing. Through the issuance of bonds, HDC invests in the development of numerous projects. Low cost financing and, in some cases, direct subsidies provide for construction of multifamily rental and cooperative housing for low and moderate income households. Together, HPD and HDC work to achieve the goal of the New Housing Marketplace Plan to create and/or preserve 165,000 units of affordable housing throughout the five boroughs.

### Financial Review

The Department of Housing Preservation and Development's 2012 Executive Budget provides for operating expenses of \$565 million. The budgeted headcount of 2,405, including full-time and full-time equivalent positions, is funded at \$139 million, \$35 million of which is City funds. Funding for other than personal services amounts to \$427 million, \$22 million of which is City funds. HPD also provides for capital commitments of \$340.2 million in 2012, including \$195.2 million in City funds and \$145 million in Federal HOME funds. This represents an increase of \$24 million from the amount planned for 2012 during the FY11 Executive Plan.

### Revenue Forecast

HPD collects fees for processing tax abatement and exemption applications, multiple dwelling registrations, document searches, and administrative fees. HPD also collects revenue from residential and commercial tenants occupying in rem buildings and from the sale of in rem buildings to the private sector. The Department will generate \$20.7 million in 2012, \$45.9 million less than the amount for 2011. The 2012 decrease is primarily attributable to the one-time collection of application fees, property sales and rental income in 2011.

### Expense Budget Highlights

#### *Providing Core Services*

The agency will maintain its core services in 2012 including the reduction of lead hazards, enforcement of the housing maintenance code, and the preservation of privately-owned housing.

- HPD will continue to reduce lead hazards within the City's housing stock and within the private housing market.
- Community Development Block Grant (CDBG) funding is maintained for HPD's Code Enforcement Program to allow for prompt inspection of perceived violations of the Housing Maintenance Code.
- Community Development Block Grant (CDBG) funding is maintained for HPD's Emergency Repair Program (ERP) to remove hazardous conditions in private buildings where landlords have been negligent in correcting violations detrimental to life, health and safety.
- HPD administers a portion of New York City's allotment of Federal Section 8 subsidies to eligible New Yorkers. Over \$300 million worth of subsidy payments, serving over 33,000 households, are planned in 2012.

### **Summary of Agency Financial Data**

The following table compares the 2012 Executive Budget with the 2012 Preliminary Budget, the 2011 forecast and actual expenditures for 2010, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

**Summary of Agency Financial Data**  
(\$ in 000's)

	2010 Actual	2011 Forecast	2012		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2011 Forecast	2012 Preliminary Budget
<b>Expenditures</b>						
Salary and Wages.....	\$150,440	\$149,702	\$143,256	\$138,530	(\$11,172)	(\$4,726)
Fringe Benefits.....	41	—	—	—	—	—
OTPS.....	577,429	645,468	422,097	426,741	(218,727)	4,644
Total.....	<u>\$727,910</u>	<u>\$795,170</u>	<u>\$565,353</u>	<u>\$565,271</u>	<u>(\$229,899)</u>	<u>(\$82)</u>
<b>Funding</b>						
City.....	\$68,171	\$68,271	\$52,028	\$57,189	(\$11,082)	\$5,161
Other Categorical Grants.....	20,794	38,545	1,835	1,835	(36,710)	—
IFA.....	14,742	16,673	16,673	16,673	—	—
State.....	1,075	1,968	1,968	1,968	—	—
Federal CD.....	137,879	172,487	136,849	130,906	(41,581)	(5,943)
Federal Other.....	483,775	495,992	354,808	355,796	(140,196)	988
Intra-City Other.....	1,474	1,234	1,192	904	(330)	(288)
Total.....	<u>\$727,910</u>	<u>\$795,170</u>	<u>\$565,353</u>	<u>\$565,271</u>	<u>(\$229,899)</u>	<u>(\$82)</u>
<b>Additional Costs Centrally Funded</b>						
Personal Services (PS).....						
Fringe Benefits.....	\$54,382	\$54,220	\$57,879	\$56,971	\$2,751	(\$908)
Pensions.....	18,542	20,671	24,220	23,198	2,527	(1,022)
Other Than Personal Service (OTPS)						
Legal Services.....	4,578	4,478	4,434	4,592	114	158
Judgments and Claims.....	4,959	15,613	17,096	16,315	702	(781)
Debt Service.....	383,980	383,322	444,706	499,389	116,067	54,683
Total Additional Costs.....	<u>\$466,441</u>	<u>\$478,304</u>	<u>\$548,335</u>	<u>\$600,465</u>	<u>\$122,161</u>	<u>\$52,130</u>
<b>Funding</b>						
City.....	416,970	426,020	489,315	538,567	112,547	49,252
Non-City.....	49,471	52,284	59,020	61,898	9,614	2,878
<b>Full Agency Costs (including Central Accounts)</b>						
Salary and Wages.....	\$150,440	\$149,702	\$143,256	\$138,530	(\$11,172)	(\$4,726)
Fringe Benefits.....	54,423	54,220	57,879	56,971	2,751	(908)
Pensions.....	18,542	20,671	24,220	23,198	2,527	(1,022)
Total PS.....	<u>\$223,405</u>	<u>\$224,593</u>	<u>\$225,355</u>	<u>\$218,699</u>	<u>(\$5,894)</u>	<u>(\$6,656)</u>
OTPS.....	\$577,429	\$645,468	\$422,097	\$426,741	(\$218,727)	\$4,644
Legal Services.....	4,578	4,478	4,434	4,592	114	158
Judgments and Claims.....	4,959	15,613	17,096	16,315	702	(781)
Debt Service.....	383,980	383,322	444,706	499,389	116,067	54,683
Total OTPS.....	<u>\$970,946</u>	<u>\$1,048,881</u>	<u>\$888,333</u>	<u>\$947,037</u>	<u>(\$101,844)</u>	<u>\$58,704</u>
Total Agency Costs.....	\$1,194,351	\$1,273,474	\$1,113,688	\$1,165,736	(\$107,738)	\$52,048
Less Intra-City.....	<u>\$1,474</u>	<u>\$1,234</u>	<u>\$1,192</u>	<u>\$904</u>	<u>(\$330)</u>	<u>(\$288)</u>
Net Agency Cost.....	<u>\$1,192,877</u>	<u>\$1,272,240</u>	<u>\$1,112,496</u>	<u>\$1,164,832</u>	<u>(\$107,408)</u>	<u>\$52,336</u>
<b>Funding</b>						
City.....	485,141	494,291	541,343	595,756	101,465	54,413
Non-City.....	707,736	777,949	571,153	569,076	(208,873)	(2,077)
<b>Personnel (includes FTEs at fiscal year-end)</b>						
City.....	551	605	590	536	(69)	(54)
Non-City.....	1,873	2,012	1,995	1,923	(89)	(72)
Total.....	<u>2,424</u>	<u>2,617</u>	<u>2,585</u>	<u>2,459</u>	<u>(158)</u>	<u>(126)</u>



## **Programmatic Review and Service Impact**

### *Preservation Services*

The Division of Code Enforcement ensures compliance with the City's Housing Maintenance Code and the New York State Multiple Dwelling Law by responding to complaints concerning possible housing violations such as the presence of lead paint, structural deficiencies or the lack of heat, hot water or electricity. In response to violations generated by housing inspectors, the Division of Maintenance performs emergency repairs in privately-owned buildings when the landlord fails to perform necessary repairs. The Division also coordinates major repairs and contracts for improvements in City-owned buildings prior to disposition and is responsible for protecting public safety through sealing and demolishing vacant and unsafe buildings.

The Division of Neighborhood Preservation (DNP) conducts building site assessments each year through four borough offices in an effort to determine whether buildings are at risk of abandonment. When a building is identified as at-risk, this Division develops individual treatment plans to address building deficiencies and coordinates the implementation of treatment plans. Activities include encouraging owners to pay their taxes and referring owners to existing education, support, and rehabilitation programs. In addition, DNP coordinates stages of the Third Party Transfer Process, which will convey approximately 1,338 housing units in distressed tax delinquent properties to new responsible owners between 2012 and 2015.

### *Development*

The Office of Development leads the implementation of the City's Ten Year Housing Plan. The Office of Development is responsible for building a pipeline for affordable housing development by identifying privately-owned sites and assemblages for housing development, collaborating with other land holding agencies, and financing a variety of new construction and rehabilitation programs. The Office includes the divisions of New Construction (including Planning, Housing Production, and New Construction Finance), Special Needs Housing, Preservation Finance, and Housing Incentives.

Within the Division of New Construction, the Division of Planning is responsible for identifying sites for affordable housing development and creating and coordinating the pipeline of public sites, including formulation of interagency partnerships and coordination of neighborhood rezoning efforts. The Division of New Construction Finance is responsible for operating programs which provide financing to construct multi-family housing, often in conjunction with the New York City Housing Development Corporation (HDC). The Division of Housing Production is responsible for coordinating homeownership programs that create or renovate one- to four-family homes for purchase, and operates the agency down-payment assistance program.

The Division of Preservation Finance operates programs which provide financing to rehabilitate and preserve multi-family housing within the private market. The Division of Housing Incentives operates the agency's property tax incentive programs, the Inclusionary Housing program, and is responsible for the allocation of the agency's Low Income Housing Tax Credits. The Division of Special Needs Housing is responsible for providing permanent housing that serves households with special needs, the formerly homeless and the low-income elderly.

### *Asset and Property Management*

The Division of Asset Management is responsible for ensuring the longevity and affordability of units the agency has created and preserved. Its programs are geared to proactively identify at-risk buildings and portfolios and to stabilize mismanaged assets. With the help of the MacArthur Foundation, HPD is building a new database to assist the Division in this work. The system will track real-time information on the condition of properties and will serve as an early warning system to detect potential risks to buildings.

The Division of Property Management (DPM) manages City-owned (in rem) residential and commercial properties, as well as Urban Renewal properties, until they can be returned to responsible private ownership. In

addition, this Division operates the Emergency Housing Response Team (EHRT) and Client and Housing Services (CHS), which provide emergency shelter and housing relocation services to tenants displaced as a result of fires or vacate orders issued by the Department of Buildings, the Fire Department or HPD.

## Capital Review

The 2012-2021 Capital Plan for HPD totals \$3.3 billion, including \$2.3 billion in City funding and \$944 million in Federal funds. The agency continues to use its City capital resources to leverage State and Federal funds as well as substantial private equity (that does not flow through the City's capital budget). The table below reflects capital commitments by program area over the FY 2010 - 2015 period.

### Capital Commitments

(\$ in 000's)

	2010 Actual		2011 Plan		2012 Plan		2013 Plan		2014 Plan		2015 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
New Construction .....	\$102,093	\$136,882	\$281,655	\$327,064	\$53,732	\$98,328	\$55,414	\$63,839	\$54,800	\$75,383	\$81,044	\$115,344
Preservation.....	67,767	75,465	137,892	205,272	91,386	119,523	112,712	136,662	126,421	149,721	79,792	86,299
Supportive Housing .....	16,098	81,032	34,313	106,260	1,000	69,508	1,000	73,500	1,000	65,500	1,000	67,400
Disposition .....	4,754	-1,984	14,921	20,020	18,280	22,080	23,847	26,847	24,631	27,631	18,576	18,576
Other Housing Support.....	1,426	1,426	78,656	105,502	30,850	30,850	91,844	91,844	46,348	46,348	7,077	7,077
Total .....	<u>\$192,138</u>	<u>\$292,821</u>	<u>\$547,437</u>	<u>\$764,118</u>	<u>\$195,248</u>	<u>\$340,289</u>	<u>\$284,817</u>	<u>\$392,692</u>	<u>\$253,200</u>	<u>\$364,583</u>	<u>\$187,489</u>	<u>\$294,696</u>

### Ongoing Programs

Under the 2012-2021 Capital Plan, the City will invest a total of \$1.2 billion (\$1.1 billion in City funds) to preserve affordable housing through targeted financial assistance to private owners to prevent abandonment and secure long-term affordability. The current Capital Plan also provides a total of \$933.9 million (\$793 million in City funds) for new construction projects that create rental and homeownership opportunities for families at various income levels. Additionally, HPD will allocate a total of \$708.9 million (\$10 million in City funds) to supportive housing initiatives, including those to end chronic homelessness through execution of the New York/New York III agreement with the State. Finally, the City will continue with the rehabilitation and disposition of its remaining in rem residential stock, to return these buildings to responsible private owners. The Capital Plan allocates a total of \$218 million (\$209 million in City funds) to fund these tasks.

- Utilizing a variety of preservation financing programs, including the Article 8A, Mitchell Lama Preservation, Participation Loan, Low Income Housing Tax Credit Year 15, and Senior Citizens' Home Improvement Program, HPD will preserve approximately 40,000 units.
- Through various new construction initiatives, HPD will produce approximately 36,000 units in a broad array of housing options targeting various tiers of affordability. Initiatives include large-scale developments throughout the five boroughs, as well as funding for various rental and homeownership initiatives.
- HPD will fund approximately 7,000 housing units to benefit low income households with special needs between 2012 and 2021. This includes permanent housing for the formerly homeless, and supportive housing for the elderly.
- HPD will rehabilitate and complete disposition of approximately 2,000 units through the Tenant Interim Lease (TIL), Neighborhood Redevelopment (NRP), and other Division of Alternative Management Programs.

## DEPARTMENT OF CITYWIDE ADMINISTRATIVE SERVICES

The Department of Citywide Administrative Services (DCAS) is the principal administrative support agency for the City of New York, providing City agencies with various services, including personnel, real estate, goods procurement, energy management, and facilities management. Services are provided by eight lines of services: the Office of the Commissioner, Human Capital, Diversity and EEO, Asset Management, Energy Management, Office of Citywide Purchasing (OCP), Office of Citywide Fleet Services and Fiscal and Business Management (FBM).

### Financial Review

The 2012 Executive Budget for the Department of Citywide Administrative Services provides \$1.1 billion, a decrease of \$75.3 million from the amount forecasted for 2011. This decrease is primarily attributable to a substantial reduction in Federal ARRA funding for energy efficiency projects and programs. Capital commitments of \$549.3 million are also provided in 2012.

### Revenue Forecast

In 2012, the Department of Citywide Administrative Services will collect \$93.1 million in revenue, approximately \$2.7 million less than the amount forecasted for 2011. DCAS Asset Management/ Real Estate Services will generate \$69.5 million from land sales and rents from commercial properties.

### Expense Budget Highlights

#### *Budgetary Priorities: Providing Core Services*

- the 2012 Executive Budget provides total funds of \$1.1 billion for the Department, of which \$771.1 million is for goods and services that agencies purchase from DCAS through intra-city agreements, including the following: utilities (\$685.1 million), leases (\$58.1 million), storehouse supplies (\$19.2 million), maintenance and repair of facilities and vehicles (\$4.9 million), personnel training (\$0.8 million), and other services (\$3.0 million).
- the 2012 Executive Budget provides a total of \$966.8 million for DCAS Asset Management/Facilities Management and Construction (FMC). FMC manages and operates 55 City-owned public buildings, including court facilities. Included in the \$966.8 million are intra-city agreements for utilities (\$685.1 million), leases (\$56.5 million), and building maintenance (\$2.9 million). Also included is \$44.9 million in State funding to provide cleaning services for court facilities.
- the 2012 Executive Budget provides a total of \$14.9 million for DCAS Asset Management/Real Estate Services.
- the 2012 Executive Budget provides a total of \$11.1 million for security services in DCAS-managed buildings.

#### *Restructuring and Streamlining*

- in 2012, DCAS will continue implementing its Lease Efficiency Initiative, identifying opportunities for Citywide lease savings through consolidation, rent renegotiations, and lease terminations. To date, this initiative has identified reductions in City office space totaling 305,000 square feet for a savings of \$11.0 million.
- DCAS has completed over 100 energy efficiency retrofits with PlaNYC capital funding since the Plan's release in 2007, avoiding 17,900 metric tons of carbon dioxide equivalent (CO<sub>2</sub>e) and saving \$4.0 million in citywide energy costs. There are currently an additional 216 projects in various stages of design and

construction as well as 81 energy audits underway, with more to begin in FY 2012 that will form the next round of energy efficiency retrofits in 2012 and 2013. This work will include, but is not limited to, installing energy efficient lighting, implementing heating system and cooling system upgrades, and deploying building management systems.

- in 2012, DCAS will work with the Mayor's Office of Operations and OMB to implement the Clean Fleet Transition Plan (CFTP) and the Mayor's Fleet Optimization Initiative (FOI). CFTP will ensure that fleet operations contribute to PlaNYC goals through "rightsizing" agency fleets, hybrid vehicle purchases, and alternative technologies. FOI will improve accountability for fleet costs and operations and achieve Citywide fuel cost savings for fleet operations. It will focus on fleet tracking, maintenance, vehicle fueling, and parking.
- DCAS, along with the Mayor's Office, FISA, and OMB, is working on a project to consolidate human resource functions and transactions for all City employees into one central location within DCAS known as HR Shared Services. This consolidated Shared Services Center will offer enhanced employee self-service modules, standardized HR policies and procedures that will ensure all City employees have equal access to the same information and level of service. Agencies will now be able to focus their resources on the critical and agency specific demands for personnel development programs, succession planning, and long-term strategic workforce management.
- in 2012, DCAS will rollout a new Citywide Diversity and Equal Employment Opportunity (EEO) computer-based training (CBT) for employees. This CBT builds on the success of the 2009 CBT DCAS launched for City managers and supervisors, ultimately training 14,000 managers in over 50 agencies. The new CBT will allow City agencies to train all their employees with up-to-date information on their rights and responsibilities under the City's EEO Policy through a low-cost, accessible method.
- DCAS will further advance the City's Provisional Reduction Plan in 2012. This plan will reduce the number of City employees serving in provisional status by increasing the number of civil service examinations that DCAS administers and subsequent title lists it generates, as well as by broadbanding similar titles and reclassifying existing titles. Also, DCAS will expand the Online Education and Experience Test (OLEE) program, allowing candidates to take Education and Experience (E&E) tests online and receive test results immediately.

### **Summary of Agency Financial Data**

The following table compares the 2012 Executive Budget with the 2012 Preliminary Budget, the 2011 forecast and actual expenditures for 2010, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

**Summary of Agency Financial Data**  
(\$ in 000's)

	2010 Actual	2011 Forecast	2012		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2011 Forecast	2012 Preliminary Budget
<b>Expenditures</b>						
Salary and Wages.....	\$160,486	\$146,398	\$131,825	\$140,315	(\$6,083)	\$8,490
Fringe Benefits.....	1,946	1,701	1,701	1,701	—	—
OTPS.....	915,126	1,042,303	965,062	973,080	(69,223)	8,018
Total.....	<u>\$1,077,558</u>	<u>\$1,190,402</u>	<u>\$1,098,588</u>	<u>\$1,115,096</u>	<u>(\$75,306)</u>	<u>\$16,508</u>
<b>Funding</b>						
City.....	\$218,361	\$206,187	\$194,736	\$193,537	(\$12,650)	(\$1,199)
Other Categorical Grants.....	91,818	92,261	94,507	91,642	(619)	(2,865)
IFA.....	10,674	12,236	8,928	10,784	(1,452)	1,856
State.....	49,419	51,407	37,930	44,878	(6,529)	6,948
Federal CD.....	—	—	—	—	—	—
Federal Other.....	3,020	60,192	3,200	3,200	(56,992)	—
Intra-City Other.....	704,266	768,119	759,287	771,055	2,936	11,768
Total.....	<u>\$1,077,558</u>	<u>\$1,190,402</u>	<u>\$1,098,588</u>	<u>\$1,115,096</u>	<u>(\$75,306)</u>	<u>\$16,508</u>
<b>Additional Costs Centrally Funded</b>						
Personal Services (PS).....						
Fringe Benefits.....	\$46,706	\$45,018	\$43,296	\$45,652	\$634	\$2,356
Pensions.....	17,969	17,629	23,006	22,035	4,406	(971)
Other Than Personal Service (OTPS)						
Legal Services.....	2,350	2,479	2,406	2,337	(142)	(69)
Judgments and Claims.....	1,425	358	392	374	16	(18)
Debt Service.....	621,061	617,436	711,413	728,632	111,196	17,219
Total Additional Costs.....	<u>\$689,511</u>	<u>\$682,920</u>	<u>\$780,513</u>	<u>\$799,030</u>	<u>\$116,110</u>	<u>\$18,517</u>
<b>Funding</b>						
City.....	653,571	640,412	730,106	741,600	101,188	11,494
Non-City.....	35,940	42,508	50,407	57,430	14,922	7,023
<b>Full Agency Costs (including Central Accounts)</b>						
Salary and Wages.....	\$160,486	\$146,398	\$131,825	\$140,315	(\$6,083)	\$8,490
Fringe Benefits.....	48,652	46,719	44,997	47,353	634	2,356
Pensions.....	17,969	17,629	23,006	22,035	4,406	(971)
Total PS.....	<u>\$227,107</u>	<u>\$210,746</u>	<u>\$199,828</u>	<u>\$209,703</u>	<u>(\$1,043)</u>	<u>\$9,875</u>
OTPS.....	\$915,126	\$1,042,303	\$965,062	\$973,080	(69,223)	\$8,018
Legal Services.....	2,350	2,479	2,406	2,337	(142)	(69)
Judgments and Claims.....	1,425	358	392	374	16	(18)
Debt Service.....	621,061	617,436	711,413	728,632	111,196	17,219
Total OTPS.....	<u>\$1,539,962</u>	<u>\$1,662,576</u>	<u>\$1,679,273</u>	<u>\$1,704,423</u>	<u>\$41,847</u>	<u>\$25,150</u>
Total Agency Costs.....	\$1,767,069	\$1,873,322	\$1,879,101	\$1,914,126	\$40,804	\$35,025
Less Intra-City.....	<u>\$704,266</u>	<u>\$768,119</u>	<u>\$759,287</u>	<u>\$771,055</u>	<u>\$2,936</u>	<u>\$11,768</u>
Net Agency Cost.....	<u>\$1,062,803</u>	<u>\$1,105,203</u>	<u>\$1,119,814</u>	<u>\$1,143,071</u>	<u>\$37,868</u>	<u>\$23,257</u>
<b>Funding</b>						
City.....	871,932	846,599	924,842	935,137	88,538	10,295
Non-City.....	190,871	258,604	194,972	207,934	(50,670)	12,962
<b>Personnel (includes FTEs at fiscal year-end)</b>						
City.....	1,706	1,462	1,379	1,455	(7)	76
Non-City.....	829	889	762	857	(32)	95
Total.....	<u>2,535</u>	<u>2,351</u>	<u>2,141</u>	<u>2,312</u>	<u>(39)</u>	<u>171</u>

## **Programmatic Review and Service Impact**

DCAS provides an array of support services to City agencies through the eight lines of service described below.

### *Office of the Commissioner*

The Office of the Commissioner includes Office of the General Counsel, External Affairs and Communications, Strategic Planning and Project Management, Customer and Employee Relations and Information Technology. The Commissioner oversees all agency functions and serves on the boards of the Management Benefits Fund, Deferred Compensation, and the Citywide Blood Donation Program. Citywide Occupational Safety and Health (COSH), a unit within the Office of the General Counsel, is responsible for the oversight of Citywide occupational safety and health issues, and provides related training in conjunction with City agency safety officers. The Commissioner's Office is also in charge of production of official City publications such as the City Record and the Green Book.

### *Diversity and EEO*

Diversity and EEO oversees the equal employment opportunity policy and practices of the City, assisting City agencies in developing strategies to achieve compliance with the City's EEO obligations. This office provides training to agency EEO Officers in implementing the EEO-related provisions of the City Charter, the City's EEO Policy and other Federal, State and local laws. The group also monitors agencies' EEO efforts, including resolving complaints and monitoring employment actions, through quarterly compliance reports.

### *Energy Management*

Energy Management (EM) oversees initiatives to reduce energy use and greenhouse gas emissions in City government operations. It identifies and manages energy efficiency projects and programs, develops the City's annual energy budget, pays energy bills for City accounts as the utility account holder of record, and monitors and reports on energy usage and costs to agencies.

### *Human Capital*

Human Capital is responsible for civil service administration including the classification of positions and salaries, developing, administering, and rating examinations, creating civil service lists and certifying those lists to agencies to fill vacancies and replace provisionals, evaluating and administering Citywide personnel policies and programs, and administering special programs such as the Employee Blood Donation Program, including the Urban Fellows Program, Public Service Corps, and the Leadership Institute. This office also conducts professional development and employee training. There were 806 classes taken by 9,426 City employees from 97 agencies to date in 2011. Human Capital also manages the New York City Automated Personnel System (NYCAPS) used by 82 City agencies for benefits administration.

