

The City of New York
Executive Budget
Fiscal Year 2015

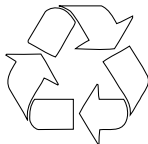
Bill de Blasio, Mayor

Office of Management and Budget
Dean Fuleihan, Director
May 8, 2014

Message of
the Mayor

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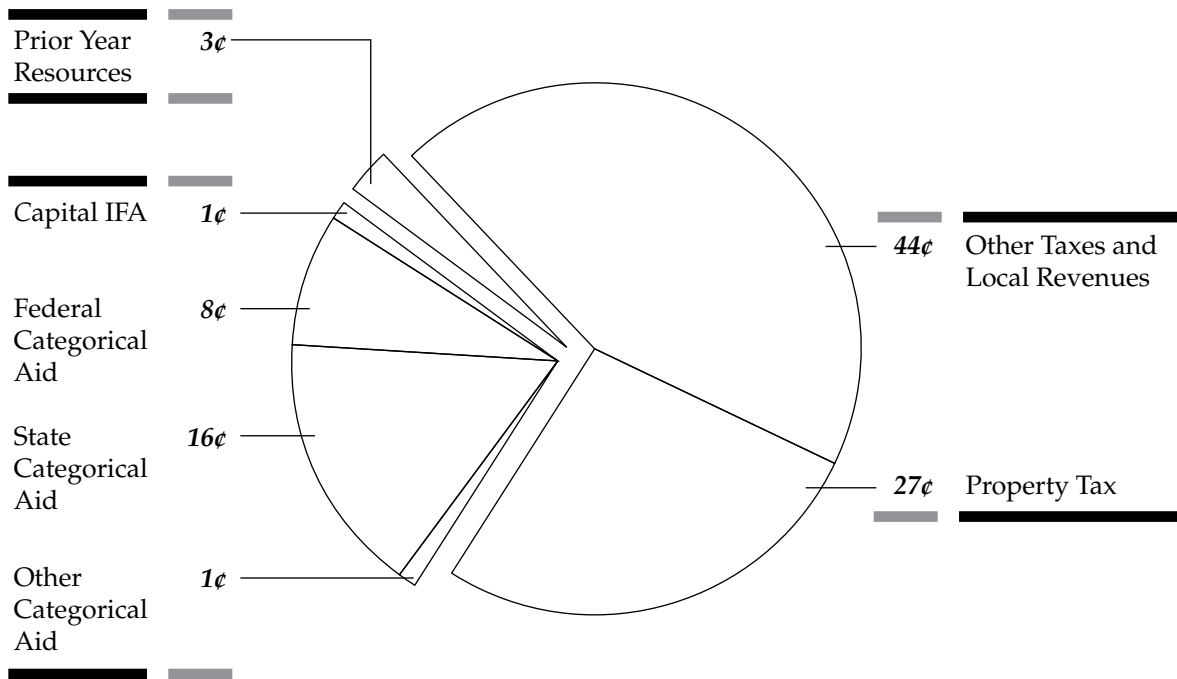


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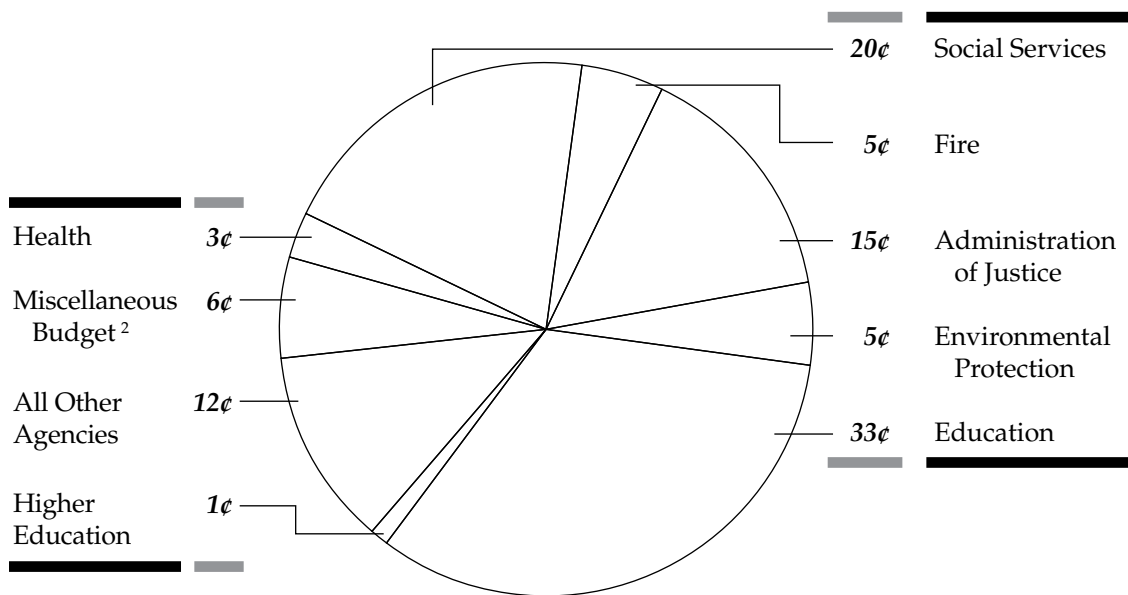


Budget and Financial Plan Summary

Where the 2015 Dollar Comes From



Where the 2015 Dollar Goes To¹



¹ Reflects the allocation of Fringe Benefits, Pensions and Debt Service to the agencies.

Excludes the impact of prepayments.

² Includes Labor Reserve, Judgments and Claims, General Reserve, MTA Subsidies, and Indigent Defense Services.

BUDGET AND FINANCIAL PLAN OVERVIEW

The Fiscal Year 2015 Executive Expense Budget is \$73.9 billion. This is the thirty-fifth 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.

Highlights of the Executive Budget and Financial Plan are:

- Forecast City revenue increases between Fiscal Years 2014 and 2015 by \$289 million. Baseline tax revenue is projected to increase by \$592 million.
- Controllable Agency Expenses decrease by \$404 million or 1.6% from Fiscal Years 2014 to 2015.
- Included in Controllable Agency Expenses is the Reserve for Collective Bargaining. The reserve contains funding for the entire workforce that mirrors the framework of the recently announced tentative collective bargaining agreement with the United Federation of Teachers (UFT). Some of the costs of the settlement will be offset by savings from reform of City health insurance and the release of reserves from the health stabilization fund.
- Non-Controllable Expenses increase by \$2.5 billion or 8.7% over this period. The increase in Non-Controllable Expenses includes \$899 million for Debt Service and \$523 million for Pensions and Fringe Benefits. Additional expenditures in pensions and health insurance savings stemming from the tentative labor settlement are reflected in the Reserve for Collective Bargaining.
- Fiscal Year 2015 is balanced using \$2.3 billion of surplus funds accumulated in prior years. The gaps for Fiscal Years 2016 through 2018 are \$2.2 billion, \$2.0 billion, and \$3.2 billion, respectively.

City Funds Revenue and Expenses (\$ in Millions)

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Revenue	\$53,501	\$53,790	\$55,905	\$57,745	\$59,180
Year-to-Year		\$289	\$2,115	\$1,840	\$1,435
Change:		0.5%	3.9%	3.3%	2.5%
Expenses ¹					
Controllable Agency Expenses	\$25,033	\$24,629	\$25,317	\$25,906	\$27,496
Year-to-Year		(\$404)	\$688	\$589	\$1,590
Change:		(1.6%)	2.8%	2.3%	6.1%
Non-Controllable Expenses ²	\$28,974	\$31,493	\$32,785	\$33,868	\$34,924
Year-to-Year		\$2,519	\$1,292	\$1,083	\$1,056
Change:		8.7%	4.1%	3.3%	3.1%
Total Expenses	\$54,007	\$56,122	\$58,102	\$59,774	\$62,420
Year-to-Year		\$2,115	\$1,980	\$1,672	\$2,646
Change:		3.9%	3.5%	2.9%	4.4%
Surplus / (Deficit)	(\$506)	(\$2,332)	(\$2,197)	(\$2,029)	(\$3,240)
Prior Year Prepayment - Benefit	\$2,838	\$2,332	\$ —	\$ —	\$ —
Current Year Prepayment - (Cost)	(\$2,332)	\$ —	\$ —	\$ —	\$ —
Net Impact of Prepayments	\$506	\$2,332	\$ —	\$ —	\$ —
Gap To Be Closed	\$ —	\$ —	(\$2,197)	(\$2,029)	(\$3,240)

¹ Excludes the impact of prepayments.

² Non-controllable agency expenses include debt service, pensions, fringe benefits, medicaid, re-estimate of prior year’s expenses, general reserve, judgments and claims, subsidies to the MTA, and public assistance.