Examinations are administered by Human Capital for City agencies and other organizations such as the New York City Housing Authority. This office anticipates administering 136 examinations in 2011, including both civil service examinations and examinations for building trades licenses. In 2012, Human Capital will continue to provide a sufficient number of exams to help meet the City's hiring needs and continue to reduce the number of provisional employees Citywide.

### *Asset Management*

The former Division of Real Estate Services has merged with the former Division of Facilities Management and Construction and is now DCAS Asset Management. This line of service is working to achieve the efficiency goal of shedding unneeded City real estate and leased space occupied by city agencies, while also providing quality facilities management and construction services for DCAS-managed buildings.



Asset Management/Real Estate Services (RES) oversees the commercial real estate portfolio for space utilized by City agencies, which includes leasing or purchasing privately-owned properties for government use, managing properties surrendered by other City agencies as surplus, long and short-term leasing of City-owned properties, and disposition of real estate by means of sales and lease auctions. RES administers approximately 46 leases for City agencies in private buildings. RES also audits leases to ensure proper lease billing and has identified savings of \$1.8 million in rent credits to date in Fiscal Year 2011.

Asset Management/Facilities Management and Construction (FMC) is responsible for managing and operating 55 City-owned public buildings, providing a full complement of building services for tenants. These services include custodial, routine maintenance and repair work, and infrastructure maintenance. FMC also provides engineering, architectural, and construction management services to manage and operate its facilities. FMC additionally, coordinates with the State Office of Court Administration to ensure proper maintenance of court facilities within the City and oversees fire safety and emergency action plans for all DCAS-managed buildings, including the establishment of plans and procedures, administration of routine drills, and compliance with codes and Local Laws.

#### *Office of Citywide Purchasing*

Office of Citywide Purchasing (OCP) is the City's chief goods procurement entity, responsible for procuring, warehousing, and distributing goods and supplies necessary for City agencies to fulfill their missions. As a key part of its strategic transformation, the City is working to centralize procurement through a shared services model at DCAS. OCP is implementing a model that is focusing on strategic sourcing and consolidation where it benefits the City. OCP is currently identifying saving opportunities by leveraging and using existing state/consortium contracts. Furthermore, OCP is consolidating contracts and commodities when savings are identified and aligned with other City goals. OCP is also responsible for ensuring the quality of goods, operating the City's Central Storehouse, and salvaging City surplus goods and vehicles.

#### *Fiscal and Business Management*

DCAS Fiscal and Business Management (FBM) is responsible for providing the Department with the fiscal management and coordination needed to carry out its mandate. This line of service includes the Capital Budget Office, and the Office of Financial Services, which includes budget control, audits and accounts, and State Court reimbursement.

FBM is responsible for operating the official store of the City of New York, the CityStore.

#### *Office of Citywide Fleet Services*

DCAS Office of Citywide Fleet Services will continue to oversee the administration of the Citywide fleet of 26,000 vehicles and also manages contracts that are responsible for maintaining and repairing over 2,200 vehicles for approximately 40 different agencies.

### **Capital Review**

The 2012-2021 Capital Commitment Plan for the Department is \$1.7 billion, with \$549.3 million provided in 2012.

The Department is responsible for capital improvements to all DCAS-managed and client agencies' buildings including office space, warehouses, and courts; oversight and improvements to City-leased properties; and the sale, lease, and acquisition of City-owned non-residential waterfront and non-waterfront properties. The capital program includes compliance work for public safety and legal mandates, renovation, rehabilitation, construction, design, and outfitting of various sites, including the purchase of furniture. The Department also purchases vehicles and various communications and technological equipment.

The table below shows capital commitments by program area over the 2011-2015 period.

### Capital Commitments

(\$ in 000's)

	2010 Actual		2011 Plan		2012 Plan		2013 Plan		2014 Plan		2015 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Rehabilitation of City-Owned Facilities .....	\$36,423	\$36,423	\$137,263	\$137,263	\$135,071	\$135,471	\$46,257	\$46,257	\$37,149	\$37,149	\$30,673	\$30,673
Renovation of Other City-Owned Facilities .....	1,968	1,968	1,468	1,468	2,616	2,616	1,220	1,220	0	0	0	0
Rehabilitation of Court Facility System .....	0	0	0	0	100	100	200	200	0	0	0	0
Legal Mandates and Correction of Unsafe Conditions .....	9,256	9,256	35,330	35,330	40,310	40,310	9,160	9,160	7,755	7,755	5,524	5,524
Renovation of Leased Space .....	2,101	2,101	8,824	8,824	156,323	156,323	530	530	0	0	0	0
Equipment and Interagency Services .....	6,837	6,837	17,021	17,021	58,078	58,120	8,162	8,162	1,040	1,040	1,060	1,060
Communications Equipment .....	0	0	166	166	0	0	0	0	0	0	0	0
Board of Elections .....	15,909	15,909	13,693	13,693	17,546	17,546	0	0	0	0	0	0
Miscellaneous Construction .....	18,829	18,829	65,045	65,045	32,942	32,942	15,057	15,057	0	0	0	0
Acquisition of Real Property .....	0	0	0	0	0	0	0	0	0	0	0	0
Energy Efficiency and Sustainability .....	14,981	14,981	83,968	114,949	97,355	100,284	74,040	74,040	79,140	79,140	63,840	63,840
Rehabilitation of Waterfront & Non-Waterfront Properties .....	2,497	2,497	991	991	5,567	5,567	1,489	1,489	1,605	1,605	3,242	3,242
<b>Total .....</b>	<b>\$108,801</b>	<b>\$108,801</b>	<b>\$363,769</b>	<b>\$394,750</b>	<b>\$545,908</b>	<b>\$549,279</b>	<b>\$156,115</b>	<b>\$156,115</b>	<b>\$126,689</b>	<b>\$126,689</b>	<b>\$104,339</b>	<b>\$104,339</b>

The 2012-2021 Capital Commitment Plan provides a total of \$1.7 billion, including \$926.1 million for the renovation, reconstruction, and outfitting of Public Buildings, \$704.0 million for energy efficiency initiatives and \$33.3 million for Real Property.

*Highlights of the Ten-Year Plan include:*

- reconstruction and rehabilitation of public buildings and City-owned facilities (\$377.3 million), including citywide office space consolidation projects (\$45.5 million), renovations to the Brooklyn Municipal Building (\$45.6 million), the Manhattan Municipal Building (\$47.7 million), Queens Borough Hall (\$10.7 million), and Staten Island Borough Hall (\$7.5 million), and the Bergen Building in the Bronx (\$3.5 million).
- renovation of leased space (\$199.8 million), including the citywide datacenter consolidation and back-up datacenter (\$102.1 million) and citywide office space consolidation projects (\$80.2 million).
- energy efficiency measures and building retrofits, citywide (\$704.0 million), including energy retrofit projects in City buildings (\$447.3 million).
- legal mandates (\$193.1 million), including the expansion of sprinkler systems, building fire alarm systems and fire safety provisions throughout DCAS buildings to comply with NYC building code (\$96.5 million), and the replacement of fuel tanks, citywide (\$28.7 million).



- equipment and interagency services (\$86.3 million), including the development of a municipal supplies inventory management system (\$13.8 million) and a network protector for DoITT leased space at 11 Metrotech (\$12.0 million).
- miscellaneous construction in other facilities (\$48.0 million).
- reconstruction of waterfront properties (\$32.8 million) including various pier improvements.
- modernization of the Board of Elections (\$17.5 million).

The 2012 Plan provides \$549.3 million and includes:

- reconstruction and rehabilitation of public buildings and City-owned facilities (\$135.5 million), including citywide office space consolidation projects (\$19.2 million), the Brooklyn Municipal Building (\$18.2 million), the Manhattan Municipal Building (\$23.4 million), and Staten Island Borough Hall (\$6.6 million).
- renovation of leased space (\$156.3 million), including the citywide datacenter consolidation and back-up datacenter (\$102.1 million) and citywide office space consolidation projects (\$37.3 million).
- energy efficiency measures and building retrofits, Citywide (\$100.3 million), including energy retrofit projects in City buildings (\$29.8 million).
- legal mandates (\$40.3 million), including the replacement of fuel tanks, Citywide (\$23.5 million).
- equipment and interagency services (\$58.1 million), including the development of a municipal supplies inventory management system (\$13.8 million) a network protector for DoITT leased space at 11 Metrotech (\$12.0 million).
- miscellaneous construction in other facilities (\$32.9 million).
- modernization of the Board of Elections (\$17.5 million).
- reconstruction of waterfront properties (\$5.0 million) including various pier improvements.

## DEPARTMENT OF INFORMATION TECHNOLOGY AND TELECOMMUNICATIONS

The Department of Information Technology and Telecommunications (DoITT) provides Citywide coordination and technical expertise in the development and use of data, voice, and video technologies in City services and operations. DoITT's Commissioner directs the development of information technology (IT) strategies and deployment as the City's Chief Information Officer. DoITT also provides infrastructure support for data processing and communications services to numerous City agencies, researches and manages IT projects, and administers the City's cable television, public pay telephone, and mobile and high capacity telecommunications franchises. DoITT also administers the 311 Customer Service Center and the City's broadcast/cable television and radio stations, and maintains *NYC.gov*, the City's official website.

### Financial Review

DoITT's 2012 Executive Budget provides for an operating budget of \$420.2 million, a decrease of \$27.6 million over the amount forecasted for 2011. This change is largely attributable to the fact that much of the Federal, State and private grant funding in 2011 has not yet been reflected in 2012. The Department will also reduce non-critical maintenance contracts, increase revenue from cable television and telecommunications franchises, and renegotiate and consolidate IT and telecommunications service contracts resulting in Citywide savings.

### Revenue Forecast

The Department collects revenue from cable television and high capacity telecommunications franchises, public pay telephone franchises, recovery of overpayments of City telephone billings, and international programming fees for use of the City's NYC TV cable television network. The Department will generate \$159.3 million in revenue for 2012.

### Expense Budget Highlights

#### *Budgetary Priorities: Providing Core Services*

- the Department's 2012 Executive Budget includes \$113.4 million for services that DoITT purchases on behalf of client agencies, including telecommunications, data, and consultant services.
- the Department's 2012 Executive Budget provides \$53.3 million for the Information Utility Technology Services Division. This Division is responsible for the data center operations and fiber optic network that provide data processing and networking services to over 120 City agencies and entities, 24 hours a day, seven days a week.
- the Department's 2012 Executive Budget provides \$42.9 million for the 311 Citizen Service Center. The Service Center provides the public with continuous access to non-emergency City services through one phone number.
- the Department's 2012 Executive Budget provides \$17.9 million for the administration of the City's five cable television channels, a broadcast station, and a radio station on the NYC TV Media Group network. The City produces programming designed to inform the public on City affairs.

#### *Restructuring and Streamlining*

- the Emergency Communications Transformation Program (ECTP) is now being coordinated by the newly created Mayor's Office of Citywide Emergency Communications to ensure more integrated governance across the various agencies involved in the program.

### **Summary of Agency Financial Data**

The following table compares the 2012 Executive Budget with the 2012 Preliminary Budget, the 2011 forecast and actual expenditures for 2010, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services, and debt service.

**Summary of Agency Financial Data**  
(\$ in 000's)

	2010 Actual	2011 Forecast	2012		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2011 Forecast	2012 Preliminary Budget
<b>Expenditures</b>						
Salary and Wages.....	\$87,283	\$91,707	\$78,906	\$94,875	\$3,168	\$15,969
Fringe Benefits.....	—	—	—	—	—	—
OTPS.....	281,485	356,164	298,568	325,349	(30,815)	26,781
Total.....	<u>\$368,768</u>	<u>\$447,871</u>	<u>\$377,474</u>	<u>\$420,224</u>	<u>(\$27,647)</u>	<u>\$42,750</u>
<b>Funding</b>						
City.....	\$219,913	\$268,697	\$252,523	\$271,178	\$2,481	\$18,655
Other Categorical Grants.....	3,552	9,023	2,571	2,571	(6,452)	—
IFA.....	9,924	13,648	—	14,928	1,280	14,928
State.....	29	30	—	—	(30)	—
Federal CD.....	1,588	1,667	1,592	1,592	(75)	—
Federal Other.....	8,265	33,564	7,414	16,356	(17,208)	8,942
Intra-City Other.....	125,497	121,242	113,374	113,599	(7,643)	225
Total.....	<u>\$368,768</u>	<u>\$447,871</u>	<u>\$377,474</u>	<u>\$420,224</u>	<u>(\$27,647)</u>	<u>\$42,750</u>
<b>Additional Costs Centrally Funded</b>						
Personal Services (PS).....						
Fringe Benefits.....	\$21,899	\$22,156	\$22,102	\$21,934	(\$222)	(\$168)
Pensions.....	10,021	11,172	14,048	13,455	2,283	(593)
Other Than Personal Service (OTPS)						
Legal Services.....	1,086	1,039	1,069	1,065	26	(4)
Judgments and Claims.....	870	372	407	388	16	(19)
Debt Service.....	—	—	—	—	—	—
Total Additional Costs.....	<u>\$33,876</u>	<u>\$34,739</u>	<u>\$37,626</u>	<u>\$36,842</u>	<u>\$2,103</u>	<u>(\$784)</u>
<b>Funding</b>						
City.....	24,155	19,006	35,275	28,026	9,020	(7,249)
Non-City.....	9,721	15,733	2,351	8,816	(6,917)	6,465
<b>Full Agency Costs (including Central Accounts)</b>						
Salary and Wages.....	\$87,283	\$91,707	\$78,906	\$94,875	\$3,168	\$15,969
Fringe Benefits.....	21,899	22,156	22,102	21,934	(222)	(168)
Pensions.....	10,021	11,172	14,048	13,455	2,283	(593)
Total PS.....	<u>\$119,203</u>	<u>\$125,035</u>	<u>\$115,056</u>	<u>\$130,264</u>	<u>\$5,229</u>	<u>\$15,208</u>
OTPS.....	\$281,485	\$356,164	\$298,568	\$325,349	(\$30,815)	\$26,781
Legal Services.....	1,086	1,039	1,069	1,065	26	(4)
Judgments and Claims.....	870	372	407	388	16	(19)
Debt Service.....	—	—	—	—	—	—
Total OTPS.....	<u>\$283,441</u>	<u>\$357,575</u>	<u>\$300,044</u>	<u>\$326,802</u>	<u>(\$30,773)</u>	<u>\$26,758</u>
Total Agency Costs.....	\$402,644	\$482,610	\$415,100	\$457,066	(\$25,544)	\$41,966
Less Intra-City.....	<u>\$125,497</u>	<u>\$121,242</u>	<u>\$113,374</u>	<u>\$113,599</u>	<u>(\$7,643)</u>	<u>\$225</u>
Net Agency Cost.....	<u>\$277,147</u>	<u>\$361,368</u>	<u>\$301,726</u>	<u>\$343,467</u>	<u>(\$17,901)</u>	<u>\$41,741</u>
<b>Funding</b>						
City.....	244,068	287,703	287,798	299,204	11,501	11,406
Non-City.....	33,079	73,665	13,928	44,263	(29,402)	30,335
<b>Personnel (includes FTEs at fiscal year-end)</b>						
City.....	1,062	1,062	1,035	1,047	(15)	12
Non-City.....	115	174	38	184	10	146
Total.....	<u>1,177</u>	<u>1,236</u>	<u>1,073</u>	<u>1,231</u>	<u>(5)</u>	<u>158</u>

## **Programmatic Review and Service Impact**

DoITT is the technology services agency that oversees the City's use of existing and emerging technologies in government operations and its delivery of services to the public. To achieve these goals, DoITT works to establish citywide policies around large-scale technology programs. Executive Order 140, issued in October 2010, codifies these goals by authorizing DoITT to centralize the coordination of information technology planning and policy for the City. DoITT developed the Citywide IT Infrastructure Services (CITIServ) program, allowing the City to leverage expertise, personnel, and enterprise architecture practice to avoid duplicative efforts across agencies and improve efficiency. DoITT also manages the Emergency Communications Transformation Program (ECTP), the New York City Wireless Network (NYCWiN), the Citywide Radio (Channel 16) Network, and the Citywide Geographic Information Systems Unit, and provides administrative support to the Mayor's Office of Media and Entertainment (MOME), NYC.gov, the 311 Customer Service Center, HHS-Connect, and various other initiatives to help streamline agency operations.

### *Citywide IT Infrastructure Services*

The Citywide IT Infrastructure Services (CITIServ) initiative will develop a standardized infrastructure environment comparable in scope and features to those of leading industry IT providers. DoITT will provide agencies with secure and recoverable data centers through expanded oversight functions and a shared structure, which will reduce costs, space footprint, energy consumption and greenhouse gas emissions; strengthen security; and improve overall IT service quality. CITIServ is part of a broader effort to make City government more efficient and more customer-focused.

In 2011, DoITT opened the City's new data center in Downtown Brooklyn. The facility will allow the City to centralize the technology infrastructure of more than 40 agencies over the next five years. To date, the MOME's IT operations, the Department of Sanitation's IT Service Desk, and the Department of Education's HR Connect application have been moved into the centralized CITIServ environment. In 2012, DoITT will expand the number of agencies that are migrated into the new data center and will begin the development of a Site B location to provide a coordinated disaster recovery strategy for the City.

### *Emergency Communications Transformation Program*

The City is undertaking significant upgrades and enhancements to its 911 Emergency Dispatch System. The majority of the capital funding for this initiative, known as the Emergency Communications Transformation Program (ECTP), is contained within DoITT's budget. In conjunction with the NYPD and FDNY, DoITT is working to develop an integrated 911 dispatch system that will bolster the City's critical emergency response capabilities. This project includes the development of a consolidated dispatch system, an upgraded telecommunications infrastructure, and redundant call-taking and dispatch centers. In 2012, the City expects to complete the consolidation of Police, Fire and EMS call taking and dispatch operations into a Public Safety Answering Center (PSAC 1). The City is currently in the process of reviewing the scope and funding necessary for a second redundant call center.

### *New York City Wireless Network*

The New York City Wireless Network (NYCWiN) is a high-speed, mobile data network representing a commitment to provide a next-generation public safety infrastructure. NYCWiN provides first responders high-speed data access to support large file transfers, including fingerprints, mug shots, City maps, automatic vehicle location, and full-motion streaming video. The network is also leveraged by City agencies to improve service delivery to New Yorkers. Automated water meter reading, traffic signal control and various other programs are now underway, allowing the City's mobile workforce to not only function more efficiently, but also to realize substantial cost savings across agencies.

### *Citywide Radio Network*

The Citywide Radio Network (CRN) supports FDNY and EMS dispatch communications as well as the day-to-day and emergency-related communications of multiple City agencies, replacing existing agency legacy radio systems. CRN is immediately planned to carry 15,000 subscribers, a majority of which have completed migration onto the network. Agencies have begun decommissioning legacy radio systems, thus creating savings by cancelling landlines, site leases and maintenance contracts. Agencies have also started to realize the benefits of a consolidated enterprise-level infrastructure, including enhanced coverage, capacity and mission critical interoperability.

### *HHS-Connect*

HHS-Connect deconstructs information silos through the use of modernized technology and coordinated agency practices to more effectively provide health and human services to New Yorkers. Eventually, residents will have the opportunity to provide their personal information once, regardless of the number and type of programs they are applying. In 2012, the management of HHS-Connect will transfer from DoITT to the Human Resources Administration (HRA).

### *Geographic Information Systems*

DoITT's Citywide Geographic Information Systems (GIS) Unit develops and maintains a repository of current, accurate spatial data and applications. This includes NYMap, a physical base map and planimetrics of the City derived from aerial photography. The unit also develops GIS tools and applications and provides services for use by all City agencies. The GIS internet hosting environment provides the public with an expanding array of geographic-based information on NYC.gov. In 2011, DoITT published a mapping component to 311 Online, called the 311 Service Request Map, which provides location and status information for 311 complaints filed over the past year across 15 categories and more than 100 subcategories. In 2012, DoITT's GIS team will expand the types of City data represented geographically on NYCityMap.

### *Data Analytics Center*

DoITT will build a Data Analytics Center (DAC) in support of the Mayor's Office of Operations that will allow the City to enhance strategic operational decisions based on more coordinated analysis of data provided by City agencies.

### *311 Customer Service Center*

The 311 Customer Service Center is the City's premier means of access to government information and non-emergency services. Trained call center representatives are available 24 hours a day, seven days a week, and offer services in approximately 180 languages. DoITT will continue to improve the capability of 311 through enhancements to 311 Online (the call center's web-based counterpart) and development of mobile applications allowing customers to file complaints anywhere from their handheld devices.

### *Mayor's Office of Media and Entertainment and NYC.gov*

The Mayor's Office of Media and Entertainment (MOME) is responsible for coordinating and unifying the City's media channel communications, including television, web, mobile applications and other media platforms. It manages a broadcast television station reaching approximately 19 million people in New York, New Jersey, and Connecticut; five New York City cable television stations; and one FM radio station (Radio New York, WNYE 91.5 FM), MOME also produces New York City-themed original programming designed to showcase the City's neighborhoods, arts, culture, history, and diverse communities.

MOME is responsible for directing the format, content, style, and message frequency of the NYC.gov home page and associated web delivery tools, which reach approximately 25 million visitors per year. DoITT partners with MOME to maintain the NYC.gov environment along with the associated network of agency websites, as well as to present the City's message and brand in a more coordinated and consistent manner across its various and growing media outlets.

#### *Streamlining Agency Operations*

DoITT will continue to leverage its data centers, fiber optic network, wireless data network, and other resources in order to achieve cost savings for City agencies in need of internet access, data center hosting and management, e-mail, security and firewall solutions, disaster recovery sites, wireless solutions, and remote access. The DoITT Capital Plan for 2012-2014 includes \$116.94 million for infrastructure improvements associated with these Citywide initiatives.

DoITT will continue to build its internal Project Management capacity in an effort to better control the dollars spent on consultant resources.

DoITT will also be further expanding its Vendor Management organization to allow the City to interact at an enterprise level with its vendors. This will give the City a comprehensive window into a vendor's interactions across projects, and will create opportunities to maximize the City's leverage in negotiating better services and pricing.

## **ECONOMIC DEVELOPMENT**

Together, the Department of Small Business Services (SBS) and the New York City Economic Development Corporation (EDC) oversee programming to achieve the City's economic development initiatives. SBS also administers the City's adult workforce development programs.

SBS provides services primarily to small businesses in New York City by overseeing the City's Business Improvement Districts, providing technical assistance in procurement and local commercial development opportunities, and increasing opportunities for minority- and women-owned businesses. SBS assists prospective small business owners in starting a business in New York City, and provides assistance for small businesses in their interactions with other City agencies. Within the Workforce Development Division, SBS provides job training and placement services to jobseekers and businesses through its one-stop centers and contracted service providers.

Under contract with SBS, EDC coordinates the City's commercial, industrial, market, waterfront and intermodal transportation development projects. EDC is the City's primary vehicle for promoting economic growth in each of the five boroughs, and the organization works with diverse industries and sectors to help businesses locate and expand in the City. To improve the distribution of goods within and outside the five boroughs, EDC manages the redevelopment of the City's rail freight lines, food markets, and maritime and aviation facilities. Through EDC's incentive programs, eligible businesses can meet their financing needs for property acquisition, new equipment, renovation, working capital and other purposes through the use of low-cost tax-exempt bonds.

Additionally, SBS contracts with, and the City allocates capital resources for, the Brooklyn Navy Yard Development Corporation (BNYDC) and the Trust for Governors Island (TGI) for the purposes of economic development and rehabilitating City-owned assets.

### **Financial Review**

The 2012 Executive Budget provides \$128.5 million in operating expenses at SBS, with Federal funds of \$57.7 million, including American Recovery and Reinvestment Act (ARRA) and Workforce Investment Act (WIA) funds, and City funds of \$69.4 million. The SBS operating budget includes allocations for EDC, NYC & Company, the Trust for Governors Island, and other SBS programs such as the Avenue NYC commercial revitalization program and the NYC Business Express interactive website. EDC funds the majority of its operating budget through income earned from its management of the City's real estate portfolio.

City-funded capital commitments of \$755 million are forecast in the 2012-2021 capital plan. Of this amount, \$719.7 million reflect Mayoral commitments. The remaining \$35.2 million reflect Elected Officials commitments.