Five-Year Financial Plan
(\$ in Millions)

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<i>Revenues</i>					
Taxes:					
General Property Tax.....	\$19,969	\$20,679	\$21,714	\$22,603	\$23,478
Other Taxes.....	27,116	27,149	28,323	29,285	30,214
Tax Audit Revenue	860	709	709	709	709
Subtotal - Taxes	<u>\$47,945</u>	<u>\$48,537</u>	<u>\$50,746</u>	<u>\$52,597</u>	<u>\$54,401</u>
Miscellaneous Revenues.....	7,347	7,063	6,994	6,986	6,622
Unrestricted Intergovernmental Aid .	—	—	—	—	—
Less: Intra-City Revenue	(1,776)	(1,795)	(1,820)	(1,823)	(1,828)
Disallowances Against					
Categorical Grants	(15)	(15)	(15)	(15)	(15)
Subtotal City Funds	<u>\$53,501</u>	<u>\$53,790</u>	<u>\$55,905</u>	<u>\$57,745</u>	<u>\$59,180</u>
Other Categorical Grants	900	761	837	832	828
Inter-Fund Revenues.....	538	527	513	513	513
Federal Categorical Grants	8,303	6,377	6,333	6,310	6,299
State Categorical Grants	11,770	12,460	12,904	13,401	13,953
Total Revenues	<u>\$75,012</u>	<u>\$73,915</u>	<u>\$76,492</u>	<u>\$78,801</u>	<u>\$80,773</u>
<i>Expenditures</i>					
Personal Service					
Salaries and Wages	\$23,614	\$23,126	\$23,860	\$24,346	\$25,750
Pensions	8,270	8,354	8,445	8,546	8,723
Fringe Benefits	8,737	9,058	9,722	10,444	11,240
Subtotal – Personal Service	<u>\$40,621</u>	<u>\$40,538</u>	<u>\$42,027</u>	<u>\$43,336</u>	<u>\$45,713</u>
Other Than Personal Service					
Medical Assistance	6,365	6,447	6,415	6,415	6,415
Public Assistance	1,379	1,428	1,407	1,413	1,413
All Other ¹	23,146	22,364	22,818	23,307	23,860
Subtotal – Other Than					
Personal Service.....	\$30,890	\$30,239	\$30,640	\$31,135	\$31,688
Debt Service ^{1,2}	5,733	6,665	7,242	7,582	7,840
FY 2013 Budget Stabilization					
& Discretionary Transfers ¹	(2,838)	—	—	—	—
FY 2014 Budget Stabilization ²	2,332	(2,332)	—	—	—
General Reserve.....	50	600	600	600	600
Subtotal	<u>\$76,788</u>	<u>\$75,710</u>	<u>\$80,509</u>	<u>\$82,653</u>	<u>\$85,841</u>
Less: Intra-City Expenses	(1,776)	(1,795)	(1,820)	(1,823)	(1,828)
Total Expenditures	<u>\$75,012</u>	<u>\$73,915</u>	<u>\$78,689</u>	<u>\$80,830</u>	<u>\$84,013</u>
Gap To Be Closed.....	\$—	\$—	(\$2,197)	(\$2,029)	(\$3,240)

¹ Fiscal Year 2013 Budget Stabilization and Discretionary Transfers total \$2.807 billion, including GO of \$2.727 billion, net equity contribution in bond refunding of \$16 million, and subsidies of \$64 million. In addition, the Fiscal Year 2012 Budget Stabilization included \$31 million for prepayment of Fiscal Year 2014's debt service.

² Fiscal Year 2014 Budget Stabilization totals \$2.332 billion, including GO of \$970 million and TFA of \$1.362 billion.

SANDY RECOVERY

Sandy's Impact on the City and its Communities

Hurricane Sandy caused devastation in all five boroughs of New York City, claiming the lives of 44 people. The damage Sandy wrought upon the City's infrastructure was unprecedented and demonstrated the City's dependence on such systems, and their vulnerability. Sandy disrupted the delivery of the City's most critical systems of emergency healthcare, energy, telecommunications and transportation. For example: two million people were affected by lost electricity, including five acute care hospitals; 100 percent of the region's refineries and pipelines were shut-down for three days, with 21 percent shut down for 10 days or more; citywide telecommunications were disrupted due to flooding; 12 subway tunnels were out of service for three days, three of which were out for ten days or more.

Along with its devastation, Sandy made clear the City's vulnerability to extreme weather events, which are expected to increase in frequency and intensity due to climate change. By incorporating new hazard mitigation systems into Sandy recovery work, the City is seeking to maximize its ability to withstand future disasters. Since Sandy, the City has steadfastly pursued the goal of repairing and rebuilding its communities, homes, businesses and critical services, while improving and fortifying the resiliency of municipal infrastructure.

Sandy's Impacts on the City

Damages and lost economic activity are estimated to have cost the City at least \$19 billion. The total cost of damages to the City's public facilities is estimated at \$5.8 billion with the City incurring \$2.1 billion of emergency response expenses that included protective measures, debris removal and emergency repairs. The City has now begun long-term repairs to infrastructure, with costs currently estimated at \$3.7 billion. Some examples of long-term projects are:

- replacement of 60 boilers at NYC Housing Authority developments;
- replacement of 55 boilers at NYC public schools;
- repair of major damages to Coney Island and Bellevue hospitals;
- repairs to ten of the City's 14 wastewater treatment plants;
- repairs to over 5,700 flooded acres of City parkland;
- replacement of over three million cubic yards of sand at City park beaches.

**Hurricane Sandy Expense and Capital Cost Estimates by Agency
(\$ in millions)**

	Expense	Capital	Total
HHC Hospitals ¹	\$384	\$1,027	\$1,411
Parks.....	105	710	815
Transportation (DOT) ²	48	565	613
Education (DOE and SCA).....	68	402	470
Fire Department.....	38	168	206
Correction.....	5	83	88
DEP.....	696	58	753
Cultural Affairs.....	1	128	129
Police Department.....	199	22	220
Sanitation.....	144	10	154
All Other Agencies.....	261	88	349
Subtotal.....	<u>\$1,949</u>	<u>\$3,260</u>	<u>\$5,209</u>
New York City Housing Authority ³	150	399	549
Grand Total.....	<u><u>\$2,099</u></u>	<u><u>\$3,659</u></u>	<u><u>\$5,758</u></u>

1. HHC capital cost estimates include over \$700 million of possible FEMA Public Assistance 406 Hazard Mitigation.
2. The Department of Transportation includes \$352 million of Federal Highway and Federal Transit Administration funding.
3. NYCHA's \$549 million of FEMA claims towards damages will be reduced by \$380 million of estimated insurance coverage (\$135 million for expense and \$245 million for capital).

Federal Funding of Recovery

The City is seeking reimbursement from the Federal Emergency Management Agency (FEMA) through its Public Assistance program, the U.S. Department of Housing and Urban Development (HUD) through the Community Development Block Grant-Disaster Recovery (CDBG-DR) program, and other Federal programs for Sandy recovery expenses. The City has applied to FEMA for grants totaling \$1.4 billion that will pay for eligible emergency response costs. To date the City has been reimbursed for over \$600 million of these costs. The remaining amounts will be reimbursed as additional grants are submitted, and as FEMA validates expenses (\$236 million is budgeted in 2014). The City is also seeking Federal reimbursement for the estimated \$3.7 billion in costs for the City's long-term repairs, costs which are spread over multiple years as capital construction is completed. These costs will be reimbursed as expenses are incurred by City agencies and validated by FEMA.

The CDBG-DR grant is a resource allocated to help areas recover from presidentially-declared disasters and was part of the Disaster Relief Appropriations Act of 2013. To date, the City has received two allocations totaling \$3.22 billion, of which \$909 million is budgeted in the current financial plan. These funds cover programs that will address the storm's impact on housing and businesses, repair critical infrastructure systems, and make investments in resiliency measures across New York City. CDBG-DR funds also serve as the "local-match" for other federal funding streams such as FEMA, Federal Highway Administration (FHWA), and Federal Transit Administration (FTA). Details about all programs covered by CDBG-DR funds can be found in the City's Action Plan, which includes all HUD approved amendments, on the City's CDBG-DR website: www.nyc.gov/cdbg

CDBG-DR Funding
(\$ in millions)

Program Area	Allocation 1 Funding	Allocation 2 Funding - Pending Approval	Total Funding
Housing.....	\$540	\$847	\$1,387
Public Housing.....	108	200	308
Business.....	293	(27)	266
Infrastructure and Other City Services.....	360	445	805
Resiliency.....	294	(10)	284
Planning/Admin.....	178	(8)	170
Total.....	\$1,773	\$1,447	\$3,220

Source: CDBG-DR Action Plan, www.nyc.gov/cdbg

In addition to the City’s own infrastructure and emergency response costs, homeowners and tenants in the City suffered damage as a result of Hurricane Sandy. The City’s Build it Back and Housing recovery programs are designed to assist homeowners, landlords, and tenants in the five boroughs whose primary homes were damaged by Hurricane Sandy. Housing programs make up the largest portion of the City’s CDBG-DR grant. Build it Back provides assistance to homeowners, owners of rental buildings, and multi-family buildings. The Build it Back program has two components:

- single family (one to four units) – provides rehabilitation, reconstruction, and reimbursement assistance.
- multi-family (five or more units) – provides rehabilitation, reimbursement, and resiliency assistance.

Additional housing recovery programs funded by the CDBG-DR grant include:

- Temporary Disaster Assistance Program (TDAP) – a rental assistance program.
- NYC Housing Authority – assistance for the repair of damaged public housing buildings, including emergency generators and improvements not funded by FEMA.

Similar to homeowners and residential tenants, New York City’s small business community also was adversely impacted by Hurricane Sandy. The City, through the Department of Small Business Services and the NYC Economic Development Corporation (EDC), has launched four programs to address the physical and economic impact of Hurricane Sandy on businesses:

- *Hurricane Sandy Business Loan and Grant Program* – provides loans and matching grants to storm-impacted small businesses for working capital, moveable equipment, and inventory.
- *RISE:NYC* – Resiliency Innovations for a Stronger Economy – will help small businesses by funding cost-effective innovations to improve the resiliency of infrastructure and building systems.
- *The Business Resiliency Investment Program* – provides funds to tenants and owners of commercial space to improve their resiliency to severe weather.
- *Neighborhood Game Changer Investment Competition* – program will identify and fund transformational investments in five specific storm impacted areas within New York City.

New Leadership

Mayor de Blasio has appointed new leadership to focus on the fast and efficient delivery of relief to New Yorkers affected by Hurricane Sandy, and to lead the City's rebuilding efforts. Bill Goldstein will serve as Senior Advisor to the Mayor for Recovery, Resiliency, and Infrastructure and the senior administration official overseeing both the Housing Recovery Office (HRO) and the new, dedicated Office of Recovery and Resiliency (ORR). His position will focus on driving solutions to the complex problems within the large family of City agencies. He will also coordinate long-term capital infrastructure projects.

Amy Peterson will serve as Director of the HRO. Since Mayor de Blasio took office, the HRO has made a series of improvements to serve New Yorkers more effectively and compassionately, prioritizing the fast and efficient delivery of relief with a focus on home rebuilds, repairs, and reimbursements. Steps were taken to improve efficiency and transparency, fix areas of delay, and plan comprehensively for future needs. Amy Peterson has direct accountability for the success of the Build it Back program. The HRO is committed to getting recovery funds to the homeowners, renters, and public housing developments that need them. This is being accomplished by focusing on progress, community engagement, and financial relief.

- progress – since January 1st, over 7,500 damage assessments have been conducted, over 4,000 homeowners have met with Build It Back at option review meetings to decide how to proceed in rebuilding or repairing their homes, and over 1,200 homeowners have selected their option. Almost 300 projects are in design and 20 have started construction. Almost 100 homeowners have received reimbursement checks. The City has set a goal of 500 construction starts and 500 reimbursement checks issued by Labor Day. The City is committed to moving all impacted homeowners through this process to provide much needed relief to these communities.
- community engagement – the HRO is focused on a neighborhood based approach. Borough Directors will lead neighborhood based recovery efforts, increase community engagement to help homeowners navigate the process from application through construction, and coordinate planning and construction issues across City agencies. Community residents will be connected to jobs related to the rebuilding.
- financial relief – the City is working to ensure that all homeowners have access to support through the Build It Back program by expanding eligibility for Rebuild, Reimbursement, and Acquisition. The City is also focused on providing financial relief and support by developing plans for property tax relief, water bill relief, and temporary rental assistance. Programs for renters are being expanded through partnerships with HUD and private funders.

The new, dedicated Office of Recovery and Resiliency (ORR) will be led by Daniel Zarrilli. Dan served as the chief architect of the City's Special Initiative for Rebuilding and Resiliency (SIRR) developing a comprehensive plan to guide the long-term rebuilding efforts across the five boroughs. The plan, known as "A Stronger, More Resilient, New York", was released in June of 2013. The plan included 257 cost-effective and achievable initiatives to reduce the risk of extreme weather and climate change by strengthening the coastline, upgrading buildings, protecting infrastructure, and making neighborhoods safer and more vibrant.

Substantial progress has already been achieved in partnership with many agencies, as documented in the 2014 PlaNYC progress report issued in April 2014, through which the City:

- placed 1.2 million cubic yards of sand on City park beaches in the Rockaways, Coney Island, and Staten Island – another 2.9 million cubic yards to be placed this year.
- secured reforms to the National Flood Insurance Program to slow premium increases and maintain affordable coverage in vulnerable coastal neighborhoods.

- settled a rate case agreement with ConEd and the State to ensure storm hardening investments in the City's electric grid.
- passed 17 local laws to improve the building code and enhance citywide resiliency.

ORR will continue the work of SIRR and the implementation of "A Stronger, More Resilient, New York". Further, ORR will continue to plan, develop, track and coordinate all recovery and resiliency efforts across all City agencies and will provide a coordinated voice for the City's resiliency efforts. It will focus on improvement of operations across four areas:

- enhanced policy and planning of long-term climate resiliency efforts.
- expedited efforts to secure additional Federal funding.
- continued collaboration with State recovery and resiliency planning processes.
- expanded economic opportunity for New Yorkers.

In addition, this office will take the lead on important areas such as coastal protection, food system resiliency, resiliency measures for the built environment, energy, and liquid fuels. ORR, in coordination with the Office of Management and Budget and various City agencies, is working to maximize Federal funding for these efforts, significantly through FEMA's Section 404 Hazard Mitigation Grant Program, FEMA's Section 406 Hazard Mitigation funds, HUD's CDBG-DR grant, and other Federal sources (United States Army Corps of Engineers, Department of the Interior, etc.) to fund long-term resiliency activities.

- ORR and the EDC are developing bulkhead and shoreline investment projects, a consumer flood insurance education campaign, a food supply study, and feasibility studies for coastal protection and an integrated floor protection design.
- ORR and the Department of Housing Preservation and Development (HPD) are working together to develop a resiliency scope within the Build it Back Multi-Family Program, through the Residential Building Mitigation Program, which will provide assistance to multi-family buildings for resiliency measures.

With process improvements to the Build it Back program and community engagement, a specific focus on speeding up the pace of recovery, and enhancing the coordination between Federal and City agencies the de Blasio administration continues to ensure recovery efforts as one of its top priorities. These steps will not only streamline the current efforts but better prepare the City for future disasters.

More information on Sandy recovery, and the Build it Back program as well as detailed performance metrics described on the Sandy Funding Tracker, are available at: www.nyc.gov/recovery .

CONTRACT BUDGET

The Contract Budget is presented as part of the 2015 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 2015 Executive Contract Budget contains an estimated 17,074 contracts totaling over \$11.93 billion. Approximately 78 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 \$1.77 billion in contracts, approximately 68 percent of which represents contracts allocated for Children’s Charitable Institutions (\$453 million) and Day Care (\$762 million). Of the over \$5.27 billion in Department of Education contracts, approximately 21 percent is allocated for pupil transportation contracts (\$1.11 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 2014 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.....	4,646	\$4,222	35.4%
<ul style="list-style-type: none"> • 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	2,505	3,993	33.4%
<ul style="list-style-type: none"> • (including Transportation of Pupils and Payments to Contract Schools) 			
Other Services.....	2,994	1,255	10.5%
<ul style="list-style-type: none"> • Custodial, Security Services, Secretarial, Cultural Related, Employee Related, Economic Development, Transportation, Municipal Waste Exporting, etc. 			
Professional Services/Consultant.....	3,473	1,786	15.0%
<ul style="list-style-type: none"> • Accounting, Auditing, Actuarial, Education, Investment Analysis, Legal Engineering & Architectural, System Development & Management Analysis, etc. 			
Maintenance & Operation of Infrastructure	1,704	378	3.2%
<ul style="list-style-type: none"> • Lighting, Street Repair, Buildings, Parks, Water Supply, Sewage and Waste Disposal, etc. 			
Maintenance of Equipment.....	1,752	301	2.5%
<ul style="list-style-type: none"> • Data Processing, Office Equipment, Telecommunications & Motorized Equipment, etc. 			
TOTAL	<u>17,074</u>	<u>\$11,935</u>	<u>100.00%</u>

COMMUNITY BOARDS

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 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 2015 the uniform base budget for each community board is \$206,895. 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 2015.

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 select nominees from which half the appointments are made. All fifty 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 up to 40 capital budget requests and their up to 25 expense budget requests. For 2015 community boards submitted 1,751 capital requests and 1,296 expense requests to 38 agencies. Two-thirds of the community board capital budget requests seek improvements to streets, sewers and parks. Community board expense budget requests concentrate on local services and personnel increases.

District specific budget information is available in the following geographic budget reports, which accompany the release of the 2015 budget.

Register of Community Board Budget Requests for the Executive Budget, Fiscal Year 2015 – lists the funding status for all community board proposals in priority order within community district.

Geographic Report for the Executive Expense Budget for Fiscal Year 2015 – details the expense budgets of fourteen agencies that deliver local services by borough and service district. Includes 2015 Executive Budget information as well as 2014 current modified budget and budgeted headcount data.

Executive Capital Budget for Fiscal Year 2015 – details the Mayor's Capital Budget by project within agency. Budget data is presented by community district and by agency within borough.

Geographic Fiscal Year 2015 Executive Budget Commitment Plan – presents information on capital appropriations and commitments by community board, including implementation schedules for the current year and four plan years for all active projects by budget line.

ECONOMIC OUTLOOK

Overview

The U.S. economy hit a milestone in April, matching the average length of 58 months for post-war expansions. However, the recovery has been lackluster and the recent harsh winter further slowed activity, with preliminary estimates showing growth nearly stalling in the first quarter 2014. The housing market has decelerated due to higher mortgage rates and very tight inventory, which has resulted in declining transaction volume. However, there are indications that the winter slump was temporary: monthly job creation is bouncing back and consumption, which was dominated by increases in utility and energy expenditures, is returning to more normal patterns, with particular strength in auto sales.

The Federal Reserve continues to scale back bond purchases with the intention of shuttering the current quantitative easing program by the end of 2014. The announcement of the taper program last summer caused a large jump in interest rates and fixed income trading suffered, while equity markets soared. Along with recurrent litigation and increasing regulatory reform, this led to a slowdown in Wall Street profits, which fell to \$16.7 billion in 2013. Interest rates stabilized in the past few months, allowing corporations to lock in cheap financing. At the same time, more modest equity market appreciation has led to slower flows into equity funds, bond trading volume continues to fall, and mortgage refinancing activity remains depressed.