### **Revenue Forecast**

The Department of Small Business Services collects revenue from the rental and sale of commercial, industrial, maritime, and market properties administered by EDC, and from other miscellaneous fees. The 2012 revenue estimate is \$71.3 million.

### **Expense Budget Highlights**

- the Workforce Development Division runs the City's job training and placement programs through nine Workforce1 Career Centers in all five boroughs. In addition, the City's Business Solutions Centers, some of which are co-located with the Workforce1 Centers, provide businesses with access to hiring and training opportunities. Adult and Dislocated Worker job training and placement programs are currently budgeted at \$39.2 million in 2012, but this amount may change depending on decisions made at the Federal government level.



- the Business and District Development Division oversees and supports the City's network of 64 Business Improvement Districts, Business Incentives programs, the Energy Cost Savings Program, and Avenue NYC. The 2012 Executive Budget provides \$3.3 million in City and Federal funds.
- the Division of Economic and Financial Opportunity focuses on outreach and technological assistance to certify minority- and women-owned businesses for government contracts and to ensure parity in the City's hiring practices. The 2012 Executive Budget provides \$2.9 million in City and Federal funds.
- through a contract with SBS, NYC & Company will receive \$14.3 million in City funding in 2012 for its work to promote the City as the country's premier tourist destination, to serve as the City's official marketing organization, and to provide partnership services.
- in 2011, the City of New York assumed responsibility for the development and operations of Governors Island, located in Upper New York Harbor. The City will contribute \$11.0 million towards the management and operations of the island in 2012, and will provide capital funds for investments in infrastructure and the construction of a park and public open space.

### **Summary of Agency Financial Data**

The following table compares the 2012 Executive Budget with the 2012 Preliminary Budget, the 2011 forecast and actual expenditures for 2010, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

**Summary of Agency Financial Data**  
**(\$ in 000's)**

	2010 Actual	2011 Forecast	2012		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2011 Forecast	2012 Preliminary Budget
<b>Expenditures</b>						
Salary and Wages.....	\$21,514	\$17,981	\$21,515	\$17,588	(\$393)	(\$3,927)
Fringe Benefits.....	—	43	43	37	(6)	(6)
OTPS.....	138,097	127,702	102,682	110,840	(16,862)	8,158
<b>Total.....</b>	<b>\$159,611</b>	<b>\$145,726</b>	<b>\$124,240</b>	<b>\$128,465</b>	<b>(\$17,261)</b>	<b>\$4,225</b>
<b>Funding</b>						
City.....	\$53,277	\$67,812	\$65,687	\$69,266	\$1,454	\$3,579
Other Categorical Grants.....	13,600	1,099	56	56	(1,043)	—
IFA.....	—	—	—	—	—	—
State.....	214	2,262	893	1,293	(969)	400
Federal CD.....	3,138	4,102	2,757	2,834	(1,268)	77
Federal Other.....	85,107	65,301	54,837	55,006	(10,295)	169
Intra-City Other.....	4,275	5,150	10	10	(5,140)	—
<b>Total.....</b>	<b>\$159,611</b>	<b>\$145,726</b>	<b>\$124,240</b>	<b>\$128,465</b>	<b>(\$17,261)</b>	<b>\$4,225</b>
<b>Additional Costs Centrally Funded</b>						
Personal Services (PS).....						
Fringe Benefits.....	\$6,016	\$5,316	\$5,784	\$5,786	\$470	\$2
Pensions.....	2,397	2,672	3,463	3,317	645	(146)
Other Than Personal Service (OTPS)						
Legal Services.....	6,256	5,976	6,360	6,128	152	(232)
Judgments and Claims.....	4	6	7	7	1	—
Debt Service.....	127,708	170,463	251,039	254,957	84,494	3,918
<b>Total Additional Costs.....</b>	<b>\$142,381</b>	<b>\$184,433</b>	<b>\$266,653</b>	<b>\$270,195</b>	<b>\$85,762</b>	<b>\$3,542</b>
<b>Funding</b>						
City.....	137,095	176,655	257,109	260,467	83,812	3,358
Non-City.....	5,286	7,778	9,544	9,728	1,950	184
<b>Full Agency Costs (including Central Accounts)</b>						
Salary and Wages.....	\$21,514	\$17,981	\$21,515	\$17,588	(\$393)	(\$3,927)
Fringe Benefits.....	6,016	5,359	5,827	5,823	464	(4)
Pensions.....	2,397	2,672	3,463	3,317	645	(146)
<b>Total PS.....</b>	<b>\$29,927</b>	<b>\$26,012</b>	<b>\$30,805</b>	<b>\$26,728</b>	<b>\$716</b>	<b>(\$4,077)</b>
OTPS.....	\$138,097	\$127,702	\$102,682	\$110,840	(\$16,862)	\$8,158
Legal Services.....	6,256	5,976	6,360	6,128	152	(232)
Judgments and Claims.....	4	6	7	7	1	—
Debt Service.....	127,708	170,463	251,039	254,957	84,494	3,918
<b>Total OTPS.....</b>	<b>\$272,065</b>	<b>\$304,147</b>	<b>\$360,088</b>	<b>\$371,932</b>	<b>\$67,785</b>	<b>\$11,844</b>
<b>Total Agency Costs.....</b>	<b>\$301,992</b>	<b>\$330,159</b>	<b>\$390,893</b>	<b>\$398,660</b>	<b>\$68,501</b>	<b>\$7,767</b>
Less Intra-City.....	\$4,275	\$5,150	\$10	\$10	(\$5,140)	\$—
<b>Net Agency Cost.....</b>	<b>\$297,717</b>	<b>\$325,009</b>	<b>\$390,883</b>	<b>\$398,650</b>	<b>\$73,641</b>	<b>\$7,767</b>
<b>Funding</b>						
City.....	190,373	244,467	322,796	329,733	85,266	6,937
Non-City.....	107,344	80,542	68,087	68,917	(11,625)	830
<b>Personnel (includes FTEs at fiscal year-end)</b>						
City.....	131	142	145	136	(6)	(9)
Non-City.....	175	117	97	109	(8)	12
<b>Total.....</b>	<b>306</b>	<b>259</b>	<b>242</b>	<b>245</b>	<b>(14)</b>	<b>3</b>

## **Programmatic Review and Service Impact**

### *Department of Small Business Services*

The Department of Small Business Services makes it easier for companies to form, do business and grow by providing direct assistance to business owners, fostering neighborhood development in commercial districts, promoting financial and economic opportunity among minority- and women-owned businesses, preparing New Yorkers for jobs, and linking employers to a skilled and qualified workforce.

### *District Development*

- the District Development Unit supports community-based economic development organizations throughout New York City in order to create the conditions under which local businesses thrive and residents enjoy access to a vibrant mix of goods and services. Through its network of 64 Business Improvement Districts (BIDs), SBS' District Development unit oversees contracts with BIDs that led to the provision of more than \$100 million in supplemental services across 1,262 City blocks in 2010. District Development also partners with dozens of local development corporations, merchants' associations and other neighborhood economic development organizations through Avenue NYC, a competitive grant program that funds commercial revitalization programs, including planning and business attraction efforts, district marketing campaigns, BID formation initiatives, and other economic development activities, in all five boroughs.

### *NYC Business Solutions*

NYC Business Solutions helps businesses open, grow, and thrive in New York City.

- NYC Business Solutions Centers meet the needs of start-up and operating businesses by providing assistance in accessing financing, fulfilling business staffing needs, and providing access to services not directly provided by the Centers through partnerships. Centers are open in the South Bronx, Upper Manhattan, Queens, Downtown Brooklyn, Washington Heights, and Lower Manhattan. In 2010, NYC Business Solutions Centers facilitated over \$29.5 million in loans for 514 unique clients.
- the NYC Business Solutions Outreach Team helps businesses interact with other City agencies and resolve obstacles to starting, operating, or expanding their businesses. In coordination with the Mayor's Office of Emergency Management, the Outreach Team also assists businesses affected by disasters by providing updates on building re-openings, facilitating the resolution of matters affecting day-to-day business operations, and compiling evidence to support business claims for assistance. In 2010, outreach staff provided assistance for nearly 9,000 businesses, including over 7,700 new businesses, in interacting with other City agencies, including the Department of Buildings, the Department of Consumer Affairs, the Department of Finance, and the Department of Sanitation.
- NYC Business Solutions Hiring provides customized recruitment and hiring services to New York City businesses. The unit works with large scale employers in growing industries to assist them in finding qualified candidates to fulfill their citywide employment needs. In 2010, NYC Business Solutions Hiring assisted small businesses with the hiring of 3,135 employees.
- NYC Business Solutions' Curriculum Development Unit facilitates the provision of business education courses at all of the City's NYC Business Solutions Centers. Courses are offered in five different languages across the Centers and cover topics such as business basics, computer applications, financing, and marketing. In 2010, free business education courses were provided to over 4,500 attendees.

### *Business Incentives*

- the Business Incentives Unit coordinates the Lower Manhattan Energy Program (LMEP), which offers reduced regulated electricity costs for up to 12 years. From its inception, through 2010, over 50 office towers with 1,458 commercial tenants have received LMEP benefits. The Energy Cost Savings Program (ECSP), which helps businesses lower their energy costs in targeted areas around the City, affected 4,656 jobs and generated approximately \$967,000 in annual savings in 2010.

### *NYC Business Express*

NYC Business Express is a multi-agency initiative, spearheaded by SBS, that makes opening, operating, and expanding a business in New York City more straightforward, faster, and simpler. NYC Business Express provides a website as a single source of information that enables business owners and entrepreneurs to manage all information required to start, operate or expand a business in the City of New York. In 2010, 96,318 unique visitors accessed services on the website. NYC Business Express serves 20 business sectors, including food and beverage, health care, manufacturing, and others, in the following ways:

- provides a single source of information for all businesses to access customized, up-to-date information and step-by-step instructions for meeting government requirements for opening, operating or expanding a business in New York City.
- provides a single source of information for all businesses to identify and estimate the City, State, and Federal benefits for which they are eligible.
- provides all businesses with consolidated “accounts,” which with they can access electronically-available information about their businesses (e.g., status of permits, taxes owed, outstanding balances, inspection dates, etc.) in a single place.
- and provides a platform for common intake of business customer information (currently requiring the submission of multiple forms to multiple Agencies), enabling business customers to provide their information to the City only once and when it is needed.

### *Economic and Financial Opportunity*

- the Division of Economic and Financial Opportunity is responsible for the implementation and oversight of the City’s Minority and Women-owned Business Enterprise (M/WBE) program. The new M/WBE program was established by Local 129 in 2005 to level the competitive playing field by setting citywide M/WBE utilization goals for City contracting. It is also responsible for the oversight of the City’s Executive Order 50 requiring City contractors to comply with applicable equal employment opportunity laws. To date, 3,114 companies have certified as M/WBE and are eligible to receive exclusive services offered by SBS such as business classes, one-on-one technical assistance, and access to networking events.

### *Workforce Development*

- the Workforce Development Division administers employment services to the City’s adult workforce. The Workforce1 Career Centers are the foundation of the City’s adult workforce system. The Career Center system reaches New Yorkers across the City’s five boroughs. In 2010, the nine Career Centers registered 97,755 new jobseekers, providing workshops, pre-vocational skills training, on-site recruitments and job referral services. Additionally, New Yorkers were placed in 29,456 jobs in 2010 through the Workforce1 Career Centers.
- through partnerships with private employers, SBS provides NYC Business Solutions Training Funds to upgrade the skill sets of employees in growth industries. In 2010, SBS served 42 companies through this program, in sectors such as manufacturing, healthcare, and information technology. This represents a 24

percent increase over 2009 and the funding resulted in training for over 1,400 individuals, with more than 90% receiving wage increases or new employment. Since the program's inception, SBS has awarded more than \$8 million in training funds to over 110 companies to train over 4,800 workers, matched by over \$7.9 million in employer contributions. On January 22, 2010, SBS awarded a round of grants totaling \$760,000 in assistance to support skills development and promote career advancement opportunities.

- since 2007, SBS has partnered with the Center for Economic Opportunity (CEO) to implement employment programs that support advancement of the City's working poor. With \$3.8 million in the 2012 Executive Budget, SBS will continue a suite of initiatives that have been funded by CEO. These programs include the Employment Works employment and training program for individuals with criminal records, and a customized Business Solutions Training Funds program that allows training to be offered to entry-level workers in areas such as English as a Second Language and adult literacy.

#### *Mayor's Office of Industrial and Manufacturing Businesses*

- created in January 2005, the Mayor's Office of Industrial and Manufacturing Businesses (IMB) coordinates a series of initiatives designed to help retain and grow New York City's industrial job base. The office marshals the resources of key City agencies to address the main concerns of the industrial and manufacturing sector: protecting industrial space, lowering costs, and creating a friendlier business environment. In April 2006, IMB secured the ratification of 16 Industrial Business Zones (IBZs) throughout the City to support and protect the industrial and manufacturing sector. In 2012, \$1.1 million is available for the City to contract with various NYC Industrial Business Solution Providers (IBSPs) to offer industrial firms free, quick and reliable business assistance services to help these companies grow.

#### *New York City Economic Development Corporation*

EDC coordinates with both the private and public sectors to promote job generating initiatives across a diverse set of industries and neighborhoods. To support improved transportation, commercial development and the revitalization of the City's waterfront properties, EDC also manages and develops marine terminals, public markets, rail yards, and industrial parks.

The financing arm of EDC includes several small business lending, guarantee, and bond programs. The purpose of these programs is to create jobs and retain and expand businesses through financial assistance offered at market or below market rates. EDC also contracts with the New York City Industrial Development Agency (IDA) and the New York City Capital Resource Corporation (CRC) to provide financing for capital expansion projects for industrial and commercial companies and not-for-profit organizations.

- IDA closed seven projects in 2010. In total, these projects will generate \$30.6 million in City tax revenues and more than 112 jobs over the life of the agreements. IDA's activity has been dramatically impacted by the continued suspension of a portion of State law governing IDA activities, which halted the IDA's ability to issue tax-exempt bonds for not-for-profit organizations' capital projects since January 2008.
- the CRC was created in January, 2006, to expand the pool of organizations that can benefit from tax-exempt bond financing, especially organizations within New York City's not-for-profit community, including arts and social service organizations and cultural, healthcare, and educational institutions. In 2010, CRC approved four projects to utilize \$66.3 million of the City's American Recovery and Reinvestment Act (ARRA) Recovery Zone Facility Bond allocation.

Under its contract with SBS, EDC acts as a managing agent for City-sponsored projects, funded primarily through the capital budget, as described below. Additionally, SBS contracts with the Brooklyn Navy Yard Development Corporation (BNYDC) and the Trust for Governors Island (TGI) for the purposes of economic development and rehabilitating City-owned assets.

## Capital Review

The primary goal of the Ten Year Capital Plan is to encourage development in order to create and retain jobs in New York City, to bolster the City's tax base, and to maintain city-owned facilities in a state of good repair. The 2012-2021 Ten Year Plan totals \$755 million.

The following chart shows Capital plan commitments by major function over the 2012-2015 period. Actual commitments are provided for 2010.

### Capital Commitments (\$ in 000's)

	2010 Actual		2011 Plan		2012 Plan		2013 Plan		2014 Plan		2015 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Commercial Development .....	\$258,963	\$319,132	\$308,396	\$401,564	\$221,723	\$221,723	\$193,557	\$193,557	\$4,587	\$4,587	\$16,869	\$16,869
Industrial Development.....	45,118	45,118	126,211	129,031	15,507	15,507	14,952	14,952	2,513	2,513	2,470	2,470
Market Development .....	4,826	4,826	6,250	6,250	142	142	2,500	2,500	1,552	1,552	152	152
Neighborhood Revitaliz'n.....	21,759	21,759	143,166	184,168	4,582	4,582	8,812	8,812	626	626	0	0
Port Development .....	19,380	19,728	16,252	27,167	0	0	5,000	5,000	10,000	10,000	0	0
Rail Development .....	0	0	462	5,362	0	0	0	0	0	0	0	0
Waterfront Development .....	12,074	13,206	68,803	101,196	9,801	9,801	21,229	21,229	5,182	5,182	4,231	4,231
Cultural Development.....	11,245	11,245	48,574	49,720	1,675	1,675	3,152	3,152	0	0	0	0
Community Development.....	4,732	4,732	22,033	22,048	90	90	750	750	0	0	0	0
Miscellaneous .....	21,074	21,541	29,945	34,949	14,946	14,946	1,000	1,000	0	0	0	0
Total .....	<u>\$399,171</u>	<u>\$461,287</u>	<u>\$770,092</u>	<u>\$961,455</u>	<u>\$268,466</u>	<u>\$268,466</u>	<u>\$250,952</u>	<u>\$250,952</u>	<u>\$24,460</u>	<u>\$24,460</u>	<u>\$23,722</u>	<u>\$23,722</u>

#### *Highlights of the 2012-2021 Ten Year Capital Plan (including uncommitted 2011 funds):*

- site acquisition and infrastructure improvements at Willets Point (\$249.4 million).
- development of the East River Waterfront esplanade and piers (\$59.1 million).
- developer site preparation, esplanade construction, and street construction/reconstruction at New Stapleton Waterfront in Staten Island's Homeport (\$27.5 million).
- funds for various elements of the Coney Island Strategic Plan (\$26.5 million).
- bike and pedestrian pathway construction, rehabilitation of streetscapes, and other reconstruction work associated with the South Bronx Greenway in and around Hunts Point (\$24.8 million).
- rehabilitation and maintenance of existing structures, public access improvements, and upgrades to the island's infrastructure to support a park and future redevelopment at Governors Island (\$306.1 million).
- various development and infrastructure improvements at the Brooklyn Navy Yard (\$114.1 million).

## LIBRARIES

The City of New York funds three independently operated public library systems, each administered by a separate board of trustees. The Brooklyn Public Library (BPL) oversees the operation of 58 branches, a Business Library, and a Central Library. The New York Public Library (NYPL) manages a three-borough library system with 35 branches in the Bronx, 40 branches in Manhattan, and 12 branches in Staten Island. NYPL also oversees four research libraries: the Stephen A. Schwarzman Building at 5th Avenue & 42nd Street, the Library for the Performing Arts at Lincoln Center, the Schomburg Center for Research in Black Culture, and the Science, Industry, and Business Library. The Queens Borough Public Library (QBPL) is comprised of 63 community libraries and a Central Library.

### Financial Review

The 2012 Executive Budget for Libraries provides total operating funds of \$223.5 million, a decrease of \$76.0 million from the 2011 forecast of \$299.5 million after adjusting for \$164.1 million that was prepaid to all library systems in 2010 and the \$164.1 million that will be prepaid to all three library systems in 2011. The Executive Budget also provides for City funded capital commitments of \$43.3 million in 2012.

### Expense Budget Highlights

#### *Budgetary Priorities: Providing Core Services*

- in 2012, the operating subsidy for BPL will be \$16.2 million. Adjusting for the prepayments, the City's 2012 subsidy of \$62.9 million will be \$20.0 million less than the 2011 forecast of \$82.9 million.
- in 2012, the operating subsidy for NYPL will be \$21.4 million. Adjusting for the prepayments, the City's 2012 subsidy of \$82.5 million will be \$28.8 million less than the 2011 forecast of \$111.3 million.
- in 2012, the operating subsidy for the NYPL Research Libraries will be \$5.9 million. Adjusting for the prepayments, the City's 2012 subsidy of \$16.7 million will be \$5.4 million less than the 2011 forecast of \$22.1 million.
- in 2012, the operating subsidy for QBPL will be \$15.8 million. Adjusting for the prepayments, the City's 2012 subsidy of \$61.7 million will be \$21.0 million less than the 2011 forecast of \$82.7 million.

### Summary of Agency Financial Data

The following table compares the 2012 Executive Budget with the 2012 Preliminary Budget, the 2011 forecast and actual expenditures for 2010, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.



**Summary of Agency Financial Data**  
(\$ in 000's)

	2010 Actual	2011 Forecast	2012		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2011 Forecast	2012 Preliminary Budget
<b>Expenditures</b>						
Salary and Wages.....	\$—	\$—	\$—	\$—	\$—	\$—
Fringe Benefits.....	—	—	—	—	—	—
OTPS.....	210,535	299,514	227,304	59,356	(240,158)	(167,948)
Total.....	<u>\$210,535</u>	<u>\$299,514</u>	<u>\$227,304</u>	<u>\$59,356</u>	<u>(\$240,158)</u>	<u>(\$167,948)</u>
<b>Funding</b>						
City.....	\$210,028	\$296,243	\$227,304	\$55,984	(\$240,259)	(\$171,320)
Other Categorical Grants.....	507	—	—	—	—	—
IFA.....	—	—	—	—	—	—
State.....	—	—	—	—	—	—
Federal CD.....	—	—	—	—	—	—
Federal Other.....	—	—	—	—	—	—
Intra-City Other.....	—	3,271	—	3,372	101	3,372
Total.....	<u>\$210,535</u>	<u>\$299,514</u>	<u>\$227,304</u>	<u>\$59,356</u>	<u>(\$240,158)</u>	<u>(\$167,948)</u>
<b>Additional Costs Centrally Funded</b>						
Other Than Personal Services (OTPS)						
Fringe Benefits.....	\$1,541	\$1,627	\$1,782	\$1,719	\$92	(\$63)
Pensions.....	13,264	19,566	22,054	22,054	2,488	—
Legal Services.....	3	3	1	3	—	2
Judgments and Claims.....	—	—	—	—	—	—
Debt Service.....	38,865	38,847	45,097	54,980	16,133	9,883
Total Additional Costs.....	<u>\$53,673</u>	<u>\$60,043</u>	<u>\$68,934</u>	<u>\$78,756</u>	<u>\$18,713</u>	<u>\$9,822</u>
<b>Funding</b>						
City.....	53,242	58,368	66,497	75,793	17,425	9,296
Non-City.....	431	1,675	2,437	2,963	1,288	526
<b>Full Agency Costs (including Central Accounts)</b>						
Fringe Benefits.....	\$1,541	\$1,627	\$1,782	\$1,719	\$92	(\$63)
OTPS.....	210,535	299,514	227,304	59,356	(240,158)	(167,948)
Pensions.....	13,264	19,566	22,054	22,054	2,488	—
Legal Services.....	3	3	1	3	—	2
Judgments and Claims.....	—	—	—	—	—	—
Debt Service.....	38,865	38,847	45,097	54,980	16,133	9,883
Total OTPS.....	<u>\$264,208</u>	<u>\$359,557</u>	<u>\$296,238</u>	<u>\$138,112</u>	<u>(\$221,445)</u>	<u>(\$158,126)</u>
Total Agency Costs.....	\$264,208	\$359,557	\$296,238	\$138,112	(\$221,445)	(\$158,126)
Less Intra-City.....	\$—	\$3,271	\$—	\$3,372	\$101	\$3,372
Net Agency Cost.....	<u>\$264,208</u>	<u>\$356,286</u>	<u>\$296,238</u>	<u>\$134,740</u>	<u>(\$221,546)</u>	<u>(\$161,498)</u>
<b>Funding</b>						
City.....	263,269	354,611	293,801	131,777	(222,834)	(162,024)
Non-City.....	939	1,675	2,437	2,963	1,288	526
<b>Personnel (includes FTEs at fiscal year-end)</b>						
City.....	—	—	—	—	—	—
Non-City.....	—	—	—	—	—	—
Total.....	—	—	—	—	—	—

\* The 2012 Executive Budget provides an estimated 2,728 full-time and full-time equivalent positions, which are funded with City subsidies.



## **Programmatic Review and Service Impact**

The three library systems will continue to provide services throughout the five boroughs at existing branches and at recently opened or rehabilitated libraries including:

- the replacement Kingsbridge Branch Library in the Bronx is expected to open by June 2011.
- the Arverne Community Library in Queens reopened in July 2010.
- the Fort Hamilton Branch Library in Brooklyn reopened in March 2011.