The New York City economy continued to expand, with private sector employment growing 2.6 percent in 2013 – the third consecutive year of very strong growth. However, robust Wall Street profits did not translate into job creation, as securities sector headcount contracted by roughly 4,000 jobs. In contrast, strong growth continued in professional & business services and information and tourism-related sectors such as leisure & hospitality and retail trade continue to expand. After a strong period of gains, it is projected that the private sector job market will return to a more moderate 1.7 percent growth rate in 2014. Combined with expected wage growth of 2.5 percent, total wage earnings should be up nearly four percent over 2013.

In addition to the labor market, other parts of the City's economy continue to improve. The commercial real estate market benefitted from strong job growth in office-using employment, resulting in new leases of over 25 million square feet in 2013, a trend that has continued into 2014. However, vacancy rates are projected to increase this year with new space from One World Trade Center coming online, putting downward pressure on asking rents. Residential real estate transactions jumped in 2013, with double-digit gains in all housing categories. However, average prices fell moderately due to a shift to lower priced properties after the surge of high-end sales at the end of 2012 spurred by tax law changes. Permits soared 70 percent in 2013, but still remain below trend. With tight inventory and strong demand, prices are expected to resume rising in 2014.

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

THE U.S. ECONOMY

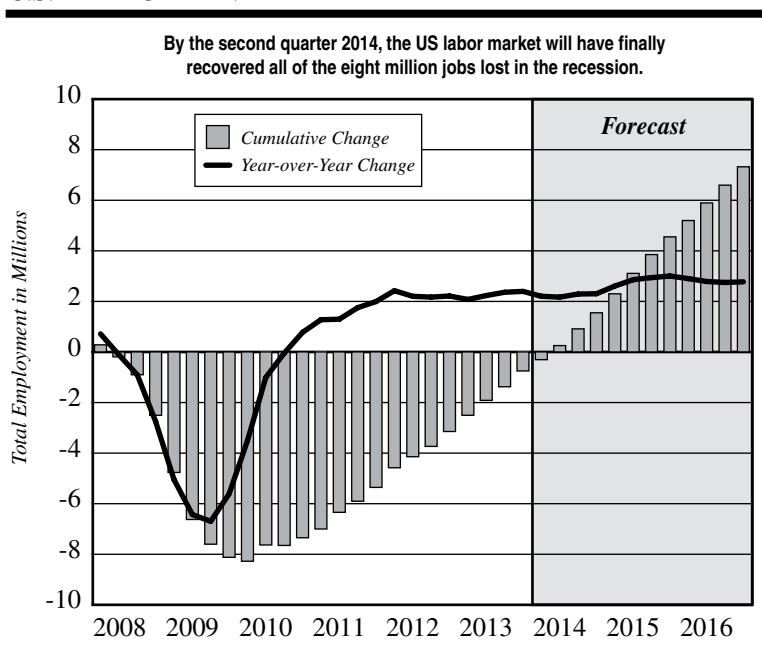
The U.S. economy reached a milestone in April as the current expansion hit 58 months, matching the average length of economic expansions since World War II. However, the recovery has been lackluster compared to previous cycles, averaging just 2.4 percent annual GDP growth since the trough, below the 3.6 percent and 2.8 percent average rates in the prior two expansions. The economy has been resilient, however, successfully withstanding a variety of shocks including the European debt crisis, increased financial regulation, fiscal uncertainty and the recent slowdown in China and other emerging markets. Most recently the harsh winter weather put a damper on activity, but it appears that most of the economy is bouncing back with the spring thaw. The potential challenges ahead include the Fed's tapering of bond purchases, which will push rates higher, and the health of the housing sector, which appears to be slowing from the breakneck pace of 2013.

The hard winter disrupted economic activity and altered consumer spending patterns in the first quarter of 2014. The most recent data suggests that much of the impact was temporary, with labor markets and consumption spending returning to more normal patterns. Private employment decelerated in December, and monthly employment gains in the three-month period through February averaged only 147,000 jobs, well below the rate of 210,000 per month through the previous 12 months. However, by March, the job creation rate had climbed back to nearly 200,000 jobs, along with modest upward revisions to prior months' levels. Other employment measures also showed this pattern. The four-week moving average of initial unemployment claims hit an eight-month high in late December but more than recovered by mid-April, falling to levels last seen in 2007. In addition, the number of job openings traced a mirror image, dropping in December and January, only to recover in February and reach a six-year high. The employment forecast projects that non-farm employment will grow by 1.6 percent (2.2 million jobs) and 2.1 percent (2.9 million) in 2014 and 2015, respectively.

Consumption spending was also skewed by the weather, with both negative and positive impacts. The cold weather boosted spending on utilities and energy at the expense of other consumption categories such as automobiles. For example, sales of natural gas jumped over 60 percent from December to February. Paradoxically, the expected drop in energy sales with warmer weather will be recorded as a decline in consumption and a drag on growth. Seasonally adjusted auto sales contracted about five percent during December and January. However, with the average age of passenger cars at a record high of 11 years, there is clearly pent-up demand. Hence, with the thaw, car sales bounced back, jumping 5.6 percent from January to March. The most recent data on retail sales has also been strong, with broad-

based improvements in nearly all categories. Looking forward, the rollout of the Affordable Care Act will increase the demand for healthcare and will boost the consumption of services in unexpected ways. However, the magnitude of the effect is currently unknown because the Bureau of Economic Analysis (BEA) has not yet added estimates of new healthcare spending to its personal consumption expenditure reports in anticipation of higher spending as the program gets up to speed.

U.S. EMPLOYMENT



The path of the housing market is important for both consumption and investment spending. In particular, residential investment is generally a leading indicator during expansions. This was not the case this cycle because over-investment in the housing sector during the housing boom created a large overhang of housing stock. The glut of unsold homes has been largely absorbed over the last four years by investors and traditional home-buyers, to the point that low inventory is now a constraint on sales volume. The outstanding inventory reported by the National Association of Realtors (NAR) fell from a high of 3.8 million homes in 2008 to a low of 1.9 million in January 2013. Since then, inventories have increased about five percent through March. Similarly, inventory shrank from 11 months of supply in 2008 to only five months in March. In addition to scarce supply, financing issues and higher borrowing rates are also slowing sales. The NAR survey of members reports that the new Qualifying Mortgage regulations and the increase in FHA mortgage insurance premiums have hampered transactions.¹ Furthermore, investors have apparently retreated in the face of higher prices and financing costs. As a result, transaction volume has been shrinking. Existing home sales peaked in July 2013 and declined by 15% through March 2014. At the same time, median prices in March were up 7.9 percent from a year ago. Increasing prices in the face of falling sales substantiate the existence of a supply constraint.

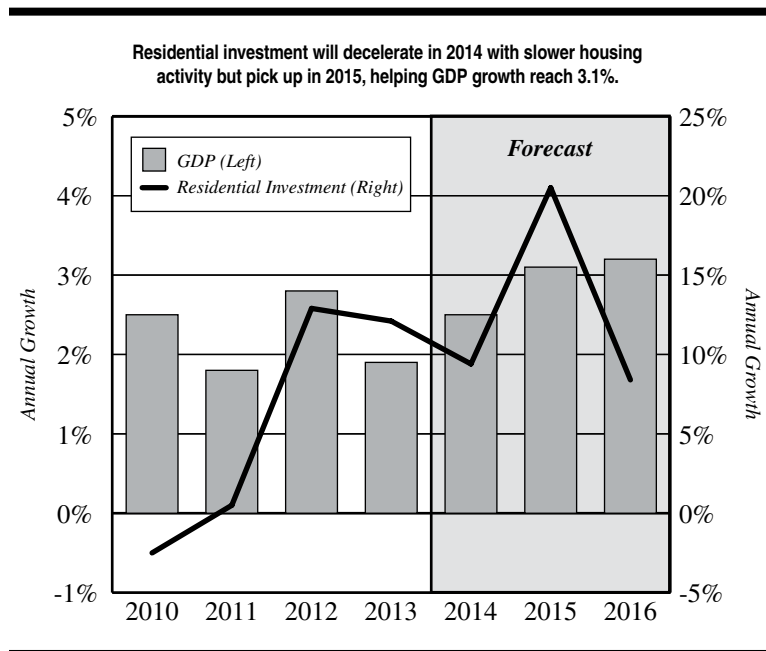
Although rising real estate prices hurt affordability for first-time buyers, the steep home price appreciation has several positive effects. The collapse of housing prices after the boom forced almost 12 million properties into negative equity positions – where the mortgage exceeded the market value of the home. As prices normalize, many of these homeowners have climbed back into positive territory: CoreLogic estimates that the strong price growth last year restored positive equity to four million properties, with about 6.5 million still underwater. There is also a wealth effect for those already with positive equity, which typically boosts consumption spending. At the end of 2013, household real estate equity reached \$10 trillion, up 26 percent from 2012 but still below the peak level of \$13 trillion attained in 2005. Finally, the higher prices should spur new housing construction, which is particularly potent in stimulating construction employment and consumer durable expenditures.

While the overall economy is expected to recover from the first quarter slowdown, the slowing national real estate market has led to a reduction in projected residential fixed investment, which will slow to 9.4 percent in 2014, down from gains of 13 percent and 12 percent in 2012 and 2013, respectively. Since home prices are expected to continue appreciating throughout the forecast, new projects should begin to boost residential investment rates in 2015 as builders respond to pent-up demand. Business investment is expected to pick up moderately as confidence in the recovery grows, increasing from 2.8 percent in 2013 to 5.4 percent in 2014.

The winter slowdown was clearly reflected in the latest GDP figures. According to the BEA’s preliminary estimate, real GDP only grew at a 0.1 percent annualized rate in the first three months of 2014.

Not only did consumption and investment weaken as expected, but inventory issues and a widening trade deficit also created drag after an unusually large increase in inventories in the second half of 2013. As this inventory stock is reduced in 2014, it will displace current production and dampen production through the first half of the year. In addition, the slowdown in emerging markets and continued weakness in Europe led to a slackening of exports and a widening trade

GDP AND RESIDENTIAL INVESTMENT GROWTH



¹ National Association of Realtors, March 2014. “Realtors Confidence Index: Report and Market Outlook.”

deficit, shaving 0.8 percentage points off first quarter growth. Despite these difficulties, real GDP growth is still expected to reach 2.5 percent for all of 2014, up from 1.9 percent in 2013. With stronger residential investment in 2015, growth should finally reach 3.1 percent for the first time in a decade.

One unresolved risk to the forecast is the Fed’s current efforts to eventually end bond buying associated with its quantitative easing (QE) program. While the economy benefitted from the low interest rate environment, yields jumped steeply last summer when the taper program was first announced. This, in turn, pushed up mortgage rates and slowed housing activity. The impact on financial markets was mixed. While fixed income trading suffered and investors began to pull money out of bond funds to limit their exposure to interest rate risk, equity markets boomed, gaining nearly 30 percent. More recently, although the Fed is still on track to shutter the QE program by the end of 2014, interest rates have moved in a narrow range after peaking at three percent at the end of 2013. Yields for 10-year Treasury notes in the first quarter averaged 2.8 percent, the same as the fourth quarter last year. They are forecasted to resume climbing gradually, averaging 3.26 percent in 2014 and 3.9 percent in 2015.

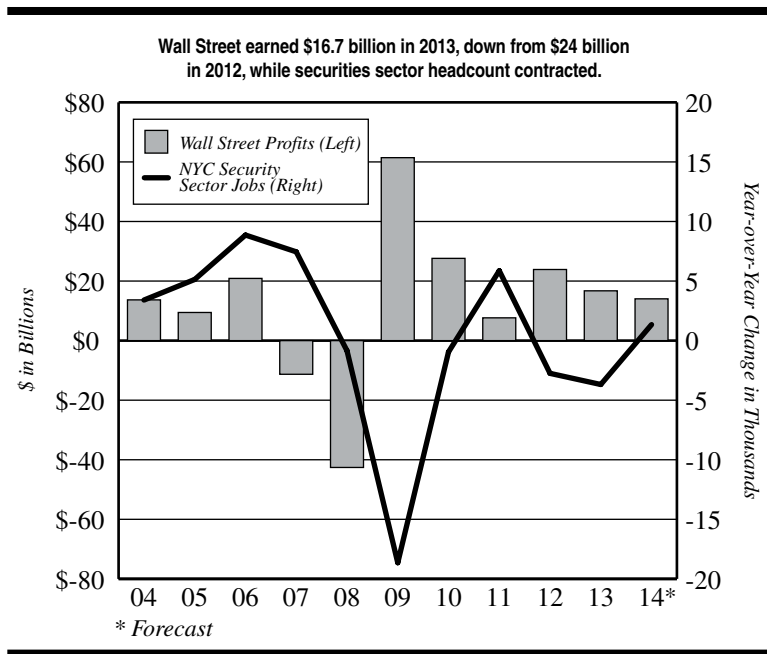
After breathtaking gains in 2013, equity markets paused in the first quarter with the S&P 500 gaining only 1.3 percent and Dow falling by 0.7 percent, and volatility remained muted. One troubling trend is that trading volume on the NYSE continues to decline, falling about one percent in the first quarter from the prior year. Volume peaked in 2008 and has declined every year since then. However, judging by mutual fund flows, retail investors continue to allocate resources to equity funds, albeit at a slower rate. Issuance of corporate debt continued at a remarkable pace. Corporations took advantage of the relatively low interest rates, issuing \$384 billion of new debt in the first quarter, up 3.5 percent from Q1 2013, which was a record year.

While financial markets moved erratically in 2013, NYSE member firms still managed to produce strong results. Fourth quarter profits were \$3.2 billion, down from the \$6.3 billion booked in the fourth quarter of 2012. Profits for the entire year totaled \$16.7 billion, down 30 percent from the prior year but still the seventh highest profit in 34 years of data. Wall Street compensation increased modestly in 2013, up 4.3 percent from the prior year, boosting the compensation-to-net-revenue ratio to 47.5 percent, still below the long-run average of 53 percent.

While first quarter 2014 profits for the entire industry are not yet available, the Big Five banks recently reported quarterly earnings.² Results were mixed, with pretax earnings for the investment banking units down 4.5 percent from first quarter 2013.

With the exception of Morgan Stanley, all reported declines in fixed income trading, which is suffering a slowdown due to the uncertain interest rate environment. According to SIFMA data, daily bond trading volume in the first quarter dropped 15 percent compared to a year ago, with particularly steep declines in mortgage-backed securities. The large retail banks are also facing slowdowns in the mortgage underwriting business as higher rates have effectively put the brakes on the mortgage refinancing business. The Mortgage Bankers Association’s refinancing index at the end of March was down 67 percent

WALL STREET PROFITS



2 Bank of America, Citigroup, Goldman Sachs, JPMorgan Chase, and Morgan Stanley

(year-over-year). At the same time, the purchase index for mortgage originations was down 17 percent, although mortgage lending should pick up as the housing market revives — the NAR's pending home sales index in March registered a monthly uptick for the first increase in nine months.

Other challenges that were evident from the earnings reports include litigation and heightened regulatory oversight. In particular, Bank of America has faced a slew of suits mostly related to crisis-era acquisitions including Countrywide and Merrill Lynch. In March the bank agreed to a payment of \$9.5 billion to settle claims with Fannie Mae and Freddie Mac, followed in April by an \$800 million settlement for misleading marketing tied to credit card products. It also set aside an additional \$6 billion for future legal costs. Citigroup also agreed to pay \$1.1 billion to settle claims from investors who had purchased flawed mortgage-backed securities packaged and sold by Citi during the housing boom.

Ongoing regulatory reform has produced significant changes in the behavior of the largest banks in an effort to constrain risky behavior. The start of the Volcker Rule this year – which restricts banks from proprietary trading and constrains their investments in private equity and hedge funds – has led to the closure or divestiture of most proprietary-trading units. In a separate effort to bolster banks' ability to withstand shocks, the Fed and other regulators approved a new rule setting the leverage ratio at five percent for the largest banks and six percent for those units qualifying for FDIC insurance, and further regulation is constraining the commodities trading business as well, pushing JPMorgan, Morgan Stanley, and Barclays to sell parts of their physical commodities businesses.

In addition to its role as bank regulator, the Fed is also facing the tricky task of executing an exit strategy from its financial market interventions and highly accommodative monetary policy. With inflation pressures practically non-existent, the Fed has plenty of maneuvering room. During the March FOMC meeting, policymakers expressed concern that the weak economic growth might actually cause the recent below-target inflation rates to persist. The Fed's preferred inflation measure, the personal consumption expenditure price index, was up only 1.1 percent in March (year-over-year), while the core measure increased by 1.2 percent. The Fed's implicit target is around two percent, so there is little sign of building inflation pressure and plenty of slack. March headline inflation, measured by the consumer price index, jumped to 1.5 percent, up from 1.1 percent in the prior month. The inflation data for the New York City area likewise shows this pattern. March headline inflation rose to 1.3 percent, up from 1.1 percent in February. The core headline rate, which omits the volatile food and energy categories, was 1.4 percent as year-over-year energy prices were stable.

THE NEW YORK CITY ECONOMY

New York City's economy has experienced sustained growth over the past few years. Private sector employment grew 2.6 percent in 2013, marking the third consecutive year of over two percent growth. Most labor market sectors have surpassed their pre-recession peaks and have set new all-time highs, while a record number of domestic and international tourists continue to visit the City. The office market has shown stability and the residential market shows considerable strength.

Although Wall Street activity moderated in 2013, it still ranked as the seventh most profitable year in recent memory. The stable earnings performance did not translate into job creation though, as securities sector headcount fell by roughly 4,000 jobs after shrinking nearly 3,000 in 2012. As of March, securities employment remains roughly 14 percent below its pre-recession peak of 189,000. While employment in the industry has taken a hit, compensation is once again on the rise, as cash bonuses return and deferred equity awards from prior years continue to vest. As a result, securities wage earnings are estimated to be 5.8 percent higher (including bonus) in 2013 over the previous year.¹

While firms saw earnings performance normalize in 2013, they still face uncertainty from monetary policy actions and heightened regulatory oversight. Thus, they are likely to see profits decline to a more typical \$14 billion in 2014. While profitability moderates further, firms will likely replenish their staff as the regulatory environment becomes clearer. Securities firms are expected to add 1,000 jobs per year between 2014-2018. Historically, Wall Street firms have set aside roughly 53 percent of their net revenue for compensation, but in recent years the ratio has fallen below that mark. This pattern is expected to continue with securities wage earnings dropping by roughly six percent before resuming modest growth in the out-years.