The three library systems continue to provide a variety of community programming throughout the five boroughs:

- BPL will provide Brooklyn residents with access to expanded computer centers at eight neighborhood libraries and at its new Information Commons at the Central Library (expected to be completed in early 2013), as part of its participation in New York City's Broadband Technology Opportunities Program. BPL's project focuses reaching the low-income neighborhoods and features enhanced technology and broadband access, as well as a diverse roster of digital literacy, job readiness and health literacy programs in English and Spanish. To date, BPL has hired 15 full-time and 1 part-time staff, and purchased 95 laptop computers that will be available for public use in the branches.
- in 2011 NYPL offered more than 43,000 programs and classes system-wide with an attendance of 826,000. Among these programs, NYPL successfully launched a dynamic new program series for children and teens, KidsLive and TeenLive, drawing thousands of young New Yorkers to the library to meet the biggest and brightest stars of children and teen literature, including Oscar Hijuelos, Maya Sotero Ng, Darren Shan and Julia Alvarez. 31,340 New Yorkers attended job-related classes at NYPL libraries. These classes remain vital to New Yorkers who are out of work, looking to change careers or start a new business.
- the Queens Borough Public Library has expanded its Adult Literacy Program to include classes for disconnected youth ages 16 to 24 with low literacy level. Classes take place in Long Island City, Jamaica and Far Rockaway. Sessions include pre-GED instruction, life skills programs, development of computer skills, internship and referrals to social service agencies.
- all three library systems partnered in the Summer Reading Club, with Queens Borough Public Library responsible for the joint website and its online registration feature. The website, which got 13 million hits, allows children, teens and adults to register and log book reviews both at the Libraries, as well as from anywhere through online access. In Queens alone, more than 35,000 people registered and logged more than 300,000 books read.
- all three library systems have well-developed computer network systems that provide the public with free access to the internet and basic PC software applications. Online resources continue to be a focus, with each library system continuing to increase the number of materials available for download and the number of databases which can be accessed from home.

Days and hours of library branch service remain a priority for all three library systems and in 2011, on average, each branch provides at least 5.6 days of service per week (approximately 40 hours per week). The decrease in City subsidies to the library systems assumed in the 2012 Executive Budget will result in a reduction of overall service hours. The impact on specific branches will be determined by each of the library systems.

## Capital Review

The 2012-2021 Capital Commitment Plan for the Libraries totals \$101.8 million, of which 93 percent is City funded. The table below reflects capital commitments by system over the 2010-2015 period.

### Capital Commitments (\$ in 000's)

	2010 Actual		2011 Plan		2012 Plan		2013 Plan		2014 Plan		2015 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Brooklyn Public Library .....	\$16,247	\$16,297	\$34,353	\$35,768	\$13,468	\$13,468	\$6,178	\$6,178	\$572	\$572	\$589	\$589
New York Public Library.....	27,211	27,916	115,662	118,414	15,842	15,842	11,488	11,488	2,748	2,748	772	772
NYPL Research Libraries .....	826	826	9,899	13,274	0	0	2,251	2,251	0	0	0	0
Queens Borough Public Library.	28,652	28,652	85,221	86,953	14,012	21,585	12,444	12,444	600	600	558	558
Total.....	<u>\$72,936</u>	<u>\$73,691</u>	<u>\$245,135</u>	<u>\$254,409</u>	<u>\$43,322</u>	<u>\$50,895</u>	<u>\$32,361</u>	<u>\$32,361</u>	<u>\$3,920</u>	<u>\$3,920</u>	<u>\$1,919</u>	<u>\$1,919</u>

Several major renovations took place in 2011. Other major projects will be undertaken in 2012. Highlights of the 2012-2021 Capital Commitment Plan include:

#### Brooklyn Public Library:

- renovations, improvements and ADA compliance at the Central Library building in Grand Army Plaza (\$11.2 million in 2012-2013, in addition to \$10.2 million in 2011).
- boiler and HVAC replacement, and a new technology system for the Red Hook Branch Library (\$1.2 million in 2012-2013).
- various system-wide reconstruction and infrastructure improvement projects (\$4.5 million in 2012-2015, in addition to \$5.7 million in 2011).

New York Public Library, which includes projects in the Bronx (\$8.0 million), Manhattan (\$12.7 million), Staten Island (\$7.8 million), as well as funding for system-wide projects (\$6.6 million):

- the Central Library Master Plan project at the Stephen A. Schwarzman Building in Manhattan (\$11.0 million in 2012, in addition to \$39.3 million in 2011).
- site acquisition and new branch construction of the Rossville Branch Library in Staten Island (\$7.4 million in 2012-2013).
- a new Westchester Square Branch Library in the Bronx (\$8.0 million in 2012-2014, in addition to \$3.3 million in 2011).

#### NYPL Research Libraries:

- renovations at the Stephen A. Schwarzman Building in Manhattan (\$2.3 million in 2013.)

#### Queens Borough Public Library:

- a new replacement facility for the Far Rockaway Community Library (\$3.8 million in 2013, in addition to \$13.0 million in 2011).

- the system-wide implementation of Self-Check Units (\$4.1 million in 2012-2013, in addition to \$30.2 million in 2011).
- the completion of the new Children’s Library Discovery Center at the Central Library (\$4.8 million in 2013, in addition to \$10.5 million in 2011).
- various system-wide reconstruction and infrastructure improvement projects (\$3.7 million in 2012-2015, in addition to \$2.4 million in 2011).

## THE DEPARTMENT OF CULTURAL AFFAIRS

The Department of Cultural Affairs (DCLA) is responsible for supporting and strengthening the City's vibrant cultural life through funding, technical assistance and advocacy for more than 1,400 non-profit cultural organizations across New York City, including museums, dance companies, theatres, performing arts organizations, botanical gardens, zoos and a wide array of other cultural organizations.

The City supports operations at the 33 City-owned cultural institutions known as the Cultural Institutions Group (CIG). This group includes such diverse organizations as the Metropolitan Museum of Art, the Brooklyn Academy of Music, Queens Theatre in the Park, the Staten Island Museum and the New York Botanical Gardens.

DCLA provides support for capital improvements at approximately 200 cultural organizations throughout the five boroughs. Funding is provided for infrastructure, renovation, expansion, equipment and public art projects. DCLA also provides program grants and support services to more than 880 cultural organizations citywide, which includes groups like the Orchestra of the Bronx, the Brooklyn Waterfront Artists Coalition, the Signature Theater, the Alley Pond Environmental Center and the Staten Island Ballet Theater.

### Financial Review

The Department of Cultural Affairs' 2012 Executive Budget provides for operating expenses of \$100.9 million, which is a \$44.1 million decrease from the 2011 forecast of \$145.0 million. It also provides for City funded capital commitments of \$143.6 million in 2012.

### Expense Budget Highlights

#### *Budgetary Priorities: Providing Core Services*

- the City's 33 Cultural Institutions will receive operating support of \$78.8 million, including \$43.9 million in energy subsidies, a decrease of \$28.5 million from the 2011 forecast.
- in the 2012 Executive Budget, various cultural organizations citywide will receive program grants totaling \$16.8 million, a decrease of \$14.0 million from the 2011 forecast.
- the 2012 Executive Budget contains \$5.3 million in operating funds for the Department of Cultural Affairs' staff, rent, supplies and equipment.

### Summary of Agency Financial Data

The following table compares the 2012 Executive Budget with the 2012 Preliminary Budget, the 2011 forecast and actual expenditures for 2010, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

**Summary of Agency Financial Data**  
(\$ in 000's)

	2010 Actual	2011 Forecast	2012		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2011 Forecast	2012 Preliminary Budget
<b>Expenditures</b>						
Salary and Wages.....	\$4,107	\$4,134	\$4,159	\$4,160	\$26	\$1
Fringe Benefits.....	—	—	—	—	—	—
OTPS.....	138,800	140,846	97,181	96,696	(44,150)	(485)
Total.....	<u>\$142,907</u>	<u>\$144,980</u>	<u>\$101,340</u>	<u>\$100,856</u>	<u>(\$44,124)</u>	<u>(\$484)</u>
<b>Funding</b>						
City.....	\$140,569	\$142,541	\$100,710	\$100,065	(\$42,476)	(\$645)
Other Categorical Grants.....	737	—	—	—	—	—
IFA.....	75	70	70	231	161	161
State.....	15	7	—	—	(7)	—
Federal CD.....	151	759	263	263	(496)	—
Federal Other.....	218	—	—	—	—	—
Intra-City Other.....	1,142	1,603	297	297	(1,306)	—
Total.....	<u>\$142,907</u>	<u>\$144,980</u>	<u>\$101,340</u>	<u>\$100,856</u>	<u>(\$44,124)</u>	<u>(\$484)</u>
<b>Additional Costs Centrally Funded</b>						
Personal Services (PS).....						
Fringe Benefits.....	\$1,013	\$987	\$1,095	\$1,026	\$39	(\$69)
Pensions.....	8,096	8,414	8,677	8,650	236	(27)
Other Than Personal Service (OTPS)						
Legal Services.....	110	110	123	113	3	(10)
Judgments and Claims.....	—	11	12	11	—	(1)
Debt Service.....	85,606	85,566	99,331	111,864	26,298	12,533
Total Additional Costs.....	<u>\$94,825</u>	<u>\$95,088</u>	<u>\$109,238</u>	<u>\$121,664</u>	<u>\$26,576</u>	<u>\$12,426</u>
<b>Funding</b>						
City.....	93,751	91,301	103,790	115,554	24,253	11,764
Non-City.....	1,074	3,787	5,448	6,110	2,323	662
<b>Full Agency Costs (including Central Accounts)</b>						
Salary and Wages.....	\$4,107	\$4,134	\$4,159	\$4,160	\$26	\$1
Fringe Benefits.....	1,013	987	1,095	1,026	39	(69)
Pensions.....	8,096	8,414	8,677	8,650	236	(27)
Total PS.....	<u>\$13,216</u>	<u>\$13,535</u>	<u>\$13,931</u>	<u>\$13,836</u>	<u>\$301</u>	<u>(\$95)</u>
OTPS.....	\$138,800	\$140,846	\$97,181	\$96,696	(\$44,150)	(\$485)
Legal Services.....	110	110	123	113	3	(10)
Judgments and Claims.....	—	11	12	11	—	(1)
Debt Service.....	85,606	85,566	99,331	111,864	26,298	12,533
Total OTPS.....	<u>\$224,516</u>	<u>\$226,533</u>	<u>\$196,647</u>	<u>\$208,684</u>	<u>(\$17,849)</u>	<u>\$12,037</u>
Total Agency Costs.....	\$237,732	\$240,068	\$210,578	\$222,520	(\$17,548)	\$11,942
Less Intra-City.....	<u>\$1,142</u>	<u>\$1,603</u>	<u>\$297</u>	<u>\$297</u>	<u>(\$1,306)</u>	<u>\$—</u>
Net Agency Cost.....	<u>\$236,590</u>	<u>\$238,465</u>	<u>\$210,281</u>	<u>\$222,223</u>	<u>(\$16,242)</u>	<u>\$11,942</u>
<b>Funding</b>						
City.....	234,318	233,842	204,500	215,619	(18,223)	11,119
Non-City.....	2,272	4,623	5,781	6,604	1,981	823
<b>Personnel (includes FTEs at fiscal year-end)</b>						
City.....	55	59	56	54	(5)	(2)
Non-City.....	4	3	3	5	2	2
Total.....	<u>59</u>	<u>62</u>	<u>59</u>	<u>59</u>	<u>(3)</u>	<u>—</u>

\* The 2012 Executive Budget provides an estimated 863 full-time and full-time equivalent positions, which are funded with City subsidies.

## Programmatic Review and Service Impact

- building on the Agency’s launch of an online application process for 2010 Programs funding, DCLA is expanding its data collection system to encompass online reporting. Like the online application capacity, the additional reporting feature will ease and make more efficient the process of reporting on the expenditure of City funds for both the organizations and DCLA. The Agency is currently managing a competitive peer review panel process for 730 funding applications for 2012, and will be receiving and reviewing renewal submissions from another 320 groups later this Spring.
- DCLA continues to provide technical assistance to the cultural field. In 2010, the Agency sponsored several programs to guide organizations in applying for City funding and navigating the funding processes in order to emphasize funding eligibility and the attendant obligations of City support. Addressing the technical needs of the artistic community, DCLA partnered with the Department of Consumer Affairs in hosting a special conference entitled “The Art of Money” in both Manhattan and Queens. Individual workshops and sessions were led by financial experts, accountants and attorneys specializing in financial matters to provide artists with guidance and information to better manage their financial affairs. There are plans to replicate this conference throughout the City.
- Materials for the Arts (MFTA) continues to expand services to its member groups, which currently number 4,390 – a 63% increase since the program moved to Long Island City in 2001. In addition to supplying Department of Education (DOE) schools with millions of dollars worth of furniture and supplies, MFTA also supports various City agencies such as the Department of Sanitation, the Department for the Aging, and the Department of Parks and Recreation.
- Since July 2010, MFTA has redistributed over 488 tons of materials valued at over \$3.7 million to 1,657 non-profit organizations and DOE schools. MFTA’s education program includes professional development workshops for teachers and after-school providers, courses for public school teachers, and class trips for public school students to learn the benefits of reuse and recycling.
- in 2011, the Percent for Art program has completed nine projects including permanent artworks by Jean Shin at PS/IS 276 in Battery Park City, and Sanford Biggers at Eagle Academy and Lane Twitchell at the Family Intake Center, both in the Bronx. The Percent for Art Program anticipates commissioning artists for twenty-two new sites in 2011. Six of these new commissions are for new public plazas being designed and built through the Department of Transportation’s Public Plaza Program and eleven are for new public schools throughout the boroughs.

## Capital Review

The 2012-2021 Capital Commitment Plan for the Department of Cultural Affairs totals \$318.5 million, of which 98 percent is City funded, for approximately 200 different cultural organizations in all five boroughs. The table below reflects capital commitments over the 2010-2015 period.

### Capital Commitments

(\$ in 000’s)

	2010 Actual		2011 Plan		2012 Plan		2013 Plan		2014 Plan		2015 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Department of Cultural Affairs .....	\$318,541	\$337,812	\$358,389	\$404,179	\$143,620	\$148,994	\$82,428	\$82,428	\$18,448	\$18,448	\$12,732	\$12,732
Total .....	<u>\$318,541</u>	<u>\$337,812</u>	<u>\$358,389</u>	<u>\$404,179</u>	<u>\$143,620</u>	<u>\$148,994</u>	<u>\$82,428</u>	<u>\$82,428</u>	<u>\$18,448</u>	<u>\$18,448</u>	<u>\$12,732</u>	<u>\$12,732</u>

*Highlights of the 2012-2021 Capital Commitment Plan include:*

- renovation of the Billie Holiday Theatre in Brooklyn (\$2.0 million in 2013, in addition to \$0.9 million in 2011).
- construction of the National Jazz Museum & ImageNation Sol Cinema at Mart 125 in Manhattan (\$9.0 million in 2012-2017).
- renovation of the shark exhibit at the Wildlife Conservation Society/New York Aquarium in Brooklyn (\$39.9 million in 2012-2015, in addition to \$1.5 million in 2011).
- renovation of backstage and mechanical systems and construction of music education and program spaces at Carnegie Hall in Manhattan (\$28.0 million in 2012-2013, in addition to \$13.4 million in 2011).
- improvements at the Snug Harbor Cultural Center in Staten Island (\$5.9 million in 2012-2013).
- construction of a new Visitors Center at the Louis Armstrong House in Queens (\$5.0 million in 2013, in addition to \$5.9 million in 2011).
- completion of renovations to the Mind Builders Creative Arts Center in the Bronx (\$1.5 million in 2012, in addition to \$2.3 million in 2011).

## **CITY UNIVERSITY OF NEW YORK**

The City University of New York (CUNY) includes eleven senior colleges, six community colleges, the School of Professional Studies, the Graduate Center, the Graduate School of Journalism, the Macaulay Honors College, a law school, and an affiliated medical school. CUNY also sponsors the Hunter College Campus Schools. The CUNY colleges, some of which date back to the nineteenth century, were federated in 1961. The University is governed by a 17-member Board of Trustees. Ten members are appointed by the Governor with the advice and consent of the New York State Senate, five are appointed by the Mayor, and two (the chairpersons of the Faculty and Student Senates) serve as ex-officio members.

CUNY is the largest municipal university system in the United States and ranks third in number of students among the public university systems in the nation. In 2011 CUNY's enrollment reached its highest level, with an increase of two percent over the last academic year. In 2012 CUNY will serve approximately 262,000 students in degree programs with approximately 171,000 in the senior colleges and 91,000 in the community colleges. In addition, CUNY will serve approximately 258,000 non-degree students. Increased levels of enrollment are anticipated in 2012.

### **Financial Review**

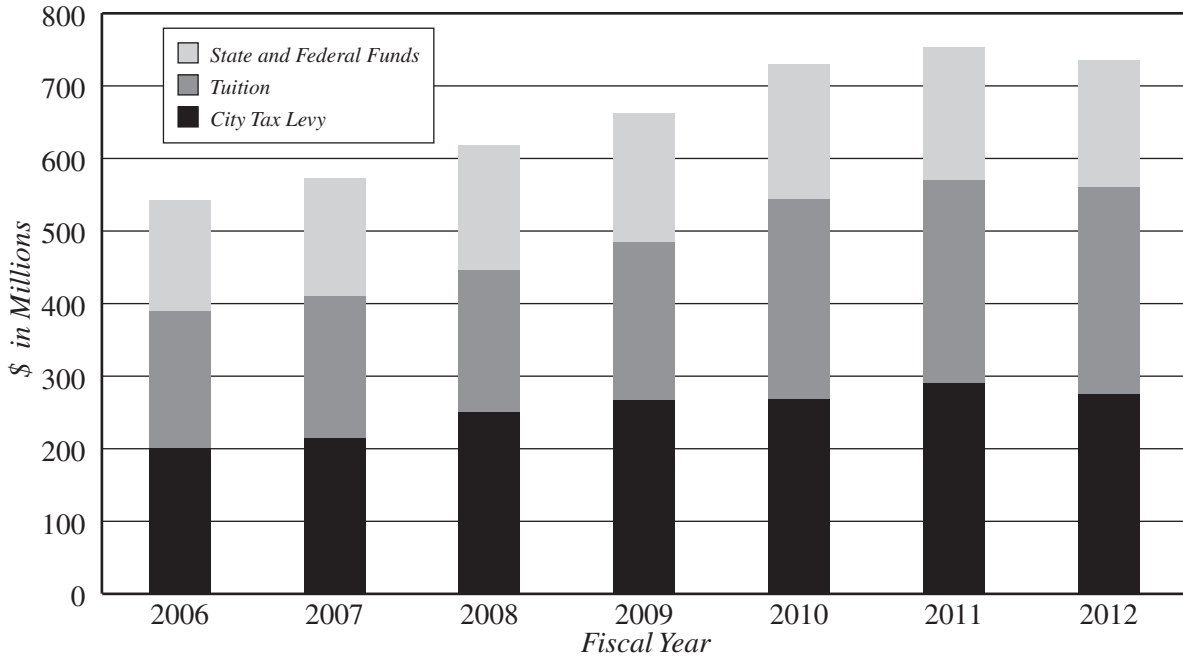
The City University of New York's 2012 Executive Budget totals \$744.7 million, a net decrease of \$65.9 million from the 2011 forecast of \$810.6 million. This decrease reflects a decline in three major funding sources: a decline in City funds of \$35.5 million from \$542.3 million in 2011 to \$506.8 million in 2012; a decline of combined State and Federal aid of \$8.1 million from \$220.7 million in 2011 to \$212.6 million in 2012; and a decline of \$22.7 million in Intra-City funds, from \$35.6 million in 2011 to \$12.9 million in 2012. The total budget decline of \$65.9 million consists of a \$59.9 million decrease in the CUNY budget, from \$754.0 million in 2011 to \$694.1 million in 2012. There is no change in funding for Hunter Campus Schools, at \$15.7 million in 2011 and 2012. The Senior College lump sum appropriation of \$35 million remains unchanged for both 2011 and 2012.

### **Revenue Forecast**

Major revenue sources that fund the CUNY community college expense budget include tuition, fees and miscellaneous income; as well as City tax levy, State aid and Federal funding. In 2012, State and Federal funds decrease by \$8.1 million from \$183.9 million in 2011 to \$175.8 million in 2012. Also in 2012, increased tuition rates and significant enrollment increases result in additional tuition, fees and miscellaneous revenue, bringing the budget to \$285.5 million.



## COMMUNITY COLLEGE FUNDING 2006-2012



\* Funding which supports senior college and Hunter Campus Schools activities is not included here. City tax levy includes pension contributions which are budgeted in the Pension Agency and Collective Bargaining, Medicare Part B and Stabilization Fund contributions which are budgeted in the Miscellaneous Agency. Tuition includes Tuition and Fees, Miscellaneous Revenues, Adult Continuing Education fees and Other Categorical funds. The 2011 amounts are as per the Executive forecast. State and Federal dollars are combined. In addition to ARRA, other Federal funds include approximately \$1.5 million in Community Development funds.

### Expense Budget Highlights

#### *Budgetary Priorities: Providing Core Services*

- an additional \$9 million for needs related to increased enrollment.
- an increase of approximately \$208,000 for health related cost increases.
- an additional \$5 million for community college lease adjustments.

#### *Center for Economic Opportunities*

- an additional \$7 million for targeted educational programs.

### Summary of Agency Financial Data

The following table compares the 2012 Executive Budget with the 2012 Preliminary Budget, the 2011 forecast and actual expenditures for 2010, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

**Summary of Agency Financial Data**  
(\$ in 000's)

	2010 Actual	2011 Forecast	2012		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2011 Forecast	2012 Preliminary Budget
<b>Expenditures</b>						
Salary and Wages.....	\$442,821	\$424,829	\$418,162	\$420,366	(\$4,463)	\$2,204
Fringe Benefits.....	102,493	105,883	86,452	85,317	(20,566)	(1,135)
OTPS.....	219,391	279,926	216,628	239,058	(40,868)	22,430
Total.....	<u>\$764,705</u>	<u>\$810,638</u>	<u>\$721,242</u>	<u>\$744,741</u>	<u>(\$65,897)</u>	<u>\$23,499</u>
<b>Funding</b>						
City.....	\$528,839	\$542,323	\$499,497	\$506,776	(\$35,547)	\$7,279
Other Categorical Grants.....	2,596	12,055	2,839	12,516	461	9,677
IFA.....	—	—	—	—	—	—
State.....	173,226	186,257	204,265	211,629	25,372	7,364
Federal CD.....	544	1,550	964	964	(586)	—
Federal Other.....	13,815	32,847	—	—	(32,847)	—
Intra-City Other.....	45,685	35,606	13,677	12,856	(22,750)	(821)
Total.....	<u>\$764,705</u>	<u>\$810,638</u>	<u>\$721,242</u>	<u>\$744,741</u>	<u>(\$65,897)</u>	<u>\$23,499</u>
<b>Additional Costs Centrally Funded</b>						
Personal Services (PS).....						
Fringe Benefits.....	\$2,246	\$2,417	\$2,589	\$2,551	\$134	(\$38)
Pensions.....	48,552	57,263	68,392	68,419	11,156	27
Other Than Personal Service (OTPS)						
Legal Services.....	414	430	452	441	11	(11)
Judgments and Claims.....	162	1,000	1,000	1,000	—	—
Debt Service.....	43,115	44,445	44,371	45,847	1,402	1,476
Total Additional Costs.....	<u>\$94,489</u>	<u>\$105,555</u>	<u>\$116,804</u>	<u>\$118,258</u>	<u>\$12,703</u>	<u>\$1,454</u>
<b>Funding</b>						
City.....	94,258	104,698	115,569	116,947	12,249	1,378
Non-City.....	231	857	1,235	1,311	454	76
<b>Full Agency Costs (including Central Accounts)</b>						
Salary and Wages.....	\$442,821	\$424,829	\$418,162	\$420,366	(\$4,463)	\$2,204
Fringe Benefits.....	104,739	108,300	89,041	87,868	(20,432)	(1,173)
Pensions.....	48,552	57,263	68,392	68,419	11,156	27
Total PS.....	<u>\$596,112</u>	<u>\$590,392</u>	<u>\$575,595</u>	<u>\$576,653</u>	<u>(\$13,739)</u>	<u>\$1,058</u>
OTPS.....	\$219,391	\$279,926	\$216,628	\$239,058	(\$40,868)	\$22,430
Legal Services.....	414	430	452	441	11	(11)
Judgments and Claims.....	162	1,000	1,000	1,000	—	—
Debt Service.....	43,115	44,445	44,371	45,847	1,402	1,476
Total OTPS.....	<u>\$263,082</u>	<u>\$325,801</u>	<u>\$262,451</u>	<u>\$286,346</u>	<u>(\$39,455)</u>	<u>\$23,895</u>
Total Agency Costs.....	\$859,194	\$916,193	\$838,046	\$862,999	(\$53,194)	\$24,953
Less Intra-City.....	<u>\$45,685</u>	<u>\$35,606</u>	<u>\$13,677</u>	<u>\$12,856</u>	<u>(22,750)</u>	<u>(\$821)</u>
Net Agency Cost.....	<u>\$813,509</u>	<u>\$880,587</u>	<u>\$824,369</u>	<u>\$850,143</u>	<u>(\$30,444)</u>	<u>\$25,774</u>
<b>Funding</b>						
City.....	623,097	647,021	615,066	623,723	(23,298)	8,657
Non-City.....	190,412	233,566	209,303	226,420	(7,146)	17,117
<b>Personnel (includes FTEs at fiscal year-end)</b>						
City.....	7,775	7,471	7,329	7,258	(213)	(71)
Non-City.....	—	31	—	31	—	31
Total.....	<u>7,775</u>	<u>7,502</u>	<u>7,329</u>	<u>7,289</u>	<u>(213)</u>	<u>(40)</u>

## **Programmatic Review and Service Impact**

The Executive Budget continues City support for CUNY's efforts to raise and maintain high standards and to create a flagship academic environment. Assisted by revenues generated through enrollment, State aid for the community colleges as well as continuous efforts to promote efficiency from within, CUNY will continue to recruit full-time faculty to improve disciplinary strength and increase the ratio of full-time to adjunct faculty in its schools. Also, CUNY will continue to improve its facilities and incorporate advanced technology and communications to support its curriculum. Included in this effort are funds to rebuild Fiterman Hall at the Borough of Manhattan Community College, funds for the North Instructional Building at the Bronx Community College, funds to renovate, rehabilitate and preserve CUNY facilities including Health and Safety projects, a CUNY Business Incubator Network, the upgrade of electrical and mechanical equipment as well as the purchase of new computer and laboratory equipment.