Unlike financial activities, professional & business services employment has shown steadfast growth over the last few years. This sector has surpassed its pre-recession peak by 45,000, and has added jobs in employment, computer, management and advertising services. Employment growth is expected to average 14,000 jobs per year from 2014-2018.

The information sector has become a source of strength for the City once again, transitioning from traditional categories such as print publishing to more high-tech platforms such as social media. After seeing an employment contraction of 20 percent following the dot-com bust, the industry has made a steady recovery. The sector has added over 13,000 jobs in the last four years, and will continue to grow by about 4,000 per year. With consistent job growth throughout the forecast period, employment in information is expected to approach the 200,000 level attained at the dot-com peak.

The tourism industry continues to be an engine of growth for the City's economy, helping to support employment in leisure & hospitality and retail trade, while also lifting the profitability of businesses catering to visitors. In 2013, the City welcomed an all-time high of 54.3 million visitors, surpassing the prior-year record of 52.7 million. Furthermore, the strength in 2013 is comprised of record arrivals from both domestic and international markets.

The strong demand to experience New York City's range of cultural amenities has been a boon for the leisure and hospitality industry. Hotel room rates rose 3.4 percent in 2013 to \$291, the strongest reading since 2008. The rise in room rates occurred despite the increase in capacity by an estimated 7,000 rooms.² The forecast for 2014 and the out-years call for more modest appreciation in rates as the addition of budget hotels slows the increase in average prices. However, the projected rise in room rates will not surpass the 2008 peak of \$307 until 2018.

Elevated occupancy rates show that demand continues to outstrip supply, with 2013 occupancy at nearly 89 percent. Part of the explanation for the strong reading is due to housing needs for displaced residents and relief

1 Securities wage earnings are adjusted. The first quarter bonus payments are accrued to the prior calendar year to reflect when wages are actually earned.

2 NYC & Company

workers from Superstorm Sandy. In 2014, occupancy rates are expected to recede from 2013's extremely tight level and moderate to more sustainable levels.

Spurred by strong tourism, the leisure & hospitality industry will continue to set employment records, but hiring will occur at a more modest pace. After gaining roughly 72,000 jobs in the past four years combined, this sector is expected to add an average of 10,000 jobs annually from 2014-2018. Retail trade also benefitted from tourism and a pickup in the national economy. This sector grew by an average of 12,000 jobs per year over the last four years, and is expected to add 9,000 jobs annually through the end of the forecast period.

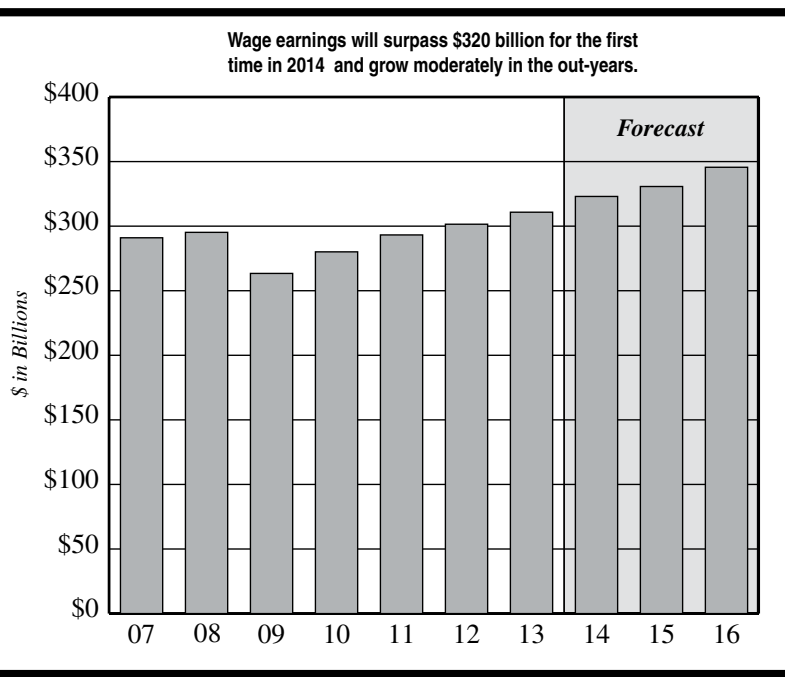
Office-using employment increased by 24,000 in 2013, which has buttressed demand for office space. After recording a slow leasing year in 2012, the office market sprung back to life in 2013, as leasing activity totaled 25.7 million square feet (msf), an increase of over 10 percent. However, while leasing was up significantly, net absorption was negative. This may be due to firms finding more efficient ways to use office space for new hires. The office market continues to thrive through the first quarter of 2014, as leasing increased 67 percent year-over-year, totaling 9.4 msf. Primary market vacancy rates have fallen to 11.7 percent in the first quarter from the 12.1 percent in the previous quarter. Primary market asking rents have surpassed \$69 per square foot (psf) for the first time since 2009. This is well below the \$85 psf charged in the middle of 2008, but higher than the \$61 recorded during the current cycle's trough.

The traditionally non-cyclical sectors of education and health services continued to add jobs, expanding by nearly 25,000 in 2013. With continuing growth in population and new federal health insurance mandates, the forecast calls for an additional 11,000 and 6,000 positions in 2014 and 2015, respectively.

The long-term secular decline of the City's manufacturing industry has waned in the past two years. After adding close to 1,000 jobs in 2012, the sector was virtually flat in 2013. However, while it will no longer bleed jobs, the sector is not expected to expand either. As a result, the manufacturing sector is expected to remain at or around the 75,000 mark for the foreseeable future.

Overall, private employment in New York City will increase 1.7 percent in 2014 following recent surges of 3.0 percent, 2.8 percent, and 2.6 percent in 2011, 2012, and 2013, respectively. A steady growth rate of 1.5 percent is expected to continue from 2015-2018. In tandem with employment growth, wages should rise 2.5 percent in 2014, and then grow by an average of 2.6 percent annually through the rest of the forecast horizon. As a result, in 2014 overall wage earnings in the City will be roughly \$323 billion, an increase of 3.9 percent.

Stable employment growth is expected to support the office market throughout 2014. Vacancy rates will drift up to 12.8 percent as 3.0 msf of new space from One World Trade Center becomes available. With increased competition from new inventory, asking rents will slide to \$68 psf in 2014. Vacancy rates will remain mostly stable, but elevated, in the out-years as additional inventory from Hudson Yards and the World Trade Center site are added. As new upscale space enters the market, the overall composition will shift, resulting in higher average asking rents.

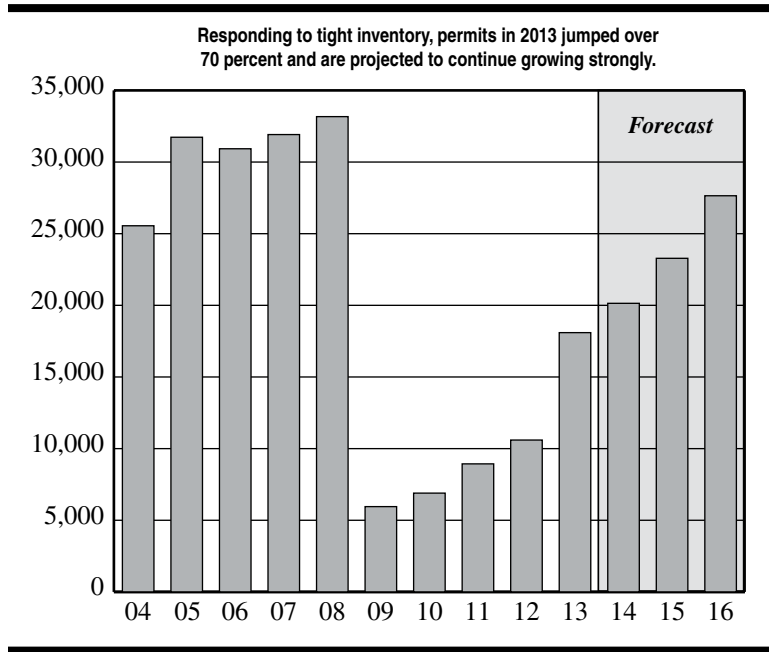


The City’s residential real estate market shows signs of a genuine recovery that is sustained by firmer fundamentals. Total sales volume jumped 17.8 percent in 2013 after rising 7.6 percent in 2012. All housing types saw double-digit gains, led by co-ops, which rose 22.3 percent. Condo and 1-3 family transactions increased 14.3 and 16.9 percent, respectively. However, rising mortgage interest rates and lean inventories are expected to restrain sales volumes in 2014. After the strong jump in 2013 for co-ops, transactions are expected to fall eight percent. Sales of 1-3 family homes are forecast to advance 0.5 percent in 2014, while condo transactions are set to grow 6.3 percent for the year as new projects reach completion.

Average prices for all housing categories slipped 1.3 percent in 2013 due to the strong performance in 2012: a surge of high-end sales to beat federal tax law changes elevated the average price in 2012 at the expense of 2013. Despite the shift of high value properties away from 2013, prices only receded modestly. Prices are forecast to strengthen in 2014 with valuations of 1-3 family homes and co-ops expected to gain 1.9 and 4.3 percent, respectively. However, the average price of condos is forecast to grow a faster 12.3 percent due to a confluence of factors. Inventories for the segment have been lean due to weak completions following the financial crisis, while demand has been strong. Additionally, condo projects that are being completed are targeting the high-end of the market, lifting the average price.

The strength of the condo market, alongside sustainable gains in co-ops and 1-3 family homes, is forecast to raise total average prices by 8.5 percent in 2014. Prices in the out-years are forecast to grow at historical trends commensurate with a healthy housing market. After a sharp drop in 2009, permit issuances are recovering to healthier levels. Building permits soared over 70 percent in 2013, but still remain below trend. New issuances are expected to increase 11.3 percent in 2014 and maintain double-digit growth in 2015 and 2016 before reaching sustainable levels. Correspondingly, once these projects reach completion, they will alleviate supply constraints that have held back sales volume. Residential transactions are forecast to recover in the out-years, with a greater composition of new condominiums comprising overall sales.

NYC BUILDING PERMITS



New York City Job Growth Forecast

NYC Employment (Ths.)	2013 Level	2014 Level Change	2015 Level Change
Total	3,967	58	51
Private	3,423	59	50
Financial Activities	437	3	4
Securities	165	1	1
Professional & Business Services	644	14	15
Information	179	4	1
Education	192	0	0
Health & Social Services	617	11	6
Leisure & Hospitality	380	10	9
Wholesale & Retail Trade	481	11	10
Transportation & Utilities	121	0	2
Construction	121	2	2
Manufacturing	76	1	0
Other Services	174	2	1
Government	544	0	0

**Forecasts of Selected Economic Indicators for the United States and New York City
Calendar Year 2013-2018**

	2013	2014	2015	2016	2017	2018	1982-2012*
NATIONAL ECONOMY							
Real GDP							
Billions of 2009 Dollars	15,761	16,156	16,656	17,181	17,721	18,258	
Percent Change	1.9	2.5	3.1	3.2	3.1	3.0	2.9%
Non-Agricultural Employment							
Millions of Jobs	136.4	138.6	141.5	144.3	146.7	148.6	
Level Change.....	2.3	2.2	2.8	2.8	2.4	1.9	
Percent Change.....	1.7	1.6	2.1	2.0	1.7	1.3	1.3%
Consumer Price Index							
All Urban (1982-84=100).....	233.0	236.7	241.3	245.5	250.1	255.5	
Percent Change	1.5	1.6	1.9	1.7	1.9	2.1	2.9%
Wage Rate							
Dollars Per Year	52,348	53,516	55,253	57,015	58,851	60,851	
Percent Change.....	1.3	2.2	3.2	3.2	3.2	3.4	3.6%
Personal Income							
Billions of Dollars	14,135	14,657	15,425	16,262	17,160	18,063	
Percent Change.....	2.8	3.7	5.2	5.4	5.5	5.3	5.5%
Before-Tax Corporate Profits							
Billions of Dollars	2,260	2,631	2,610	2,578	2,567	2,608	
Percent Change.....	3.2	16.4	-0.8	-1.2	-0.4	1.6	7.8%
Unemployment Rate.....							
Percent	7.4	6.4	5.9	5.6	5.2	5.0	6.4% avg
10-Year Treasury Note.....							
Percent.....	2.4	3.3	3.9	4.3	4.6	4.6	6.4% avg
Federal Funds Rate.....							
Percent.....	0.1	0.1	0.4	2.2	3.8	4.0	4.9% avg
Real Gross City Product**							
Billions of 2009 Dollars	694.5	695.1	707.7	726.3	743.6	760.4	
Percent Change.....	2.8	0.1	1.8	2.6	2.4	2.3	2.6%
Non-Agricultural Employment***							
Thousands of Jobs	3,967	4,025	4,076	4,134	4,189	4,239	
Level Change.....	83	58	51	58	55	50	
Percent Change	2.1	1.5	1.3	1.4	1.3	1.2	0.5%
Consumer Price Index							
All Urban (1982-84=100).....	256.8	261.3	265.8	270.6	276.2	282.5	
Percent Change.....	1.7	1.7	1.7	1.8	2.1	2.3	3.3%
Wage Rate							
Dollars Per Year	81,191	83,195	84,119	86,700	89,361	92,099	
Percent Change	0.9	2.5	1.1	3.1	3.1	3.1	4.6%
Personal Income							
Billions of Dollars	484.8	501.2	520.0	544.0	571.3	598.3	
Percent Change.....	2.7	3.4	3.7	4.6	5.0	4.7	5.4%
NEW YORK CITY REAL ESTATE MARKET.							
Manhattan Primary Office Market							
Asking Rental Rate****							
Dollars per Square Feet	68.90	67.98	69.87	71.73	72.74	74.17	
Percent Change.....	1.4	-1.3	2.8	2.7	1.4	2.0	2.3%
Vacancy Rate****							
Percent.....	12.1	12.8	12.4	11.5	11.7	12.0	10.7% avg

* Compound annual growth rates for 1982-2012. Compound growth rate for Real Gross City Product covers the period 1982-2012; Personal Income 1982-2012.

** 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 1987-2012 data published by Cushman & Wakefield.

TAX REVENUE¹

OVERVIEW

Total tax revenue, including audits, is forecast to increase 4.9 percent in 2014 and 1.2 percent in 2015.

Forecast Summary for 2014

Non-property tax revenues are forecast to increase 4.4 percent, after an increase of 10.8 percent in 2013.²

In 2014, *personal income tax* revenue is forecast to grow 1.6 percent, following 15.3 percent growth in 2013. Steady employment growth and strong bonus payments lift wage income. Nonwage income falls back in 2014, after surging in the prior year as individuals realized capital gains ahead of the January 2013 Federal tax rate increase.³

General corporation tax revenue is forecast to grow 5.7 percent in 2014. This marks the fourth consecutive year of growth after three years of decline, from fiscal years 2008 to 2010. Collections picked up in the third quarter, reflecting final returns on calendar year 2013 Wall Street profits. Non-finance sector firms continue to remain a steady source of growth.

Banking corporation tax revenue is forecast to decline 10.3 percent, following 6.2 percent growth in 2013. Commercial bank tax payments have declined as profits have been hampered by a reduction in new mortgage activity as well as large legal settlements related to mortgage securities.

Unincorporated business tax revenue is forecast to increase 2.1 percent, following a similar pattern to the nonwage component of the personal income tax.

Sales tax revenue is forecast to increase 5.3 percent, as employment gains and rising consumer confidence lift taxable consumption in the City. Sales tax revenue growth continues to be supported by strong tourist activity as the number of City visitors, both foreign and domestic, broke another record in calendar year 2013. The continued strength in tourism also lifts *hotel room occupancy tax* revenue, which is forecast to grow 5.8 percent in 2014.

The *real property transfer tax* and *mortgage recording tax* continue to rebound from the depths of the 2010 levels as the real estate markets experience high levels of activity, although the revenue from the two taxes remains well below the historic levels seen in 2007. *Real property transfer tax* revenue is forecast to jump 32.0 percent in 2014, powered particularly by several large commercial transactions (sale prices over \$100 million) that closed in the second quarter. *Mortgage recording tax* revenue is forecast to increase 28.0 percent, due to the high volume of transactions.

Property tax revenue is forecast to increase 6.5 percent, based upon 5.7 percent growth in billable assessed value.

Commercial rent tax revenue is forecast to increase 5.0 percent.

Forecast Summary for 2015

Non-property tax revenues are forecast to remain nearly flat in 2015 as slower employment gains, lower levels of Wall Street profitability and smaller bonus payments put downward pressure on the overall growth of the local economy.

Personal income tax revenue is expected to decline 1.3 percent in 2015. Total withholding is expected to decline, while nonwage income remains essentially flat.

1 All years referenced in the Tax Revenue section are City fiscal years unless otherwise noted.

2 The total non-property tax revenue excludes audits.

3 On January 1, 2013, the top Federal long-term capital gains tax rate increased to 20.0 percent from 15.0 percent. The combined Federal top tax rate for capital gains for high earners is 23.8 percent, reflecting the additional 3.8 percent for the Medicare Investment tax, which was part of the Affordable Care Act passed in calendar year 2010.

Business taxes are forecast to remain nearly flat in anticipation of a slowdown in Wall Street profitability due to volatile financial markets, weakness in mortgage activity and the continued cost of financial settlement activity.

Sales tax revenue is forecast to increase 3.2 percent as local consumption growth remains modest and tourism growth slows.

Real property transfer tax revenue is forecast to decline 5.7 percent in 2015 and *mortgage recording tax* revenue is forecast to decline 8.0 percent, as the high levels of commercial activity from the prior year are not expected to repeat and higher mortgage rates subdue the pace of refinancing.

Property tax revenue is forecast to increase 3.6 percent.

Commercial rent tax is forecast to increase 2.6 percent, supported by a combination of improved office-using employment growth and higher asking rents for commercial office space in Manhattan.

Tax Program Summary

The Executive Budget removes the assumption that the personal income tax increase to fund universal pre-kindergarten and after-school programs will be enacted. As a result of this change, the additional revenue from the proposed increase is removed from the tax revenue forecast, totaling \$530 million for 2015, \$533 million for 2016, \$569 for 2017 and \$594 million for 2018.