CUNY continues its initiative to attract the City's brightest high school graduates for their college education through its CUNY-wide Macaulay Honors College. This program seeks to attract students with a record of academic achievement and high SAT test scores. Selected students receive free tuition, a laptop computer, independent research opportunities and/or internships. These students work with CUNY's most distinguished faculty and receive specialized advisement and academic support throughout their college careers.

The Mayoral efforts to enhance economic opportunities as expressed through the Center for Economic Opportunities (CEO) initiatives were also incorporated by the City into the CUNY agenda. Three programs: CUNY Prep, CUNY Accelerated Study in Associate Programs (ASAP), and Civic Justice Corps are products of the CEO initiatives. They will serve diverse populations and offer educational and training opportunities through CUNY's educational process.

### *Program Highlights*

CUNY is expected to engage in numerous independent and collaborative programs, including:

- CUNY/Department of Education Partnerships — CUNY maintains a number of successful collaborative programs with the New York City Department of Education. In the 2009-10 academic year, the College Now/College program served 20,553 students in 28,762 separate activities (including college credit courses, skill development courses and workshops and various enrichment activities). The programs operate in all seventeen undergraduate colleges with students participating at the high school and college campuses. College Now helps ninth through twelfth graders acquire the skills necessary to graduate from high school, enter college without the need for remediation, and ultimately succeed in college. In addition, the University's campuses are home to the Early College Initiative, which operates twelve affiliated high schools at Brooklyn, City, Lehman, Queens, Hunter, New York City Technical and York colleges, and Hostos, LaGuardia, and Kingsborough community colleges. New York City public school students enter into CUNY's early college schools in the 6th and 9th grade. They study with a mix of high school and college faculty. Upon graduation, they earn both a high school diploma and an associate degree (or two years of transferable credit).
- Language Immersion Program — This program provides up to 900 hours of classroom work over three or four annual cycles to immigrant students who require better knowledge of academic English to be more effective students. The program serves over 21,000 immigrants at nine locations.
- Workforce Development Initiative (WDI) — This program promotes and supports small businesses by retraining and upgrading employee skills, meeting qualified teacher shortages, preparing undergraduates for skill-shortage occupations, creating jobs, providing for economic development, and performing labor market research, planning and coordination.

- Adult Literacy Program — This program will help approximately 13,000 students meet program and employment requirements in the labor market, including English-as-a-Second-Language education.
- Child Care — This program provides child care in 18 centers throughout CUNY. The program serves approximately 2,400 children and provides early child care, infant/toddler care, training for families and early childhood education.

## Capital Review

The City University of New York's 2012-2015 Four-Year Plan Capital Strategy totals \$52.4 million (which include one million in Non-City funds).

The majority of community college critical maintenance and other capital projects approved by the City are eligible for an equal amount of State matching funds. The State provides its 50 percent share for such projects through its annual Enacted State Budget Bill Capital Appropriation. State matching funds from annual appropriation are reflected in the City's capital plan. However, State match provided through the independent sale of New York State Dormitory Authority (DASNY) bonds is not represented in the City's capital plan.

The senior college capital budget is funded by the State which, based on the State Education Law, is responsible for its capital budget. However, the City also contributes to the funding of the senior college capital budget mostly through discretionary funding by elected officials. Only the City contribution for senior colleges is reflected in the City's Capital Budget. State appropriations for CUNY senior colleges are reflected only in the State enacted capital budget bill.

Major Elements of the Four-Year Capital Plan, including projects continued from 2011:

- Initiation of Center 3 façade design and construction (Phase I) at LaGuardia Community College (\$39 million). Procurement for the façade design will begin this spring.
- At Bronx Community College, construction is starting this spring on the first phase of a multi-phase major upgrade of the campus' outdated utilities (\$50.5 million).
- Construction of electrical infrastructure upgrades at Queensborough Community College (\$34 million).
- Upgrade of mechanical systems and the central plant at Kingsborough Community College (\$16 million).
- Construction of a green roof at the Borough of Manhattan Community College (\$12 million).
- Renovation of the 500 Grand Concourse building at Hostos Community College (\$10 million).
- Upgrade of mechanical systems at Hunter Campus schools (\$6.7 million).
- Construction on Borough of Manhattan Community College's Fiterman Hall replacement project. This \$325 million project will be completed in the fall of 2012, replacing the original which was irreparably damaged on September 11, 2001.
- Continued work on the new North Instructional Building at Bronx Community College (\$102 million) which is expected to be completed in September of 2012. This will be the first new academic building built on the campus since it was acquired from NYU in the 1970s.
- Completion of the emergency first response program at the Borough of Manhattan Community College (\$20 million).

- Construction on the upgrade of the Admissions/Bursar's office at LaGuardia Community College (\$6.5 million).

The table below shows the capital commitments by program area over the 2010-2015 period.

**Capital Commitments**

(\$ in 000's)

	2010 Actual		2011 Plan		2012 Plan		2013 Plan		2014 Plan		2015 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
New School Construction.....	\$647	\$1,961	\$2,868	\$3,368	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Renovation/Rehabilitation of Roofs, Classrooms, etc .....	14,225	15,081	158,410	166,053	2,300	2,300	34,765	35,635	2,728	2,783	2,813	2,869
Purchase & Installation of EDP and Other Equipment...	2,895	3,037	59,151	59,589	83	83	5,695	5,695	0	0	0	0
Electrical, Mechanical & HVAC .....	9,207	9,207	31,840	31,840	0	0	1,015	1,015	0	0	0	0
Other Projects .....	2,070	2,070	4,123	4,380	0	0	2,030	2,030	0	0	0	0
<b>Total .....</b>	<u>\$29,044</u>	<u>\$31,356</u>	<u>\$256,392</u>	<u>\$265,230</u>	<u>\$2,383</u>	<u>\$2,383</u>	<u>\$43,505</u>	<u>\$44,375</u>	<u>\$2,728</u>	<u>\$2,783</u>	<u>\$2,813</u>	<u>\$2,869</u>

## PENSIONS AND OTHER FRINGE BENEFITS

### Pension Overview

The Executive Budget for 2012 provides for \$8,424 million in City pension contributions, an increase of \$1,423 million from the amount forecast for 2011. As listed on the table below, of the total amount for 2012, \$8,302 million represents contributions to the City's five actuarial retirement systems, \$72 million represents contributions to pension systems covering certain non-City employees of the library system, day care centers, and certain cultural institutions, and approximately \$50 million represents, primarily, supplemental payments to widows and widowers of uniformed employees who were killed in the line of duty.

### Pension Expenditures and Funding Sources (\$ in 000's)

	2010 Actual	2011 Forecast	2012		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2011 Forecast	Preliminary Budget
<i>Expenditures</i>						
Personal Service						
• City Actuarial .....	\$6,651,126	\$6,883,820	\$8,296,898	\$8,301,644	\$1,417,824	\$4,746
• Non-City Systems....	58,077	68,071	71,808	71,808	3,737	—
• Non-Actuarial .....	46,387	49,667	50,667	50,667	1,000	—
Total .....	<u>\$6,755,590</u>	<u>\$7,001,558</u>	<u>\$8,419,373</u>	<u>\$8,424,119</u>	<u>\$1,422,561</u>	<u>\$4,746</u>
<i>Funding</i>						
City.....	\$6,583,254	\$6,836,722	\$8,254,672	\$8,259,418	\$1,422,696	\$4,746
State .....	45,230	37,911	37,911	37,911	—	—
Federal .....	2,841	2,660	2,525	2,525	(135)	—
Intra-City Other.....	124,265	124,265	124,265	124,265	—	—
Total .....	<u>\$6,755,590</u>	<u>\$7,001,558</u>	<u>\$8,419,373</u>	<u>\$8,424,119</u>	<u>\$1,422,561</u>	<u>\$4,746</u>

The City's five actuarial retirement systems are the New York City Employees' Retirement System, the New York City Teachers' Retirement System, the New York City Police Pension Fund, the New York City Fire Pension Fund, and the Board of Education Retirement System. As of June 2010, these systems covered approximately 665,000 employees, retirees and beneficiaries of the City, the Department of Education, the City University System, and certain independent agencies. Each system is governed by a board of trustees and functions in accordance with applicable state and local laws. Required contributions are made on a statutory basis based on actuarial valuations of liabilities and assets. The funding assumptions have been approved by the trustees as recommended by the City Actuary, and the statutory interest rate assumption for all five systems is eight percent.

These systems provide defined retirement benefits (as well as death and disability benefits) to members based on, or defined by, final pay times years of service. Benefit formulas vary by system and by entry date of pension membership, better known as tiers. Benefit payments are financed with employee and employer contributions, as well as investment earnings on pension assets. In defined benefit plans, employer contributions make up for shortfalls in investment earnings, while investment gains reduce employer contributions.

Starting in the mid 1970s the State legislature instituted new tiers that were expected to provide less costly benefits than provided for under Tier 1. Tier 1 provided civilian employees who had attained age 55 with 25 years of service, a retirement benefit of 55 percent of final pay. Commencing in 1973 with Tier 2, benefits were

reduced for new members. Tier 2 members could still retire at age 55, but their benefits would be subject to statutory reductions. Following Tier 2 was Tier 3 in 1976 but Tier 4 virtually replaced Tier 3 in 1983. Tier 4 provided unreduced pensions which would only begin at age 62, as opposed to the earlier age 55 under Tier 1. Reforms also came to uniformed police and fire pensions under Tier 2 which provided for, among other things, a 20 year service, half-pay pension based on a final three year average pay, as opposed to the Tier 1 final year salary basis.

Since the enactment of Tier 4 in 1983, there have been numerous and significant benefit improvements enacted through state legislation. For example, in 1998, the vesting period for civilians was reduced from 10 years to 5 years (Chapter 389), and the service fraction was raised to two percent at 20 years of service as opposed to waiting until 25 years of service (Chapter 266). In 2000, associated with ratified labor settlements, civilian Tier 1 and 2 members receive an additional two years of service credit (Chapter 126), and employee contributions were completely removed for basic Tier 3 and 4 members having 10 years of membership service.

Also, in 2000, Tier 4 members were enabled to retire prior to age 62, provided they have met the minimum service requirements. Their benefits, like in Tier 2, would be subject to statutory reductions (Chapter 553). Tier 1 police and fire members will receive additional Increase Take Home Pay (Chapter 373), while Tier 2 police and fire members will have their pensions based on a final one year average salary; an improvement from a final three year average (Chapter 372).

In addition to a number of ad-hoc legislative efforts to increase certain retirees' benefits to be more in line with inflation, in 2000, under Chapter 125, significant upward cost of living adjustments (COLAs) were granted to the pensions of existing retirees. Also the legislation built in permanent annual automatic COLAs to be based on actual future inflation.

Some pension reforms were implemented in 2009 for certain new employees of the state, its localities and the City. With respect to the City of New York, newly hired uniformed police officers and firefighters are now covered under Tier 3. Tier 3 still provides a half-pay pension plan, but requires members to render additional years of service to receive unreduced benefits. Tier 3 features a 50% social security offset at age 62, but provides more generous cost of living adjustments in retirement. In addition, under Chapter 504 of the Laws of 2009, newly hired City teachers are required to render at least ten years of service to be eligible for a pension, and also to make higher employee contributions over their entire working career. Chapter 504 also lowered the crediting rate from 8.25% to 7.00% on fixed tax-deferred annuity accounts for all teachers and certain other employees of educational institutions.

The City believes, in light of demographic trends and economic reality, that further reforms are necessary to bring about a true modernization of pension benefits for new employees, and has included savings in the out-years of the financial plan associated with a set of reform proposals (see expenditure assumptions).

### **Other Fringe Benefits**

The City provides a number of fringe benefits to its employees, retirees and eligible dependents. Contribution levels and terms of coverage are governed by various contractual, legal and collective bargaining provisions. In general, the City's Miscellaneous Expense Budget contains the fringe benefit appropriations on behalf of employees and retirees of the mayoral agencies. Separate allocations are included in the Department of Education, the City University system, the Health and Hospitals Corporation, and the various other covered organizations, libraries and cultural institutions, for the fringe benefit costs of their active and retired employees.

The City's basic Health Insurance program provides comprehensive major medical and hospitalization benefits to its members. In addition, the City makes annual contributions to union-administered Welfare Funds, which typically provide supplemental health insurance benefits to their members. Annual contributions conform to collective bargaining and labor agreements.

The City also participates in federal Social Security and makes the required employer contributions on behalf of covered employees. Under state Workers' Compensation, the City provides statutory wage-replacement and medical benefits to employees who sustain on the job injuries, and under Unemployment Benefits, provides up to 26 weeks of wage-replacement benefits, up to statutory maximum levels. The City also separately provides medical benefits to uniformed employees of the Police, Fire and Sanitation departments who are injured in the line of duty.

**Retiree Health Benefits Trust Fund**

The Retiree Health Benefits Trust Fund (the "Trust") began operating in 2007 exclusively to pay the costs of retiree health insurance and supplemental welfare benefits. The Trust was funded with \$2.5 billion in City contributions (\$1 billion in 2006 and \$1.5 billion in 2007). In 2010, the Trust paid approximately \$1.7 billion to cover the cost of these retiree benefits.

The following table sets forth the fringe benefit amounts carried in the Miscellaneous Budget for 2011 and 2012.

**Fringe Benefits**  
**(\$ in 000's)**

	2011 Forecast	2012 Executive	Increase/ (Decrease)
Workers' Compensation .....	\$149,396	\$160,396	\$11,000
Health Insurance Plans .....	2,292,334	2,247,211	(45,123)
Social Security Contributions .....	879,621	876,359	(3,262)
Unemployment Insurance Benefits.....	55,674	43,467	(12,207)
Supplementary Employee Welfare Benefits.....	521,087	528,186	7,099
Workers' Compensation - Other.....	47,800	52,200	4,400
Total .....	<u>\$3,945,912</u>	<u>\$3,907,819</u>	<u>\$(38,093)</u>
<b>Funding</b>			
City .....	\$3,369,644	\$3,387,812	\$18,168
Other Categorical.....	199,038	154,928	(44,110)
State.....	71,093	71,482	389
Interfund Agreements .....	63,780	51,208	(12,572)
Intra-City.....	66,811	70,811	4,000
Federal.....	175,546	171,578	(3,968)
• CD .....	30,500	30,500	—
• Other .....	145,046	141,078	(3,968)
Total .....	<u>\$3,945,912</u>	<u>\$3,907,819</u>	<u>\$(38,093)</u>



## **JUDGMENTS AND CLAIMS**

The Executive Budget for 2012 provides an appropriation of \$655 million for Judgments and Claims. These expenditures represent the City's costs for tort and contract liability and are projected to reach \$754 million by 2015. Tort expenditures cover both personal injury and property damage claims, and typically represent about 95 percent of total costs. These projections incorporate a substantial amount of claims cost attributed to the Health and Hospitals Corporation for which the Corporation will reimburse the City. These amounts are estimated at \$190 million in 2012 through 2015.

The Office of Management and Budget (OMB) employs various statistical methods and financial models to estimate claims costs. In addition, OMB consults the Law Department to provide cost estimates for cases that are expected to settle for \$1 million or greater. These are mainly serious personal injury cases that have been in litigation or on appeal for a considerable period of time. These cases represent a significant portion of total tort costs, but their relatively small volumes do not lend themselves to statistical analysis. Historical claim data contained on the Comptroller's Omnibus Automated Image Storage and Information System (OASIS) are analyzed to determine annual settlement volumes and average cost per claim. Total costs are the product of the volume and average cost projections.

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# Analysis of Agency Budgets: Covered Organizations

## NEW YORK CITY HEALTH AND HOSPITALS CORPORATION

The New York City Health and Hospitals Corporation (the Corporation) provides comprehensive medical, mental health and substance abuse services to New York City residents, regardless of their ability to pay. Through its seven regional health care networks, the Corporation operates 11 acute care hospitals, four long-term care facilities, six diagnostic and treatment centers, a certified home health program, and more than 80 community-based health clinics throughout the five boroughs. In addition, MetroPlus, the wholly-owned health maintenance organization, provides care to more than 408,000 New Yorkers. The Corporation also provides emergency and inpatient services to New York City's correctional facilities' inmate population and conducts mental health evaluations for the family courts in the Bronx, Brooklyn, Queens, and Manhattan.

The Corporation is the nation's largest public hospital system operating 4,851 inpatient beds and 2,850 long-term care facility beds. In 2010, the Corporation's facilities had more than 225,000 patient discharges, 5,140,000 clinic visits and 973,000 emergency room visits, serving more than 1.3 million people, of which more than 452,000 lacked any form of health insurance.

### Financial Review

The 2010 ending cash balance was \$365 million as reported in the New York City Financial Plan; the projected ending cash balance for 2011 is \$557 million. The ending cash balance includes receipt of \$1.7 billion in 2011 of City and Federally-funded Upper Payment Limit and Disproportionate Share payments. The Corporation, as a public hospital and by providing care to a significant number of uninsured patients, is able to receive this funding. Total expenses in the 2012 Executive Budget are projected at \$6.6 billion, and total revenue is projected to be \$6.4 billion. The Corporation has already achieved \$342 million of the original target of \$442 million in cost containment and restructuring initiatives for 2012. An additional \$100 million has yet to be realized which will help reduce the operating deficit in 2012. Revenue derived from third party payers is projected to be \$5.8 billion. City support for the Corporation in 2012, excluding the City portion of Medicaid and prepayments, is anticipated to be \$165 million. This funding includes funding for the treatment of prisoners and uniformed services personnel at the Corporation's facilities and care for the uninsured. In 2012, the City will make payments of approximately \$850 million for the local share of the Corporation's Medicaid collections and bad debt and charity care pool payments.

### Expense Budget Highlights

The ongoing effects of the recession combined with four straight years of State budget cuts totaling more than \$330 million, rising numbers of uninsured patients, fluctuations in Federal funding and significant growth in expenses beyond the Corporation's control have led to substantial recurring budget gaps. The Corporation estimates the recently approved State budget will further reduce funding by approximately \$131.5 million, thereby increasing out-year gaps. These gaps – and a changing health care landscape – required the Corporation to develop a \$300 million cost containment plan in 2009 and a comprehensive four-year restructuring plan in 2010 designed to save an additional \$300 million. Despite these challenges, the Corporation remains true to its mission of serving all New Yorkers regardless of their ability to pay.

#### *Cost Containment*

In 2011, the Corporation's cost containment plan included reductions to discretionary spending, improvements in revenue collection to maximize every dollar owed for provided services, and reductions in staffing levels through attrition. The Corporation achieved the 2011 target of \$275 million in savings and is on track to reduce the budget gap by about \$300 million annually. With large projected out-year gaps of more than \$1 billion, however, these measures narrowed – but did not fill – the gap.

### *Restructuring*

Last year, the Corporation adopted a second, more comprehensive plan to further reduce the budget gap, while meeting the essential needs of the communities served. This team-based approach to more rapid performance improvement is called Breakthrough, which engages all levels of staff and focuses on reducing waste and long-term costs, optimizing revenue collections, and increasing patient and staff satisfaction. The Corporation's restructuring plan consists of 39 projects that the Corporation will complete over the next four years. These projects include consolidation of programs, right-sizing of operations, contracts for targeted support and technical services, redesigned processes for admissions to and discharges from long-term care facilities, and modernization of operations at the Coler-Goldwater facility, the Corporation's largest skilled nursing facility. This entire plan, when implemented, will reduce the Corporation's budget gap by an additional \$300 million annually.

Work is underway on these initiatives. In 2011, the Corporation reduced its workforce through layoffs at the Corporation's central office, as well as some construction and plant maintenance staff. The Corporation also closed several small clinics. In accordance with State requirements, the Corporation reached out to all the patients served by these clinics to link them to alternative care either at another facility in the Corporation or at an available community provider of the patient's choosing. Restructuring savings in 2011 totaled \$43 million, which is on target with the four year plan.

### *Federal Support*

Through cost containment and restructuring initiatives, the Corporation will save more than \$600 million by 2014 and reduce its headcount by 3,700 FTEs. Furthermore, in addition to the one-time \$350 million of City financial support in 2010, the Corporation continues to work very closely with the State to obtain final Federal approval of additional supplemental Medicaid payments, which would provide a less precarious fiscal footing for the Corporation over the next several years. However, there still exist threats to the Corporation's budget when, as a part of Federal health reform implementation, the Disproportionate Share Funding reductions begin in 2014 and steadily increase through 2019. The Corporation estimates that these reductions could be as high as \$110 million in 2014 if the reductions are left unchanged.

### *Promoting Quality of Care*

Fiscal challenges have not deterred the Corporation's efforts to continue to improve the health of their communities. In recognition of these efforts, the Corporation sought patient-centered medical home designation for all of its primary care clinics. This patient-centered medical home designation is granted by the National Committee for Quality Assurance (NCQA). All of the Corporation's hospitals and Diagnostic Treatment Centers have been certified at Level 3, the highest medical home level designation awarded by NCQA.

The Federal healthcare reform act and State ambulatory care reform initiatives provide funding incentives and create an imperative to deliver comprehensive primary care, to enhance coordination of care and to ensure the provision of more effective chronic disease management. Designation of the Corporation's facilities as patient-centered medical homes is an important ingredient of readiness for health reform and success in competing effectively in an increasingly managed care environment. Not only does the medical home designation establish that the Corporation deliver primary care in the optimal way to improve the health of patients, but, importantly, achieving this designation for all primary care sites will increase the Corporation's Medicaid reimbursement by roughly \$15 million annually.

The Corporation is well positioned for these opportunities because it continues to invest heavily in comprehensive primary care services, including smoking cessation services, routine HIV testing, and the use of advanced information technology tools to help patients better manage their asthma, diabetes, hypertension, and depression.

## Capital Investments that Support Better Healthcare

The 2012-2021 Ten-Year Capital Strategy totals \$607.7 million, including \$475.9 million in the 2012-2015 Four-Year Capital Strategy. During the past year, the Corporation achieved several milestones in its campaign to modernize its infrastructure. New and renovated facilities ensure patient care is provided in optimally therapeutic environments that better support the practice of modern medicine and foster the use of technology that improves patient outcomes.

Major modernization projects currently in progress include the modernization of Harlem Hospital Center and the modernization and expansion of the Diagnostic and Treatment Center and the long-term care facilities at Gouverneur Healthcare Services in Lower Manhattan.

In addition to these two major modernization projects, planning for a third project is now underway. The Corporation had been planning a major modernization and consolidation at their Coler-Goldwater facilities on Roosevelt Island. When the closing of North General Hospital was announced last year, the Corporation immediately began working with the City, the State, North General Hospital leadership and other stakeholders to develop an alternative proposal. This plan includes the relocation of the services from the Goldwater campus, which was built in the 1930s, of both long-term acute care beds and skilled nursing facility beds, to the North General site, and a modest upgrade of the Coler facility. This plan also enables the Corporation to create a state-of-the-art replacement facility and preserves the North General campus as an important health care resource for the Harlem community. The New York State Department of Health approved the Certificates of Need for this project late last year and the Corporation is proceeding with the design phase of this project.

### *Highlights of the 2012 Capital Commitment Plan:*

The Corporation's 2012 Capital Commitment Plan features several important projects, including:

- funding of \$78.2 million for the consolidation and relocation of the long-term acute care beds and skilled nursing facility beds on the Goldwater campus to North General Hospital in Harlem. This project also includes code compliance upgrades to the current Coler campus on Roosevelt Island.
- funding of \$52.0 million for a campus-wide major modernization of Harlem Hospital Center. This project involves the construction of a new Diagnostic, Treatment, Emergency and Critical Care Pavilion of approximately 195,000 square feet as well as an EMS station.
- funding of \$49.5 million for the expansion and modernization of the Diagnostic and Treatment Center and long-term care facilities at Gouverneur Healthcare Services.
- funding of \$7.7 million for the purchase of EMS ambulances for the FDNY.
- funding of \$6.9 million for the renovation of the emergency room at Lincoln Medical and Mental Health Center.

### *Highlights of the Ten-Year Capital Commitment Plan:*

The Corporation's Ten-Year Capital Commitment Plan (2012-2021) features several important projects, including:

- funding of \$186.6 million for the consolidation and relocation of a portion of the Coler-Goldwater campus to the former North General Hospital location as well as code compliance upgrades at Coler.

- funding of \$83.7 million for the modernization of Harlem Hospital.
- funding of \$89.3 million for the expansion and modernization of the Diagnostic and Treatment Center and long-term care facilities at Gouverneur Healthcare Services.
- funding of \$126.8 million for the purchase of EMS ambulances for the FDNY.
- funding of \$16.4 million for the renovation of the emergency room at Lincoln Medical and Mental Health Center.

## NEW YORK CITY TRANSIT

New York City Transit (NYCT) operates the most extensive public transportation system in the nation, which served approximately 2.3 billion subway and bus passengers in calendar year 2010 with over 1.6 billion passengers riding the subway system. NYCT has been a component of the Metropolitan Transportation Authority (MTA) since the Authority's inception in 1968. The MTA is a New York State public authority responsible for coordinating and implementing a mass transportation program for New York City and the seven adjacent counties. Other components of the MTA primarily serving New York City are the Staten Island Railway (SIR) and the MTA Bus Company (MTABC). The MTA also includes the Long Island Railroad and the Metro North Railroad.

The NYCT's subway system operates 24 hours a day, 7 days a week, on 660 miles of mainline track, serving 468 stations throughout the Bronx, Brooklyn, Manhattan, and Queens. The NYCT bus system consists of a fleet of over 4,500 buses on 209 local and 36 express routes servicing nearly 1,700 route miles in all five boroughs. System expansions currently underway by NYCT include the Second Avenue Subway and the westward extension of the #7 subway train to the Jacob Javits Convention Center.

SIR operates a 14-mile rapid transit line which links 23 communities on Staten Island and provides a connection to the Staten Island Ferry. SIR serves approximately 4.4 million passengers per year.

The MTABC operates an extensive public bus transportation system throughout New York City, primarily in The Bronx, Brooklyn, and Queens. Over 120 million passengers are carried annually on local and express routes. The MTABC is primarily funded through farebox revenues and City subsidies.

The MTABC currently operates 1,350 buses owned by the City. Service on over 80 local and express routes is available 24 hours a day, 7 days a week. Since beginning operations in 2005, the MTABC has significantly improved service and the City expects the MTABC to continue making improvements to all facets of its operations, ensuring service levels are up to MTA's standards.

### Financial Review

The City's financial plan includes \$310.4 million for NYCT in fiscal year 2012. As NYCT operates on a calendar year (CY) basis, the financial plan below is presented in that format. The plan for CY 2011 incorporates the following key elements:

- CY 2011 fare revenue is projected to be \$3.6 billion, a 9 percent increase over the CY 2010 total, primarily a result of fare increases implemented in December 2010.
- tax revenues dedicated for NYCT's use are projected to total \$2.9 billion; \$948.8 million from the regional Metropolitan Mass Transportation Operating Assistance Account (MMTOA), \$520.5 million from the State "Lock Box" Petroleum Business Tax, \$244.3 million from the Urban Mass Transportation Operating Assistance Account (Urban Account) and \$1.2 billion in new State taxes and fees, which includes \$1.0 billion from the Payroll Mobility Tax and \$182.7 million from license, vehicle registration, taxi and vehicle rental fees.
- the City's contribution to NYCT's operating budget for CY 2011 totals \$310.4 million, including \$158.1 million in operating assistance as part of the City match to State "18B" aid, \$45.0 million for student fare discounts, \$89.0 million for the Paratransit program, \$13.8 million for elderly and disabled fare discounts and \$4.5 million for Transit Police. In addition, the City contributes over \$80 million directly to the MTA to maintain Long Island Railroad and Metro-North Commuter Railroad stations in the five boroughs and for operating assistance for the commuter railroads as part of the local match of State "18b" aid. Starting in 2012, the City is setting aside \$30.0 million for liabilities related to the Staten Island Rapid Transit Operating Authority.

In addition to the very large indirect contributions the City makes to various MTA revenue sources, the following chart summarizes the City’s direct subsidies to NYCT for CY 2011:

**City Subsidies to NYCT, CY 2011**  
**(\$ in millions)**

• Elderly and Disabled Subsidy.....	\$13.8
• School Fare Subsidy.....	45.00
• Operating Assistance.....	158.10
• Police Reimbursement.....	4.50
• Paratransit.....	89.00
TOTAL.....	<u><u>\$310.4</u></u>

Based on recent financial reports, NYCT closed CY 2010 with a cash surplus of \$0.5 million. Despite this, NYCT has projected substantial budget shortfalls in the future, which are expected to be offset by gap-closing and other government actions, including potential tax, fee and further fare increases.



**New York City Transit Financial Plan**  
**(\$ in millions)**

	Calendar Years [1]				
	2010A	2011E	2012E	2013E	2014E
<b>REVENUES</b>					
Subway / Bus Fare Revenue .....	\$3,314.2	\$3,624.2	\$3,709.6	\$3,763.6	\$3,813.5
Other Operating Revenue .....	107.0	105.7	108.9	112.9	116.9
Transit Tax and Other Subsidies .....	2,921.8	2,714.9	2,918.1	3,043.1	3,199.1
City Subsidies [2] .....	296.4	310.4	327.5	349.0	374.5
State Subsidies .....	183.5	183.5	183.5	183.5	183.5
TBTA Surplus Transfer .....	128.8	179.3	175.8	157.9	135.1
Capital and Other Reimbursements ...	957.9	948.7	922.5	897.8	909.1
<b>TOTAL REVENUES</b> .....	<b>\$7,909.8</b>	<b>\$8,066.7</b>	<b>\$8,345.9</b>	<b>\$8,507.7</b>	<b>\$8,731.7</b>
<b>EXPENSES</b>					
Salaries & Wages .....	\$3,043.2	\$3,082.3	\$3,098.0	\$3,103.4	\$3,163.1
Fringes .....	1,786.4	1,855.6	2,036.0	2,173.3	2,359.6
Reimbursable Overhead .....	-225.1	-214.1	-200.5	-192.0	-194.1
OTPS .....	1,077.3	1,156.8	1,244.2	1,371.3	1,504.7
Paratransit Expenses .....	381.4	384.4	462.3	553.2	659.8
Capital Reimbursable Expenses .....	957.9	948.6	922.5	897.8	909.1
Transit Police .....	4.9	4.5	4.0	4.2	4.2
Debt Service .....	815.7	966.3	1,041.3	1,090.0	1,130.9
Depreciation [3] .....	1,325.0	1,400.0	1,475.0	1,550.0	1,625.0
Other Post Employment Benefits [3].	879.6	918.7	929.9	943.8	962.6
Environmental Remediation [3] .....	0.0	0.0	0.0	0.0	0.0
<b>TOTAL EXPENSES</b> .....	<b>\$10,046.2</b>	<b>\$10,503.2</b>	<b>\$11,012.7</b>	<b>\$11,495.0</b>	<b>\$12,124.9</b>
<b>OTHER ACTIONS</b>					
Balance before Adjustments .....	(\$2,136.4)	(\$2,436.6)	(\$2,666.9)	(\$2,987.3)	(\$3,393.3)
Gap-Closing Actions [4] .....	0.0	13.1	205.6	437.4	737.4
Cash Flow Adjustments [5] .....	2,078.1	2,423.0	2,461.2	2,549.9	2,655.8
Net Cash from Prior Year .....	58.7	0.5	0.0	0.0	0.0
<b>SURPLUS/(DEFICIT)</b> .....	<b>\$0.5</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>

[1] All Financial Plan figures were provided by NYCT in February 2011; this table shows modified accrual-basis CY 2010 Actuals (A) and CY 2011-2014 estimates (E). Because the MTA operates on a Calendar Year basis (January-December) that is not directly comparable to the City's Fiscal year (July-June).

[2] The NYCT February 2011 Adopted Budget assumes that the City Student Fare Contribution will be reduced to \$25.2 million from CY 2010-2014. The City FY 2012 Executive Financial Plan continues to assume an annual contribution of \$45 million for Student Fare Reimbursement.

[3] Since February 2004, NYCT has included depreciation in its financial plan. As of 2007, NYCT also reports other post employment benefits (OPEB) obligations and environmental remediation liabilities.

[4] Includes items not yet provided by the MTA. Typically includes Increased Ridership, Fare Collection, Expense Reduction, Management Initiatives, Cash Reserve, & Other Governmental Assistance.

[5] Cash flow adjustments include operating, depreciation, environmental remediation and OPEB cash flow adjustments

## Capital Review

The City's ten-year Capital Plan totals \$651.7 million (\$411.7 million for 2012-2015), including \$642.9 million for NYCT (\$402.9 million for 2012-2015), \$4.6 million for SIR (\$4.6 million for 2012-2015) and \$4.2 million for MTA Bus (\$4.2 million for 2012-2015). These funds will be used to support NYCT's most essential work: bringing the mass transit system to a state of good repair, maintaining a normal replacement cycle, and helping expand the transit system. City capital funds are used in conjunction with other sources (Federal, State, and Private) towards NYCT's Capital Program.

The City's ten-year Plan for NYCT and SIR includes the following key elements:

- funds to help provide for various NYCT infrastructure improvements, system enhancements, and bus and subway car upgrades, \$286.4 million (including \$256.4 million for 2012-2015).
- funds for NYCT trackwork, \$350 million (including \$140 million for 2012-2015).
- funds for SIR's track replacement and infrastructure programs, \$1.0 million.
- funds for MTA Bus vehicle replacements, \$4.2 million.

The table below outlines the City's Capital Commitments to NYCT and SIR for the 2010-2015 period:

### Capital Commitments

(\$ in 000's)

	2010 Actual		2011 Plan		2012 Plan		2013 Plan		2014 Plan		2015 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Infrastructure.....	\$39,560	\$39,560	\$153,158	\$153,158	\$59,100	\$59,100	\$59,100	\$59,100	\$59,100	\$59,100	\$59,100	\$59,100
Trackwork.....	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Revolving Fund.....	5,000	5,000	10,000	10,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
SIRTOA.....	1,440	1,440	2,342	2,342	1,900	1,900	900	900	900	900	900	900
Miscellaneous.....	2,500	2,500	-7,558	24,613	6,500	6,500	0	0	0	0	0	0
MTABC.....	16,686	33,372	18,696	39,909	4,233	8,466	0	0	0	0	0	0
Total.....	<u>\$100,186</u>	<u>\$116,872</u>	<u>\$211,638</u>	<u>\$265,022</u>	<u>\$111,733</u>	<u>\$115,966</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>

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# Appendix

**EXHIBIT 1  
EXPENDITURE ASSUMPTIONS**

**Personal Service**

The expenditures for personal services in the Executive Budget for 2012 and the three-year projections are as follows:

**Personal Service  
(\$ in Millions)**

	2012	2013	2014	2015
Salaries and Wages . . . . .	\$21,172	\$21,073	\$21,030	\$20,843
Pensions . . . . .	8,424	8,568	8,451	8,727
Other Fringe Benefits . . . . .	7,992	8,420	8,935	9,500
Retiree Health Benefits Trust . . . . .	(672)	—	—	—
Reserve for Collective Bargaining . . . . .	105	269	528	804
Total . . . . .	\$37,021	\$38,330	\$38,944	\$39,874

*Salaries and Wages*

The projections for salaries and wages reflect personnel costs associated with current and projected headcount levels assuming implementation of projected PEG initiatives, and also including recognized needs and any wage adjustments from rounds of collective bargaining that have been implemented.

*Pensions and Other Fringe Benefits*

Pension expenses for 2012 through 2015 are based on valuation estimates prepared by the Office of the Actuary and reflect current funding assumptions adopted by the trustees and supported by State law. Certain adjustments have been made to reflect changes in the City’s planned payroll. These valuation projections incorporate the impact of a 5.4 percent pension fund investment loss that occurred in 2008, an 18.3 percent pension fund investment loss that occurred in 2009, and a 14.2 percent pension fund investment gain that occurred in 2010.

The financial plan contains a reserve, commencing in 2012, of \$1 billion per year to address the potential costs that the Chief Actuary could recommend as a result of his review of experience study audits. The Actuary has not yet completed his review of these audits.

The financial plan also reflects savings associated with proposed pension reforms for new employees. The plan assumes savings would commence in 2014 associated with new hires starting in 2012. Highlights of the proposed reforms include provisions that all new non-uniform employees be required to make higher contributions to their pensions for their entire working career, and that they must wait until age 65 before receiving a full pension. The City is also proposing that new uniform Correction and Sanitation workers receive the same pension that is provided to new Police Officers and Firefighters. In addition, among other proposed reforms, overtime pay would no longer count in the pension calculation for all new employees. The City is also proposing to eliminate the guaranteed fixed return on Tax Deferred Annuities offered to all teachers and certain other employees of the Department of Education.

Total pension expenses for the financial plan are shown below:

**(\$ in Millions)**

	2012	2013	2014	2015
City Actuarial Systems . . . . .	\$8,302	\$8,438	\$8,315	\$8,584
Non-City Systems . . . . .	72	77	83	91
Non-Actuarial . . . . .	50	53	53	52
Total . . . . .	<u>\$8,424</u>	<u>\$8,568</u>	<u>\$8,451</u>	<u>\$8,727</u>

Social Security cost estimates reflect the projected tax rates and wage ceilings issued by the Social Security Administration as well as planned payroll adjustments. Unemployment Insurance costs are consistent with the statutory maximum weekly benefit levels and planned payroll levels. Workers' Compensation costs are consistent with the compensation rate schedule mandated by State law and the projected growth in medical costs. Health Insurance estimates reflect current levels of coverage based on the latest population and premium data available from the City's health insurance providers.

*Reserve for Collective Bargaining*

The Reserve for Collective Bargaining contains funding for the cost of undistributed collective bargaining increases. The reserve contains no funding for wage increases for the first two years beyond the 2008-2010 round. After that 2-year period, the reserve contains funding for wage increases assumed to be 1.25 percent per year.

**Other Than Personal Service**

The expenditures for other than personal services in the Executive Budget for 2012 and the three-year projections are as follows:

**Other Than Personal Service  
(\$ in Millions)**

	2012	2013	2014	2015
Administrative OTPS . . . . .	\$16,777	\$16,899	\$17,368	\$17,705
Public Assistance . . . . .	1,348	1,365	1,365	1,365
Medical Assistance . . . . .	6,141	6,327	6,463	6,643
Health & Hospital Corporation . . . . .	164	163	163	163
Covered Agency Support & Other Subsidies* . . . . .	2,799	3,174	3,259	3,509
City Debt Service* . . . . .	5,914	6,668	6,921	7,278
General Reserve . . . . .	300	300	300	300
Prepayments . . . . .	(3,217)	—	—	—
Total . . . . .	<u>\$30,226</u>	<u>\$34,896</u>	<u>\$35,839</u>	<u>\$36,963</u>

\* Numbers adjusted for prepayments

*Administrative OTPS*

Administrative OTPS costs in each agency’s baseline four-year financial plan include the ongoing cost of existing programs, planned increases or decreases from PEG initiatives and other adjustments. For 2013 through 2015, the financial plan includes a Citywide appropriation to provide for an increase in OTPS costs resulting from inflation. The inflation adjustment represents a yearly 2.5 percent increase from 2013 through 2015.

*Energy*

The financial plan includes a Citywide appropriation to provide for the changing cost of energy for 2013 through 2015. Energy costs in each agency, with the exception of HPD, are held constant for 2012 through 2015. Price and usage changes for HPD’s *In-Rem/DAMP* Programs are budgeted in HPD’s four-year plan.

As reflected in the following table, energy costs have increased in 2011 due to increases in the price of crude oil.

**Energy Cost Comparison  
(\$ in Millions)**

Estimate as of:	2011	2012	2013	2014
2011 Adopted Budget . . . . .	\$1,007	\$1,058	\$1,093	\$1,112
2012 Executive Budget . . . . .	1,023	1,080	1,137	1,177
Difference . . . . .	<u>\$16</u>	<u>\$22</u>	<u>\$44</u>	<u>\$65</u>

Gasoline and fuel costs are expected to increase by \$57 million from 2011 to 2015. Heat, light and power is expected to increase by \$117 million between 2011 and 2015 due to increases in Con Edison’s transmission and delivery charges.

**Energy Costs  
(\$ in Millions)**

	2011	2012	2013	2014	2015
Gasoline . . . . .	\$103	\$117	\$120	\$123	\$124
Fuel Oil . . . . .	106	135	137	140	142
HPD- <i>In Rem/DAMP</i> . . . . .	7	8	7	7	7
HPD-Emergency Repairs . . . . .	2	3	3	3	3
Heat, Light and Power . . . . .	805	817	870	904	922
Total . . . . .	<u>\$1,023</u>	<u>\$1,080</u>	<u>\$1,137</u>	<u>\$1,177</u>	<u>\$1,198</u>

*Leases*

In each agency, the cost of leases is budgeted at a constant level from 2012 through 2015. A citywide adjustment for 2013 through 2015 provides for the increasing cost of leases based on a three percent annual inflator as well as known future leases, where applicable.

In total, the four-year plan includes \$830 million for leases in 2012, \$855 million in 2013, \$917 million in 2014 and \$945 million in 2015. Of these amounts, the citywide adjustment is \$25 million, \$87 million, and \$114 million respectively in 2013 through 2015.

### *Public Assistance*

In 2012, 361,900 persons are projected to receive cash assistance on average each month, the same level as projected in 2011.

### *Medical Assistance*

The financial plan for Medical Assistance assumes growth of approximately 3 percent annually consistent with New York State Cap Legislation effective January 1, 2006. This growth excludes City share of Disproportionate Share and Upper Payment Limit payments which fall outside of the Medicaid cap.

### *Health and Hospitals Corporation*

Revenue and expenditure projections for 2012 through 2015 include assumptions related to actual collections experience, the impact of rates by third party payers, and collections performance through a variety of revenue enhancement efforts. Included in the Corporation's baseline revenue assumption is the continued receipt of the Disproportionate Share and Upper Payment Limit transactions. Corporation revenue increases are reliant on Medicaid receipts, which continue to grow steadily. Expenditure increases are driven by growth in pension and health insurance costs.

### *Covered Agency Support and Other Subsidies*

Included in this category are the contributions made by the City to the Transit Authority, Libraries and various Cultural Institutions. Also included in this category are the estimated projections for the cost of Judgments and Claims.

### *General Reserve*

The general reserve is projected at \$300 million for 2012 through 2015 to provide for uncontrollable increases in expenditures as well as shortfalls in revenues. To allow for any further uncertainties which may occur in the future, the general reserve has been increased above the mandated amount of \$100 million.

### *Debt Service*

Debt Service projections cover payments of debt service on currently outstanding City's TFA and Conduit debt as well as future issuances in accordance with the 2011-2015 financing program (See Financing Program). Actual debt service payments in these years will be affected by the timing of bond sales and by market conditions. Estimates of City debt service costs on debt to be issued are based on estimates of the periods of probable usefulness of the capital assets for which the debt will be issued.

A Budget Stabilization Account has been established for the prepayment of future years' debt service costs. Funding of \$3.053 billion in 2011 has been provided for this purpose.

Below are the detailed estimates for debt service for 2011-2015 after prepayments:

**(\$ in Millions)**

	Long Term	Short Term	Lease Purchase	Budget Stabilization*	Total City	TFA	Prepayment Adjustment	Total City and TFA
2011	\$849	\$—	\$214	\$3,053	\$4,116	\$711	\$210	\$5,037
2012	1,742	35	309	—	\$2,086	775	3,053	\$5,914
2013	4,384	75	338	—	\$4,797	1,871	—	\$6,668
2014	4,464	75	333	—	\$4,872	2,049	—	\$6,921
2015	4,644	75	325	—	\$5,044	2,234	—	\$7,278

\* Amounts in the Budget Stabilization Account are used to prepay the succeeding year's debt service.



**EXHIBIT 2**

**FISCAL YEAR 2012 EXECUTIVE BUDGET AND PROJECTIONS,  
FISCAL YEAR 2013 THROUGH FISCAL YEAR 2015**

(\$ in thousands)

Dept. No.	Agency	FY 2010 Actual Expenditures	Fiscal Year 2011		FY 2012 Executive Budget	FY 2013 Estimate	FY 2014 Estimate	FY 2015 Estimate	
			Executive Budget	8 Month Actuals July - Feb. Forecast					
002	Mayoralty.....	\$95,503	\$94,999	\$60,605	\$101,941	\$92,946	\$91,123	\$90,946	\$90,800
003	Board of Elections.....	95,706	88,372	86,716	103,377	99,688	76,595	76,595	76,595
004	Campaign Finance Board.....	44,320	14,510	10,052	13,969	12,250	13,288	13,288	13,288
008	Office of the Actuary.....	4,977	5,302	3,448	5,302	6,055	6,109	6,109	6,109
010	President,Borough of Manhattan.....	4,699	2,995	2,831	4,570	2,860	2,721	2,727	2,727
011	President,Borough of the Bronx.....	4,894	4,048	3,223	5,197	3,845	3,680	3,688	3,688
012	President,Borough of Brooklyn.....	5,301	3,798	3,543	5,546	3,677	3,390	3,398	3,398
013	President,Borough of Queens.....	4,595	3,637	2,821	4,713	3,495	3,226	3,232	3,232
014	President,Borough of S.I.....	3,875	2,842	2,340	3,795	2,694	2,613	2,618	2,618
015	Office of the Comptroller.....	67,656	70,042	43,201	71,343	73,590	74,329	74,477	74,562
017	Dept. of Emergency Management.....	27,224	9,834	19,497	55,747	30,532	13,149	6,825	6,838
021	Office of Admin. Tax Appeals.....	3,707	3,775	2,349	3,775	3,859	3,863	3,863	3,863
025	Law Department.....	139,773	133,816	94,660	137,167	140,034	138,881	132,902	132,902
030	Department of City Planning.....	26,232	24,651	17,502	25,574	24,667	21,427	20,647	20,529
032	Department of Investigation.....	22,720	19,345	14,420	22,252	20,280	19,819	19,819	19,819
035	NY Public Library - Research.....	16,308	8,175	9,243	22,154	5,938	16,733	16,733	16,733
037	New York Public Library.....	78,719	31,360	43,126	111,643	21,374	81,937	81,625	81,625
038	Brooklyn Public Library.....	58,320	21,956	12,139	82,968	16,185	61,909	60,973	60,973
039	Queens Borough Public Library.....	57,188	21,108	7,593	82,749	15,859	60,059	59,746	59,746
040	Department of Education.....	18,498,504	18,447,041	10,680,568	18,886,943	19,218,076	19,565,816	19,950,196	20,152,175
042	City University.....	764,705	740,542	449,542	810,638	744,741	740,131	741,667	742,115
054	Civilian Complaint Review Bd.....	10,091	10,270	6,435	9,755	9,610	9,683	9,686	9,689
056	Police Department.....	4,666,857	4,469,078	3,194,621	4,814,750	4,544,921	4,423,738	4,420,611	4,420,611
057	Fire Department.....	1,670,022	1,603,531	1,166,722	1,787,157	1,625,917	1,587,971	1,565,503	1,564,431
068	Admin. for Children Services.....	2,877,431	2,695,876	2,116,286	2,765,864	2,752,174	2,714,742	2,711,748	2,712,314
069	Department of Social Services.....	8,482,384	8,371,635	5,233,022	8,180,249	9,162,737	9,351,869	9,484,637	9,664,508
071	Dept. of Homeless Services.....	941,985	837,023	846,533	1,047,554	788,803	768,863	768,910	768,899
072	Department of Correction.....	1,011,996	1,011,187	684,043	1,042,088	1,022,096	1,014,401	1,014,371	1,014,371
073	Board of Correction.....	921	999	598	999	1,000	1,000	1,000	1,000
095	Citywide Pension Contributions.....	6,755,590	7,611,946	4,656,317	7,001,558	8,424,119	8,568,132	8,450,628	8,727,324
098	Miscellaneous.....	5,938,034	6,438,839	2,639,095	6,046,283	6,253,260	7,808,225	8,541,913	9,483,411
099	Debt Service.....	3,595,645	2,354,312	191,308	4,826,989	2,861,464	6,668,194	6,921,371	7,278,408
101	Public Advocate.....	2,573	1,754	1,255	2,254	1,714	1,720	1,724	1,724
102	City Council.....	51,478	52,883	36,929	52,883	52,090	52,883	52,883	52,883
103	City Clerk.....	4,221	5,066	2,804	4,733	4,323	4,349	4,352	4,355
125	Department for the Aging.....	281,619	226,654	220,470	275,687	218,363	219,758	219,027	219,027
126	Department of Cultural Affairs.....	142,907	110,177	117,852	144,980	100,856	100,830	100,830	100,830
127	Financial Info. Serv. Agency.....	60,074	62,948	46,240	66,109	87,824	86,967	85,243	83,510
130	Department of Juvenile Justice.....	138,353	2,752	114,679	205,137	—	—	—	—
131	Office of Payroll Admin.....	23,636	71,306	19,384	60,003	61,070	47,657	31,653	31,705
132	Independent Budget Office.....	3,189	4,455	2,337	3,963	4,450	4,429	4,429	4,429
133	Equal Employment Practices Com.....	751	744	383	744	789	790	790	790
134	Civil Service Commission.....	555	652	303	685	751	751	751	751
136	Landmarks Preservation Comm.....	4,608	5,230	2,930	5,401	4,759	4,723	4,729	4,729

**EXHIBIT 2**

**FISCAL YEAR 2012 EXECUTIVE BUDGET AND PROJECTIONS,  
FISCAL YEAR 2013 THROUGH FISCAL YEAR 2015**

(\$ in thousands)

Dept. No.	Agency	Fiscal Year 2011				FY 2012 Executive Budget	FY 2013 Estimate	FY 2014 Estimate	FY 2015 Estimate
		FY 2010 Actual Expenditures	Executive Budget	8 Month Actuals					
				July - Feb.	Forecast				
156	Taxi & Limousine Commission.....	30,098	31,260	20,518	30,923	31,067	30,826	30,826	30,826
226	Commission on Human Rights.....	6,898	7,269	5,233	7,329	7,111	6,660	6,660	6,660
260	Youth & Community Development,...	405,900	293,654	255,305	360,855	259,233	237,510	237,510	237,510
312	Conflicts of Interest Board.....	1,909	2,023	1,247	2,022	2,119	2,120	2,120	2,120
313	Office of Collective Barg.....	2,030	2,101	1,478	2,101	2,220	2,121	2,121	2,121
499	Community Boards (All).....	13,979	14,628	9,652	15,093	14,617	14,617	14,617	14,617
781	Department of Probation.....	82,974	81,363	55,735	86,295	75,803	72,781	72,877	72,983
801	Dept. Small Business Services.....	159,610	120,112	97,578	145,726	128,465	105,039	96,770	90,460
806	Housing Preservation & Dev.....	727,910	571,300	515,383	795,170	565,271	562,301	555,919	554,699
810	Department of Buildings.....	101,530	97,968	65,965	99,720	94,474	89,624	89,641	89,624
816	Dept Health & Mental Hygiene.....	1,685,452	1,558,317	1,319,701	1,688,334	1,544,283	1,534,004	1,532,803	1,532,840
819	Health and Hospitals Corp.....	110,591	171,616	85,037	190,799	164,146	163,480	163,486	163,641
820	Office Admin Trials & Hearings.....	—	26,567	14,202	25,068	33,519	33,519	33,519	33,519
826	Dept of Environmental Prot.....	1,470,929	1,078,938	674,283	1,014,859	1,036,086	1,017,436	1,017,798	1,018,675
827	Department of Sanitation.....	1,301,193	1,346,384	1,038,511	1,417,766	1,300,794	1,338,062	1,429,556	1,429,638
829	Business Integrity Commission.....	6,930	7,285	5,030	7,341	7,190	7,117	7,117	7,117
836	Department of Finance.....	230,898	220,085	137,647	224,388	222,516	219,454	219,142	218,892
841	Department of Transportation.....	800,752	683,797	608,605	848,665	685,388	690,318	692,353	692,353
846	Dept of Parks and Recreation.....	382,716	307,499	253,821	370,498	299,913	301,812	302,066	302,150
850	Dept. of Design & Construction.....	107,463	106,592	71,678	113,178	106,261	106,798	106,822	106,822
856	Dept of Citywide Admin Srvces.....	1,077,558	1,153,458	960,372	1,190,402	1,115,096	1,124,619	1,124,668	1,124,485
858	D.O.I.T.T.....	368,768	359,320	254,772	447,871	420,224	387,923	383,118	384,656
860	Dept of Records & Info Serv.....	5,207	5,108	3,823	5,783	5,252	5,592	5,592	5,452
866	Department of Consumer Affairs.....	22,340	20,725	14,156	23,735	26,003	25,017	24,787	24,701
901	District Attorney - N.Y.....	102,838	77,050	69,752	92,731	76,520	76,521	76,521	76,521
902	District Attorney - Bronx.....	52,009	45,957	31,814	50,848	47,505	45,053	44,942	44,942
903	District Attorney - Kings.....	87,306	75,918	56,562	83,169	77,060	74,453	74,453	74,453
904	District Attorney - Queens.....	48,845	44,742	32,514	49,638	46,211	44,136	44,136	44,136
905	District Attorney - Richmond.....	8,598	7,491	4,895	8,445	7,672	7,201	7,201	7,201
906	Off. of Prosec. & Spec. Narc.....	18,507	16,748	11,718	18,237	16,328	16,328	16,328	16,328
941	Public Administrator - N.Y.....	1,168	1,156	894	1,268	1,181	1,181	1,181	1,181
942	Public Administrator - Bronx.....	426	425	240	499	425	425	425	425
943	Public Administrator- Brooklyn.....	549	526	359	605	526	526	526	526
944	Public Administrator - Queens.....	424	400	280	473	400	400	400	400
945	Public Administrator -Richmond.....	376	307	239	380	307	307	307	307
	Prior Payable Adjustment.....	(941,649)	—	—	(500,000)	—	—	—	—
	General Reserve.....	—	300,000	—	40,000	300,000	300,000	300,000	300,000
	Energy Adjustment.....	—	—	—	—	—	57,434	97,915	119,286
	Lease Adjustment.....	—	—	—	—	—	24,906	86,821	114,332
	OTPS Inflation Adjustment.....	—	—	—	—	—	55,519	111,038	166,557
	<b>TOTAL EXPENDITURES.....</b>	<b>\$65,172,878</b>	<b>\$64,539,554</b>	<b>\$39,548,964</b>	<b>\$67,867,402</b>	<b>\$67,246,921</b>	<b>\$73,225,613</b>	<b>\$74,782,945</b>	<b>\$76,837,190</b>
	<b>LESS: INTRA-CITY EXPENDITURES.....</b>	<b>1,782,187</b>	<b>1,601,798</b>	<b>694,749</b>	<b>1,890,343</b>	<b>1,532,357</b>	<b>1,525,767</b>	<b>1,523,129</b>	<b>1,523,285</b>
	<b>NET TOTAL EXPENDITURES.....</b>	<b>\$63,390,691</b>	<b>\$62,937,756</b>	<b>\$38,854,215</b>	<b>\$65,977,059</b>	<b>\$65,714,564</b>	<b>\$71,699,846</b>	<b>\$73,259,816</b>	<b>\$75,313,905</b>

**EXHIBIT 3**

**ACTUAL REVENUE  
(\$ in Millions)**

	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010
<b>Taxes:</b>				
Real Property .....	\$13,123	\$13,204	\$14,487	\$16,369
Personal Income.....	7,933	9,697	7,489	7,576
General Corporation .....	3,124	2,932	2,320	1,976
Banking Corporation.....	1,219	628	1,099	969
Unincorporated Business .....	1,670	1,852	1,785	1,561
Sales and Use.....	4,619	4,868	4,594	5,059
Commercial Rent .....	512	545	583	594
Real Property Transfer.....	1,723	1,408	742	615
Mortgage Recording .....	1,570	1,138	515	366
Utility.....	360	392	398	375
Cigarette.....	122	124	96	93
Hotel.....	326	379	342	363
All Other .....	456	418	475	516
Tax Audit Revenue .....	1,085	1,016	948	769
<b>Total Taxes .....</b>	<b>37,842</b>	<b>38,601</b>	<b>35,873</b>	<b>37,201</b>
<b>Miscellaneous Revenues:</b>				
Licenses, Franchises, Etc.....	470	502	493	487
Interest Income .....	473	377	124	22
Charges for Services.....	613	638	687	746
Water and Sewer Charges.....	1,064	1,202	1,284	1,540
Rental Income.....	211	257	255	234
Fines and Forfeitures .....	741	830	802	833
Miscellaneous .....	671	1,238	981	828
Intra-City Revenue.....	1,387	1,477	1,631	1,782
<b>Total Miscellaneous.....</b>	<b>5,630</b>	<b>6,521</b>	<b>6,257</b>	<b>6,472</b>
<b>Unrestricted Intergovernmental Aid:</b>				
Federal Revenue Sharing .....	—	—	—	—
N.Y. State Per Capita Aid.....	20	242	327	(26)
Other Federal and State Aid .....	15	—	—	8
<b>Total Unrestricted Intergovernmental Aid .....</b>	<b>35</b>	<b>242</b>	<b>327</b>	<b>(18)</b>
Provision for Disallowance of Categorical Grants.....	(103)	(114)	—	—
Less Intra-City Revenue .....	(1,387)	(1,477)	(1,631)	(1,782)
<b>Sub Total City Funds.....</b>	<b>42,017</b>	<b>43,773</b>	<b>40,826</b>	<b>41,873</b>
Other Categorical Grants .....	1,037	1,090	1,280	1,579
<b>Transfers from Capital Fund:</b>				
Inter Fund Agreements .....	421	454	475	583
<b>Total City Funds &amp; Capital Budget Transfers.....</b>	<b>43,475</b>	<b>45,317</b>	<b>42,581</b>	<b>44,035</b>
<b>Federal Categorical Grants:</b>				
Community Development.....	241	260	251	263
Social Services.....	2,429	2,619	2,758	3,084
Education .....	1,745	1,739	1,717	2,911
Other .....	1,056	1,074	1,215	1,458
<b>Total Federal Grants .....</b>	<b>5,471</b>	<b>5,692</b>	<b>5,941</b>	<b>7,716</b>
<b>State Categorical Grants:</b>				
Social Services.....	1,889	2,060	2,034	2,099
Education .....	7,145	8,011	8,639	8,078
Higher Education .....	165	174	178	173
Department of Health and Mental Hygiene.....	428	487	468	448
Other .....	559	689	805	847
<b>Total State Grants .....</b>	<b>10,186</b>	<b>11,421</b>	<b>12,124</b>	<b>11,645</b>
<b>Total Revenues .....</b>	<b>\$59,132</b>	<b>\$62,430</b>	<b>\$60,646</b>	<b>\$63,396</b>

**EXHIBIT 4**  
**REVENUE ESTIMATES**  
**(\$ in Millions)**

	Fiscal Year 2011 8 Months Actuals	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015
<b>Taxes:</b>						
Real Property .....	\$15,457	\$16,830	\$17,685	\$18,203	\$18,630	\$19,060
Personal Income .....	4,869	7,618	8,170	8,601	8,740	9,364
General Corporation .....	999	2,312	2,725	2,879	2,992	3,098
Banking Corporation .....	605	1,261	1,227	1,104	1,018	1,026
Unincorporated Business...	909	1,660	1,799	1,873	1,956	2,041
Sale and Use .....	3,560	5,539	5,797	5,984	6,246	6,526
Commercial Rent.....	297	603	622	642	663	686
Real Property Transfer .....	486	728	774	767	853	957
Mortgage Recording.....	275	424	500	541	621	696
Utility.....	220	393	413	427	440	455
Cigarette.....	40	70	69	68	66	65
Hotel .....	225	418	398	371	388	413
All Other .....	230	515	466	467	479	480
Tax Audit Revenue.....	594	868	660	659	666	666
State Tax Relief Program—STAR	320	712	792	861	859	859
<b>Total Taxes.....</b>	<b>29,086</b>	<b>39,951</b>	<b>42,097</b>	<b>43,447</b>	<b>44,617</b>	<b>46,392</b>
<b>Miscellaneous Revenue:</b>						
Licenses, Franchises, Etc.	351	514	521	521	524	525
Interest Income .....	13	22	34	107	140	165
Charges for Services.....	356	756	795	812	812	813
Water and Sewer Charges .	998	1,294	1,435	1,419	1,447	1,465
Rental Income.....	151	249	250	256	264	267
Fines and Forfeitures .....	531	802	814	811	810	809
Miscellaneous .....	288	665	534	519	510	482
Intra-City Revenue .....	590	1,890	1,532	1,526	1,523	1,523
<b>Total Miscellaneous .....</b>	<b>3,278</b>	<b>6,192</b>	<b>5,915</b>	<b>5,971</b>	<b>6,030</b>	<b>6,049</b>
<b>Unrestricted Intergovernmental Aid:</b>						
N.Y. State Per Capita Aid .	—	—	—	—	—	—
Other Federal and State Aid	1	14	12	12	12	12
<b>Total Unrestricted Intergovernmental Aid:</b>	<b>1</b>	<b>14</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>
<b>Reserve for Disallowance of Categorical Grants ....</b>						
Less: Intra-City Revenue...	(590)	(1,890)	(1,532)	(1,526)	(1,523)	(1,523)
<b>Sub Total City Funds.....</b>	<b>31,775</b>	<b>44,252</b>	<b>46,477</b>	<b>47,889</b>	<b>49,121</b>	<b>50,915</b>
<b>Other Categorical Grants .....</b>	<b>550</b>	<b>1,336</b>	<b>1,160</b>	<b>1,158</b>	<b>1,156</b>	<b>1,153</b>
<b>Inter Fund Agreements .....</b>	<b>310</b>	<b>569</b>	<b>543</b>	<b>503</b>	<b>503</b>	<b>503</b>
<b>Total City Funds &amp; Inter-Fund Revenues ...</b>	<b>\$32,635</b>	<b>\$46,157</b>	<b>\$48,180</b>	<b>\$49,550</b>	<b>\$50,780</b>	<b>\$52,571</b>

**REVENUE ESTIMATES**

**(\$ in Millions)**

	Fiscal Year 2011 8 Months Actuals	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015
<b>Federal Categorical Grants:</b>						
Community Development .	\$135	\$284	\$235	\$227	\$220	\$220
Social Services.....	1,399	3,209	3,135	3,117	3,114	3,114
Education.....	688	2,847	1,825	1,819	1,818	1,818
Other .....	667	1,985	1,330	1,127	1,083	1,081
<b>Total Federal Grants.....</b>	<b>2,889</b>	<b>8,325</b>	<b>6,525</b>	<b>6,290</b>	<b>6,235</b>	<b>6,233</b>
<b>State Categorical Grants:</b>						
Social Services.....	873	1,833	1,487	1,446	1,442	1,442
Education.....	4,301	8,136	8,114	8,203	8,253	8,252
Higher Education.....	33	186	212	212	212	212
Department of Health and Mental Hygiene.....	170	468	425	420	419	419
Other .....	140	872	772	812	833	925
<b>Total State Grants.....</b>	<b>5,517</b>	<b>11,495</b>	<b>11,010</b>	<b>11,093</b>	<b>11,159</b>	<b>11,250</b>
<b>TOTAL REVENUE .....</b>	<b>\$41,041</b>	<b>\$65,977</b>	<b>\$65,715</b>	<b>\$66,933</b>	<b>\$68,174</b>	<b>\$70,054</b>

**EXHIBIT 5**  
**FULL-TIME and PART-TIME POSITIONS (FTEs)**

	12/31/2001		3/31/2011		6/30/2012	
	Actual [1] [4]		Actual		Executive Budget	
	Total	City	Total	City	Total	City
<b>MAYORAL AGENCIES:</b>						
<i>Uniformed Forces:</i>						
Police - Uniform	39,297	39,297	34,530	34,420	34,413	34,309
- Civilian	14,779	14,166	16,071	15,900	15,700	15,525
Fire - Uniform	11,120	11,113	10,798	10,771	10,281	10,273
- Civilian	1,582	1,581	1,589	1,545	1,629	1,619
- EMS	2,913	2,910	3,473	3,470	3,228	3,227
Sanitation - Uniform	7,957	7,810	7,075	6,961	6,963	6,822
- Civilian	2,265	2,053	2,049	1,885	2,205	2,001
Correction - Uniform	10,617	9,874	8,465	8,465	8,404	8,404
- Civilian	1,603	1,488	1,419	1,419	1,752	1,752
<i>Subtotal</i>	<i>92,133</i>	<i>90,292</i>	<i>85,469</i>	<i>84,836</i>	<i>84,575</i>	<i>83,932</i>
<i>Health and Welfare:</i>						
Social Services	16,836	13,293	13,781	9,964	14,649	10,608
Admin. for Children's Services [5]	8,286	8,232	5,716	5,617	6,564	6,398
Homeless Services	2,090	2,081	1,870	1,771	1,915	1,867
Health & Mental Hygiene	5,442	4,398	6,099	4,543	6,071	4,776
<i>Subtotal</i>	<i>32,654</i>	<i>28,004</i>	<i>27,466</i>	<i>21,895</i>	<i>29,199</i>	<i>23,649</i>
<i>Other Mayoral:</i>						
Housing Preservation and Development	2,720	645	2,309	493	2,459	536
Environmental Protection	5,760	376	5,837	202	6,046	215
Finance	2,685	2,685	1,811	1,811	2,038	2,026
Transportation	4,415	2,498	4,634	2,203	4,388	1,989
Parks	6,630	6,231	5,295	4,774	4,856	4,331
Citywide Administrative Services	1,879	1,296	2,181	1,377	2,312	1,455
All Other Mayoral	18,103	13,776	18,098	14,218	18,083	14,527
<i>Subtotal</i>	<i>42,192</i>	<i>27,507</i>	<i>40,165</i>	<i>25,078</i>	<i>40,182</i>	<i>25,079</i>
<b>EDUCATION:</b>						
Dept. of Education - Pedagogical	112,810	95,407	109,219	94,542	103,077	86,801
- Civilian	25,442	22,174	24,768	22,389	24,362	22,173
City University - Pedagogical	4,273	4,273	5,927	5,926	5,096	5,075
- Civilian	2,300	2,299	2,721	2,721	2,193	2,183
<i>Sub-Total</i>	<i>144,825</i>	<i>124,153</i>	<i>142,635</i>	<i>125,578</i>	<i>134,728</i>	<i>116,232</i>
<b>Total</b>	<b>311,804</b>	<b>269,956</b>	<b>295,735</b>	<b>257,387</b>	<b>288,684</b>	<b>248,892</b>
<b>COVERED ORGANIZATION AND NON-CITY EMPLOYEES</b>						
<b>SUBSTANTIALLY PAID BY CITY SUBSIDIES [2]:</b>						
Health and Hospital Corp.	37,941	37,941	39,142	39,142	38,129	38,129
Housing Authority	14,863	—	11,343	—	12,126	—
Libraries	4,428	4,428	3,942	3,942	2,728	2,728
Cultural Institutions [3]	1,728	1,728	1,588	1,588	863	863
School Construction Authority	933	933	680	680	715	715
New York City Employees Retirement System	368	368	382	382	378	378
Economic Development Corporation	344	344	387	387	400	400
Teachers Retirement System	308	308	360	360	390	390
Police Pension Fund	66	66	137	137	138	138
All Other	155	155	248	243	251	246
<i>Sub-total</i>	<i>61,134</i>	<i>46,271</i>	<i>58,209</i>	<i>46,861</i>	<i>56,118</i>	<i>43,987</i>
<b>Total</b>	<b>372,938</b>	<b>316,227</b>	<b>353,944</b>	<b>304,248</b>	<b>344,802</b>	<b>292,879</b>

[1] Adjusted for transfers.

[2] Includes non-city employees substantially paid by city subsidies. For these agencies the December 2001 data reflects staffing as of February 2002.

[3] Includes only those employees of the Cultural Institutions Group paid by city fund subsidies.

[4] Includes restatements for positions formerly funded under vendor contracts and for Education part-time positions not previously included in the city headcount.

[5] Includes the merger of Department of Juvenile Justice into Administration for Children's Services in FY 2012.

**EXHIBIT 6**  
**FY 2012 EXECUTIVE BUDGET**  
**CITY GAP CLOSING PROGRAM - 5 YEAR VALUE**  
**(City \$ in 000's)**

	2011	2012	2013	2014	2015
<b>MAYORAL AGENCIES:</b>					
<i>Uniformed Forces:</i>					
Police . . . . .	\$50,012	\$64,216	\$37,278	\$37,598	\$37,598
Fire . . . . .	7,909	38,374	39,724	40,753	42,338
Correction . . . . .	4,909	13,383	13,490	13,609	13,740
Sanitation . . . . .	29,152	91,155	82,806	47,795	48,034
<i>Health and Welfare:</i>					
Administration for Children's Services <sup>1</sup> . . .	26,191	67,906	62,607	62,644	62,802
Social Services . . . . .	72,781	53,124	58,245	58,434	58,645
Homeless Services . . . . .	934	22,590	28,675	28,675	28,675
Youth and Community Development . . . . .	9,151	18,720	18,720	18,720	18,720
Health and Mental Hygiene . . . . .	21,963	47,913	47,898	47,898	47,898
<i>Other Mayoral:</i>					
Housing Preservation and Development . . .	4,029	7,539	8,389	9,076	9,431
Finance . . . . .	6,509	38,267	40,781	49,129	49,271
Transportation . . . . .	24,749	56,149	55,375	38,024	37,292
Parks and Recreation . . . . .	(4,938)	47,448	36,843	37,548	38,305
Citywide Administrative Services . . . . .	17,027	22,570	9,902	9,670	9,670
Other . . . . .	116,252	154,417	142,575	158,646	155,495
<b>MAJOR ORGANIZATIONS:</b>					
Department of Education . . . . .	220,587	393,803	393,803	393,803	393,803
City University . . . . .	9,020	24,584	23,800	23,800	23,800
Health and Hospitals Corporation . . . . .	3,388	12,061	12,064	12,064	12,064
<b>OTHER:</b>					
Miscellaneous . . . . .	13,800	5,090	3,753	3,753	3,753
Procurement Savings . . . . .	—	55,519	55,519	55,519	55,519
<b>Total Agency Programs . . . . .</b>	<b>\$633,425</b>	<b>\$1,234,828</b>	<b>\$1,172,247</b>	<b>\$1,147,158</b>	<b>\$1,146,853</b>

Technical Note: Gap closing program includes initiatives from the May 5, 2011 Executive Budget, February 17, 2011 Preliminary Budget and the November 18, 2010 Financial Plan.

<sup>1</sup> Includes the merge of Department of Juvenile Justice into Administration for Children's Services effective in FY 2012.

**EXHIBIT 6A**  
**FY 2012 EXECUTIVE BUDGET**  
**CITY GAP CLOSING PROGRAM - 5 YEAR VALUE**  
**(City \$ in 000's)**

	2011	2012	2013	2014	2015
<b>OTHER:</b>					
Mayoralty .....	\$8,390	\$10,364	\$6,372	\$3,710	\$3,710
Board of Elections .....	5,118	6,586	—	—	—
Emergency Management .....	449	701	701	701	701
Law Department .....	10,592	1,850	—	—	—
City Planning .....	650	1,125	1,148	1,164	1,182
Investigation .....	1,626	1,572	108	108	108
New York Research Library .....	1,242	2,216	2,216	2,216	2,216
New York Public Library .....	6,233	10,795	10,795	10,795	10,795
Brooklyn Public Library .....	4,646	8,019	8,019	8,019	8,019
Queens Borough Public Library .....	4,550	7,765	7,765	7,765	7,765
Civilian Complaint Review Board .....	515	405	201	202	203
Pensions .....	—	—	2,756	22,000	19,000
Debt Service .....	8,000	—	—	—	—
City Clerk .....	323	485	485	485	485
Department for the Aging .....	6,835	12,848	11,232	11,246	11,262
Cultural Affairs .....	8,120	12,901	12,901	12,901	12,901
FISA .....	3,060	4,779	500	500	500
Juvenile Justice <sup>1</sup> .....	1,000	—	—	—	—
Payroll Administration .....	11,466	653	300	300	300
Landmarks Preservation .....	311	385	361	358	358
Taxi & Limousine Commission .....	2,028	4,551	4,551	4,548	4,544
Probation .....	3,930	5,431	5,381	5,393	5,405
Small Business Services .....	5,903	13,177	12,911	12,204	11,832
Department of Buildings .....	5,600	14,191	14,238	14,290	14,347
Administrative Trials and Hearings .....	1,651	3,717	3,717	3,717	3,717
Environmental Protection .....	837	2,160	2,162	2,164	2,167
Business Integrity Commission .....	453	1,011	1,011	1,011	1,011
Design and Construction .....	354	525	—	—	—
DOITT .....	7,901	16,555	24,860	24,919	24,988
Department of Consumer Affairs .....	1,258	2,865	3,021	3,021	3,021
Subtotal .....	<u>\$113,041</u>	<u>\$147,632</u>	<u>\$137,712</u>	<u>\$153,737</u>	<u>\$150,537</u>
<b>OTHER ELECTED:</b>					
BP - Manhattan .....	\$—	\$145	\$145	\$145	\$145
BP - Bronx .....	—	192	192	192	192
BP - Brooklyn .....	—	180	180	180	180
BP - Queens .....	—	162	162	162	162
BP - Staten Island .....	—	139	139	139	139
Comptroller .....	470	1,170	—	—	—
Public Advocate .....	—	86	86	86	86
City Council .....	—	793	—	—	—
DA - Manhattan .....	821	1,176	1,188	1,202	1,216
DA - Bronx .....	492	701	709	718	728
DA - Brooklyn .....	713	1,018	1,029	1,041	1,054
DA - Queens .....	466	667	674	681	689
DA - Staten Island .....	79	112	113	114	116
Prosec. & Spec. Narc. ....	170	244	246	249	251
Subtotal .....	<u>\$3,211</u>	<u>\$6,785</u>	<u>\$4,863</u>	<u>\$4,909</u>	<u>\$4,958</u>
<b>Total Other .....</b>	<b><u>\$116,252</u></b>	<b><u>\$154,417</u></b>	<b><u>\$142,575</u></b>	<b><u>\$158,646</u></b>	<b><u>\$155,495</u></b>

Technical Note: Gap closing program includes initiatives from the May 5, 2011 Executive Budget, February 17, 2011 Preliminary Budget and the November 18, 2010 Financial Plan.

<sup>1</sup> Includes the merge of Department of Juvenile Justice into Administration for Children's Services effective in FY 2012.



**EXHIBIT 6B**  
**FY 2012 EXECUTIVE BUDGET**  
**CITY GAP CLOSING PROGRAM - BY EXPENSE AND REVENUE**  
**(City \$ in 000's)**

	Expense	Revenue	Total
<b>MAYORAL AGENCIES:</b>			
<i>Uniformed Forces:</i>			
Police .....	\$63,605	\$611	\$64,216
Fire.....	37,774	600	38,374
Correction .....	8,883	4,500	13,383
Sanitation.....	90,905	250	91,155
<i>Health &amp; Welfare:</i>			
Administration for Children's Services <sup>1</sup> .....	67,906	—	67,906
Social Services.....	53,124	—	53,124
Homeless Services.....	22,590	—	22,590
Youth and Community Development .....	18,720	—	18,720
Health and Mental Hygiene.....	47,913	—	47,913
<i>Other Mayoral:</i>			
Housing Preservation and Development.....	6,415	1,124	7,539
Finance.....	(833)	39,100	38,267
Transportation .....	26,187	29,962	56,149
Parks and Recreation.....	47,452	(4)	47,448
Citywide Administrative Services.....	12,667	9,903	22,570
Other .....	123,344	31,073	154,417
<b>MAJOR ORGANIZATIONS:</b>			
Department of Education.....	393,803	—	393,803
City University.....	24,584	—	24,584
Health and Hospitals Corporation.....	12,061	—	12,061
<b>OTHER:</b>			
Miscellaneous .....	5,090	—	5,090
Procurement Savings.....	55,519	—	55,519
<b>Total Agency Programs.....</b>	<b><u>\$1,117,709</u></b>	<b><u>\$117,119</u></b>	<b><u>\$1,234,828</u></b>

Technical Note: Gap closing program includes initiatives from the May 5, 2011 Executive Budget, February 17, 2011 Preliminary Budget and the November 18, 2010 Financial Plan.

<sup>1</sup> Includes the merge of Department of Juvenile Justice into Administration for Children's Services effective in FY 2012.

**EXHIBIT 7**  
**AMERICAN RECOVERY AND RE-INVESTMENT ACT**  
**FEDERAL STIMULUS FUNDING IN THE EXECUTIVE BUDGET**

**FUNDING APPROPRIATED IN EXPENSE BUDGET**

PROGRAM	AGENCY	2010 Actual	2011	2012	2013	2014	2015
<i>COMMUNITY DEVELOPMENT</i>							
Homeless Single Adult Services	DHS	\$5,665,516	\$23,497	\$—	\$—	\$—	\$—
Code Violation Removal in Schools	DOE	8,029,998	1,970,002	—	—	—	—
Neighborhood Improvement Program	Social Services	514,598	655,402	—	—	—	—
Fringe Benefits For ARRA Funded Staff	MISC	2,706,993	—	—	—	—	—
Emergency Repair Program	HPD	9,120,099	12,255,511	—	—	—	—
Emergency Demolition Program	HPD	2,241,239	1,142,964	—	—	—	—
Neighborhood Preservation Offices	HPD	3,200,000	—	—	—	—	—
Graffiti Removal in Parks and Playgrounds	Parks	289,364	—	—	—	—	—
Charlton Garden Retaining Wall Restoration	Parks	—	500,000	—	—	—	—
<i>Subtotal Community Development</i>		<u>\$31,767,807</u>	<u>\$16,547,376</u>	<u>\$—</u>	<u>\$—</u>	<u>\$—</u>	<u>\$—</u>
<i>EDUCATION</i>							
Education Jobs Fund	DOE	\$—	\$190,140,523	\$—	\$—	\$—	\$—
Investing in Innovation: School of One	DOE	—	2,464,772	1,674,652	860,135	—	—
Investing in Innovation: Arts Achieve	DOE	—	194,832	253,911	240,525	240,574	178,616
Investing in Innovation: Everyday Arts in Special Education	DOE	—	804,223	883,876	937,159	991,000	1,017,139
McKinney-Vento Education for Homeless Children	DOE	2,090,930	2,845,437	—	—	—	—
National School Lunch Program	DOE	1,801,933	—	—	—	—	—
Special Education (IDEA)	DOE	144,153,633	172,449,725	—	—	—	—
Special Education (IDEA): Pre-School	DOE	4,889,568	9,701,958	—	—	—	—
State Energy Program	DOE	—	5,032,152	4,953,652	—	—	—
State Fiscal Stabilization Fund (SFSF): Education	DOE	555,085,625	227,170,247	—	—	—	—
State Fiscal Stabilization Fund (SFSF): Pre-School	DOE	139,826,093	—	—	—	—	—
State Fiscal Stabilization Fund (SFSF): Teacher Center	DOE	14,713,215	—	—	—	—	—
SFSF: Mentor Teacher Internship Program	DOE	886,000	—	—	—	—	—
Teacher Incentive Fund	DOE	—	13,377,635	—	—	—	—
Title I Local Educational Agency Grants	DOE	330,348,426	377,369,412	—	—	—	—
Title I School Improvement Grants	DOE	—	19,800,003	—	—	—	—
Title II Enhancing Education Through Technology (EETT)	DOE	—	38,678,692	—	—	—	—
<i>Subtotal Education</i>		<u>\$1,193,795,423</u>	<u>\$1,060,029,611</u>	<u>\$7,766,091</u>	<u>\$2,037,819</u>	<u>\$1,231,574</u>	<u>\$1,195,755</u>
<i>CITY UNIVERSITY EDUCATION</i>							
<i>STABILIZATION FUND</i>	CUNY	13,730,000	32,779,000	—	—	—	—
<i>NEIGHBORHOOD STABILIZATION</i>							
Homelessness Prevention and Rapid Re-Housing Program	DHS & Multiple	\$22,019,847	\$39,201,759	\$7,651,615	\$—	\$—	\$—
Tax Credit Assistance Program	HPD	38,200,000	—	—	—	—	—
Neighborhood Stabilization 2	HPD	—	19,611,366	250,000	200,000	—	—
Volunteers in Service to America (VISTA)	Mayoralty	221,880	11,120	—	—	—	—
<i>Subtotal Neighborhood Stabilization</i>		<u>\$60,441,727</u>	<u>\$58,824,245</u>	<u>\$7,901,615</u>	<u>\$200,000</u>	<u>\$—</u>	<u>\$—</u>

**EXHIBIT 7**  
**AMERICAN RECOVERY AND RE-INVESTMENT ACT**  
**FEDERAL STIMULUS FUNDING IN THE EXECUTIVE BUDGET**

**FUNDING APPROPRIATED IN EXPENSE BUDGET**

PROGRAM	AGENCY	2010 Actual	2011	2012	2013	2014	2015
<i>HEALTH AND SOCIAL SUPPORT</i>							
Child Care and Development							
Block Grant & Supplement.....	ACS .....	\$27,940,783	\$29,386,103	\$—	\$—	\$—	\$—
Head Start.....	ACS .....	7,578,131	3,036,896	—	—	—	—
Foster Care Title IV-E.....	ACS .....	14,272,000	14,514,892	—	—	—	—
Adoption Assistance Title IV-E.....	ACS .....	5,305,357	5,659,874	—	—	—	—
TANF ECF Supplement.....	ACS .....	—	2,270,661	—	—	—	—
Senior Nutrition Programs: Congregate Meals ..	DFTA.....	1,903,336	—	—	—	—	—
Senior Nutrition Programs:							
Home Delivered Meals .....	DFTA.....	936,600	—	—	—	—	—
Chronic Disease Self-Management.....	DFTA.....	—	46,750	—	—	—	—
Strengthening Communities Fund.....	DoITT .....	—	250,000	—	—	—	—
Child Support Incentive Fund .....	Social Services ..	13,634,712	7,172,060	—	—	—	—
TANF ECF Supplement.....	Social Services..	—	127,969,691	—	—	—	—
TANF ECF Subsidized Jobs .....	Social Services ..	6,863,903	4,272,208	—	—	—	—
Supplemental Nutrition Assistance Program....	Social Services ..	7,739,825	—	—	—	—	—
TANF ECF Back to School Assistance.....	Social Services ..	81,446,880	—	—	—	—	—
TANF ECF Supplement.....	DHS .....	—	21,480,910	—	—	—	—
Community Services Block Grant.....	DYCD .....	32,077,091	19,277,650	—	—	—	—
Preventing Child Residential Lead Exposure ...	DOHMH .....	—	85,496	—	—	—	—
Early Intervention Program .....	DOHMH .....	—	3,357,414	—	—	—	—
Immunization and Vaccination Programs .....	DOHMH .....	1,290,546	1,953,009	—	—	—	—
<i>Subtotal Health and Social Support .....</i>		<u>\$200,989,164</u>	<u>\$240,733,614</u>	<u>\$—</u>	<u>\$—</u>	<u>\$—</u>	<u>\$—</u>
<i>ECONOMIC AND WORKFORCE DEVELOPMENT</i>							
Senior Community Service Employment Program	DFTA.....	\$1,299,222	\$—	\$—	\$—	\$—	\$—
WIA-Youth .....	DYCD .....	26,668,936	1,525,819	—	—	—	—
WIA-Administration .....	DYCD .....	1,335,053	1,800,936	—	—	—	—
WIA-Adults .....	SBS .....	12,392,074	3,572,972	—	—	—	—
WIA-Dislocated Workers .....	SBS .....	13,404,172	2,878,536	—	—	—	—
<i>Subtotal Economic and Workforce Development .....</i>		<u>\$55,099,457</u>	<u>\$9,778,263</u>	<u>\$—</u>	<u>\$—</u>	<u>\$—</u>	<u>\$—</u>
<i>COBRA EMPLOYEE BENEFITS.....</i>	Misc (098) .....	\$1,128,735	\$6,500,000	\$—	\$—	\$—	\$—
<i>PUBLIC SAFETY</i>							
911 Operator Staff.....	NYPD.....	\$2,343,779	\$181,133	\$—	\$—	\$—	\$—
e-Arraignment .....	DoITT .....	359,314	496,185	—	—	—	—
Midtown and Red Hook Community Courts ...	SBS .....	188,271	637,383	642,543	642,543	—	—
CJC Programs .....	Mayoralty. ....	2,793,850	3,610,718	—	—	—	—
District Attorney's Offices.....	DA-Multiple....	1,321,312	2,734,592	1,051,032	111,496	—	—
Institute of Inner Development .....	DOC.....	3,002,695	3,345,790	66,464	—	—	—
Fire Investigation Bureau.....	FDNY.....	1,460,835	2,539,164	—	—	—	—
Byrne Competitive: Forensic & Crime Scene Information .....	OCME .....	326,670	754,643	81,660	—	—	—
Byrne Competitive: Supervision & Community Reintegration.....	Probation .....	3,019,372	2,954,945	—	—	—	—
Byrne Competitive: Real Time Correction Intelligence Center .....	DOC.....	—	1,956,894	—	—	—	—
STOP Violence Against Women.....	Law .....	—	37,500	37,500	—	—	—
Port Security Grant Program .....	FDNY.....	—	2,766,640	—	—	—	—
Port Security Grant Program .....	DOT .....	—	20,000	—	—	—	—
Rockefeller Drug Law Reform .....	Probation .....	902,252	899,863	—	—	—	—
Transit Security Grant Program.....	NYPD.....	4,595,702	8,038,138	12,876,979	6,574,788	—	—
<i>Subtotal Public Safety.....</i>		<u>\$20,314,052</u>	<u>\$30,973,588</u>	<u>\$14,756,178</u>	<u>\$7,328,827</u>	<u>\$—</u>	<u>\$—</u>
<i>INFRASTRUCTURE</i>							
Broadband Technology (BTOP): NYC Connected Learning.....	DoITT .....	\$—	\$14,748,908	\$7,413,917	\$—	\$—	\$—
Broadband Technology (BTOP): NYC Connected Foundations.....	DoITT .....	—	599,742	2,977,128	2,385,254	—	—
BTOP: NYC Connected Communities Round 2.	DoITT .....	—	5,826,951	5,369,496	2,721,115	—	—
Ferry Transit and Maintenance .....	DOT.....	13,522,085	11,402,876	8,742,876	—	—	—
<i>Subtotal Infrastructure .....</i>		<u>\$13,522,085</u>	<u>\$32,578,477</u>	<u>\$24,503,417</u>	<u>\$5,106,369</u>	<u>\$—</u>	<u>\$—</u>

**EXHIBIT 7**  
**AMERICAN RECOVERY AND RE-INVESTMENT ACT**  
**FEDERAL STIMULUS FUNDING IN THE EXECUTIVE BUDGET**

**FUNDING APPROPRIATED IN EXPENSE BUDGET**

PROGRAM	AGENCY	2010 Actual	2011	2012	2013	2014	2015
<i>ENERGY EFFICIENCY</i>							
Solar America Cities	SBS	\$—	\$557,802	\$374,706	\$—	\$—	\$—
State Energy Program	DCAS	—	500,897	—	—	—	—
<i>Energy Efficiency (EECBG):</i>							
Better Buildings Initiative	DCAS	—	21,400,000	—	—	—	—
<i>Energy Efficiency and Conservation</i>							
Block Grant (EECBG)	DCAS	2,340,945	52,414,325	2,955,307	—	—	—
<i>Subtotal Energy Efficiency</i>		<u>\$2,340,945</u>	<u>\$74,873,024</u>	<u>\$3,330,013</u>	<u>\$—</u>	<u>\$—</u>	<u>\$—</u>
<i>ADDITIONAL PROGRAMS</i>							
Build America Bonds / TFA Bonds	Debt Service	15,580,207	125,852,918	174,497,661	173,485,649	173,485,649	173,255,845
<i>Subtotal Additional Program</i>		<u>\$15,580,207</u>	<u>\$125,852,918</u>	<u>\$174,497,661</u>	<u>\$173,485,649</u>	<u>\$173,485,649</u>	<u>\$173,255,845</u>
<b>TOTAL EXPENSE BUDGET</b>		<u>\$1,608,709,602</u>	<u>\$1,689,470,116</u>	<u>\$232,754,975</u>	<u>\$188,158,664</u>	<u>\$174,717,223</u>	<u>\$174,451,600</u>

**BUDGET RELIEF**

PROGRAM	AGENCY	2010	2011	2012	2,013	2014	2015
MEDICAID - FMAP*	Social Services	\$893,640,487	\$998,858,666	\$199,448,003	\$32,356,662	\$—	\$—

\* City funds removed from expense budget. The cost has been shifted to federal programs. Includes a two quarter extension of the increased federal participation in Medicaid.

**CAPITAL FUNDING**

PROGRAM	AGENCY	2010	2011	2012	2013	2014	2015
<i>SCHOOL TAX CREDIT BONDS</i>	Education	<u>\$250,000,000</u>	<u>\$147,000,000</u>	<u>\$478,000,000</u>	<u>\$320,000,000</u>	<u>\$280,000,000</u>	<u>\$225,000,000</u>
<i>OTHER CAPITAL PROGRAMS</i>							
Hunts Point: Reconstruction of Digesters	DEP	\$35,365,000	\$—	\$—	\$—	\$—	\$—
Newtown Creek: Purchase of 3 Sludge Vessels	DEP	65,500,000	—	—	—	—	—
Port Richmond: Reconstruction of Boiler System	DEP	27,011,000	—	—	—	—	—
Paerdegat Basin Natural Area Park							
Ecological Restoration	DEP	14,637,000	—	—	—	—	—
26th Ward: Emergency Generators	DEP	32,464,000	—	—	—	—	—
Oakwood Beach: Reconstruction of Substation	DEP	13,853,000	—	—	—	—	—
Wards Island: Replacement of							
Primary Sludge System	DEP	15,704,000	—	—	—	—	—
26th Ward: Replacement of Bar Screens	DEP	6,326,000	—	—	—	—	—
Rockaway: Reconstruction of CBS/PBS System	DEP	5,111,000	—	—	—	—	—
Owls Head: Reconstruction of Sludge							
Main Gate & Valves	DEP	1,550,000	—	—	—	—	—
Greenstreets: Staten Island, the Bronx and Queens	Parks	2,000,000	—	—	—	—	—
Brooklyn Bridge (#6) Bk Appr's,							
Main Span & Paint	DOT	30,000,000	—	—	—	—	—
Recon Pier at Ferry Maintenance Facility	DOT	—	4,000,000	—	—	—	—
Drydock Austen Class Ferry Boats	DOT	—	—	—	—	—	—
Drydock Molinari Ferry Boats	DOT	5,522,000	—	—	—	—	—
Recon & Drydocking of Barberi Class Ferry Boats	DOT	—	4,095,000	—	—	—	—
Bruckner Expwy / Bronx River - Painting	DOT	3,500,000	—	—	—	—	—
Comp Rehab Construction	DOT	2,500,000	—	—	—	—	—
Newtown Creek: Component Rehab of							
Greenpoint Ave Br	DOT	2,500,000	—	—	—	—	—
Wards Island Pedestrian Br /							
Harlem River 2-24062-0	DOT	1,500,000	—	—	—	—	—
St. George Terminals: Reconstruction of Ramps	DOT	554,000	—	—	—	—	—
<b>TOTAL CAPITAL BUDGET</b>		<u>\$265,597,000</u>	<u>\$8,095,000</u>	<u>\$—</u>	<u>\$—</u>	<u>\$—</u>	<u>\$—</u>

**EXHIBIT 8**  
**Financial Summary Comparison — FY 2006 - FY 2012**  
**Includes TFA Retention of PIT and TFA Debt Service**  
**(\$ in Millions)**

	FY 2006 <sup>1</sup>	FY 2007 <sup>1</sup>	FY 2008 <sup>1</sup>	FY 2009 <sup>1</sup>	FY 2010 <sup>2</sup>	FY 2011 <sup>2</sup>	FY 2012 <sup>3</sup>
<i>Revenues</i>							
<i>Taxes:</i>							
General Property Tax . . . . .	\$12,471	\$12,958	\$13,062	\$14,338	\$16,184	\$16,830	\$17,685
Other Taxes . . . . .	20,368	23,586	23,586	19,678	19,130	21,172	22,187
TFA Retention of PIT . . . . .	947	898	1,101	1,047	1,118	1,081	1,565
Tax Audits Revenues . . . . .	775	1,085	1,016	948	769	868	660
Subtotal Taxes . . . . .	\$34,561	\$38,527	\$38,765	\$36,011	\$37,201	\$39,951	\$42,097
Miscellaneous Revenues . . . . .	5,258	5,630	6,521	6,258	6,472	6,192	5,915
Unrestricted Intergovernmental Aid . . . . .	494	35	242	327	(18)	14	12
Less: Intra-City Revenue . . . . .	(1,396)	(1,387)	(1,477)	(1,631)	(1,782)	(1,890)	(1,532)
Disallowances . . . . .	(542)	(103)	(114)	-	-	(15)	(15)
Subtotal City Funds . . . . .	\$38,375	\$42,702	\$43,937	\$40,965	\$41,873	\$44,252	\$46,477
Other Categorical Grants . . . . .	1,150	1,038	1,089	1,279	1,579	1,336	1,160
Inter-Fund Revenues . . . . .	365	421	455	475	583	569	543
Federal Categorical Grants . . . . .	5,243	5,471	5,692	5,941	7,716	8,325	6,525
State Categorical Grants . . . . .	9,586	10,185	11,421	12,124	11,645	11,495	11,010
Total Revenues . . . . .	\$54,719	\$59,817	\$62,594	\$60,784	\$63,396	\$65,977	\$65,715
<i>Expenditures</i>							
Personal Service . . . . .	\$28,136	\$30,262	\$32,643	\$34,732	\$35,316	\$36,783	\$37,693
Retiree Health Benefits Trust . . . . .	1,000	1,500	-	-	(82)	(395)	(672)
Other Than Personal Service . . . . .	22,276	22,978	25,019	25,484	26,828	26,831	27,229
GO, Lease and MAC Debt Service . . . . .	3,379	3,606	3,700	3,644	3,886	3,956	4,349
TFA Debt Service . . . . .	947	898	1,101	1,047	1,118	1,081	1,565
Net Impact of Debt Defeasances . . . . .	150	1,106	1,568	(675)	(2,726)	—	—
Net Impact of Discretionary Transfers: . . . . .	222	849	35	(1,822)	833	(429)	(3,217)
General Reserve . . . . .	—	—	—	—	—	40	300
	\$56,110	\$61,199	\$64,066	\$62,410	\$65,173	\$67,867	\$67,247
Less: Intra-City Expenditures . . . . .	(1,396)	(1,387)	(1,477)	(1,631)	(1,782)	(1,890)	(1,532)
Total Expenditures . . . . .	\$54,714	\$59,812	\$62,589	\$60,779	\$63,391	\$65,977	\$65,715
Surplus/(Deficit) GAAP Basis . . . . .	\$5	\$5	\$5	\$5	\$5	\$—	\$—

FY 2006 to FY 2009 have been restated to include TFA retention of PIT and TFA debt service for comparability purposes. TFA retention of PIT and TFA debt service, including the impact of prepayments and debt defeasances are \$350 million, \$685 million, \$164 million and \$138 million for FY 2006 to FY 2009, respectively.

- 1 Actual, Comptroller's Report as of the audit of the respective fiscal year, excluding subsequent restatements.
- 2 Forecast
- 3 Executive Budget