2014 and 2015 Tax Revenue Forecast (\$ in Millions)

Tax	2014	2015	Increase/(Decrease) From 2014 to 2015	
			Amount	Percent Change
Real Property	\$19,969	\$20,679	\$709	3.6%
Commercial Rent	697	715	18	2.6%
Real Property Transfer	1,433	1,352	(81)	(5.7%)
Mortgage Recording	950	874	(76)	(8.0%)
Personal Income	9,315	9,191	(124)	(1.3%)
General Corporation	2,844	2,858	14	0.5%
Banking Corporation	1,217	1,168	(49)	(4.0%)
Unincorporated Business	1,846	1,933	87	4.7%
Sales and Use	6,460	6,666	206	3.2%
Utility	393	415	22	5.6%
Cigarette	55	53	(2)	(3.6%)
Hotel	534	535	1	0.2%
All Other	533	501	(32)	(6.0%)
Subtotal	\$46,247	\$46,940	\$693	1.5%
STAR Aid	838	887	49	5.9%
Tax Audit Revenue	860	709	(151)	(17.5%)
Total †	\$47,945	\$48,537	\$592	1.2%

† Totals may not add due to rounding.

REAL PROPERTY TAX

Real property tax revenue is projected to account for 42.6 percent of total tax revenue in 2015 at \$20.679 billion.

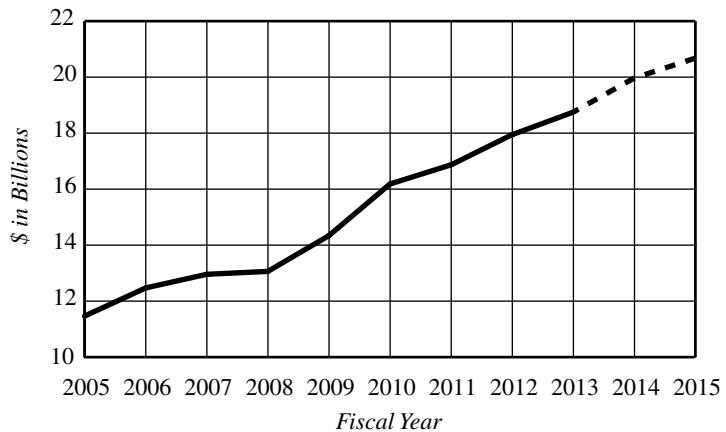
2014 Forecast: Property tax revenue is forecast at \$19.969 billion, growth of 6.5 percent over the prior year, for an increase of \$188 million from the February 2014 Plan. The 2014 revenue growth is based on billable assessed value growth of 5.7 percent seen on the 2014 final roll (after accounting for the veterans' and STAR exemptions). The plan change results from a decrease of \$98 million in the reserve for uncollectible taxes, an increase of \$20 million in collections from prior year delinquencies, a reduction of \$60 million in the refund forecast and an addition of \$10 million in lien sale proceeds.

2015 Forecast: Property tax revenue is forecast at \$20.679 billion, growth of 3.6 percent over the current year, for a decrease of \$103 million from the February 2014 Plan, resulting primarily from an increase in the refunds forecast.

In 2015, the levy is expected to increase by \$1.219 billion to \$22.504 billion, growth of 5.7 percent over the prior year. The property tax levy forecast is based on the 2015 tentative roll, released by the Department of Finance on January 15, 2014. Citywide, total billable assessed value (after accounting for the veterans' and STAR exemptions) increased by \$13.7 billion over 2014 to \$185.4 billion, growth of 8.0 percent. The 2015 tentative roll is expected to be reduced by \$3.8 billion on the final roll (to be released in May 2014) 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 5.7 percent.

In the out-years, with a rise in long-term interest rates, capitalization rates are projected to increase, putting downward pressure on future market value growth. As a result, Class 2 and Class 4 market values are forecast to increase at a modest rate. That moderate market value growth coupled with the existing 'pipeline' of deferred assessment increases yet to be phased in from prior years, means that property tax levy is expected to grow at an average rate of 4.3 percent from 2016 through 2018. Tax revenue growth is forecast to average 4.3 percent during the same period.

REAL PROPERTY TAX 2005-2015



Distribution of Property Parcels by Class

	Parcels*	Percentage Share
Class 1	703,308	67.10%
Class 2	248,392	23.70%
Class 3	301	0.03%
Class 4	96,073	9.17%
Citywide	1,048,074	100.00%

* FY 2014 final roll

COMMERCIAL RENT TAX

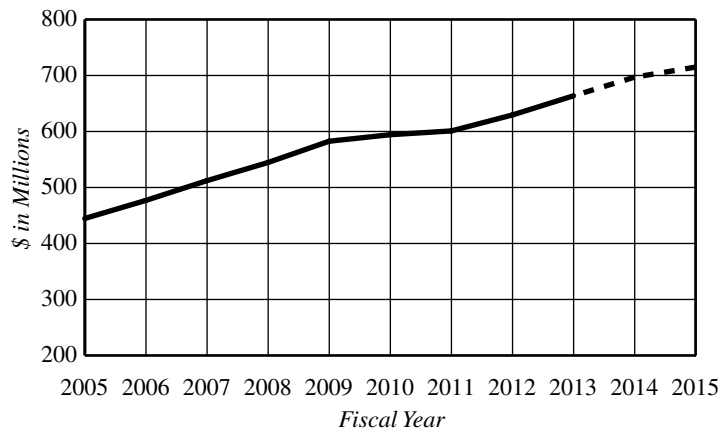
The commercial rent tax is projected to account for 1.5 percent of total tax revenue in 2015, or \$715 million.

2014 Forecast: Commercial rent tax revenue is forecast at \$697 million, growth of 5.0 percent over the prior year, resulting from strong leasing activity in 2013. The growth in tax revenue also reflects the rent escalator clause that allows annual rent increases for existing leases as well as increases in asking rents for new or renewal leases.

2015 Forecast: Commercial rent tax revenue is forecast at \$715 million, growth of 2.6 percent over the current year. Market conditions are expected to continue to grow at a modest pace with a slight increase in asking rents.

Commercial rent tax revenue is projected to grow at an average of 4.3 percent from 2016 through 2018, reflecting continued improvement in the commercial real estate market driven by a rebounding local economy. The primary office market will benefit from increasing demand for office space as office-using employment continues to improve, resulting in higher asking rents and stable office vacancy rates during the forecast period.

COMMERCIAL RENT TAX 2005-2015



REAL PROPERTY TRANSFER TAX

The real property transfer tax is projected to account for 2.8 percent of total tax revenue in 2015, or \$1.352 billion.

2014 Forecast: Real property transfer tax revenue is forecast at \$1.433 billion, growth of 32.0 percent over 2013.

In 2014, total tax collections year-to-date through March grew 29.6 percent over the prior year period, reflecting 33.6 percent growth in revenue from residential transactions and 29.3 percent growth in revenue from commercial transactions. The strength in collections through March indicates that the rebound in the City's real

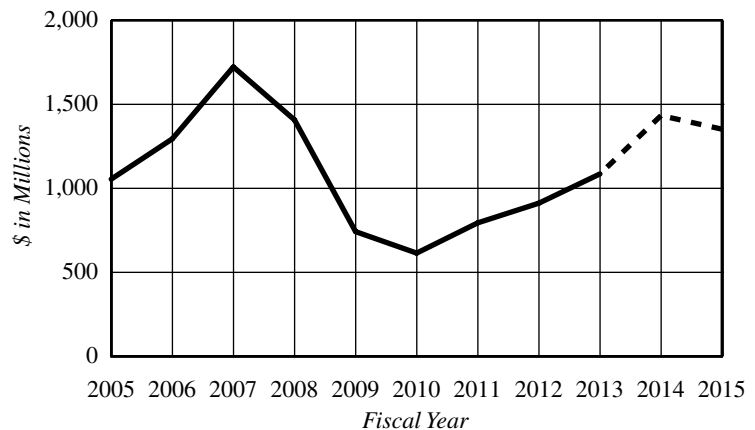
estate market is continuing. The residential market has maintained its momentum, with sales volume growing over 17 percent in calendar year 2013 while prices remained stable. According to the *Wealth Report 2014* by Knight Frank LLP, foreign buyers will continue to purchase residential real estate in New York City due to its favorable price and outlook compared to other international markets.¹ The commercial market remains strong as well, buoyed by strength from high value commercial transaction activity (sale price of over \$100 million). Colliers International's 4th Quarter 2013 report on Manhattan Office Capital Markets indicated that foreign investors accounted for \$5.6 billion (28 percent) of the \$19.7 billion in transactions last year.²

Revenue from residential transactions in 2014 is forecast to grow 18.5 percent, while revenue from commercial transactions in 2014 is forecast to grow 42.9 percent.

2015 Forecast: Real property transfer tax is forecast at \$1.352 billion, a decline of 5.7 percent from 2014.

Revenue from residential transactions in 2015 is forecast to grow 10.4 percent over the current year. However, revenue from commercial transactions in 2015 is forecast to decline 16.5 percent from the current year as interest rates rise. Residential transaction tax collections are expected to average 3.1 percent growth from 2016 through 2018, while commercial transaction tax collections are expected to average 7.1 percent growth from 2016 through 2018.

REAL PROPERTY TRANSFER TAX 2005-2015



1 Knight Frank LLP, "The Wealth Report 2014", March 5, 2014.

2 Colliers International, Q4 2013 Manhattan Office Capital Markets Report.

MORTGAGE RECORDING TAX

The mortgage recording tax is projected to account for 1.8 percent of total tax revenue in 2015, or \$874 million.

2014 Forecast: Mortgage recording tax revenue is forecast at \$950 million, growth of 28.0 percent over the prior year.

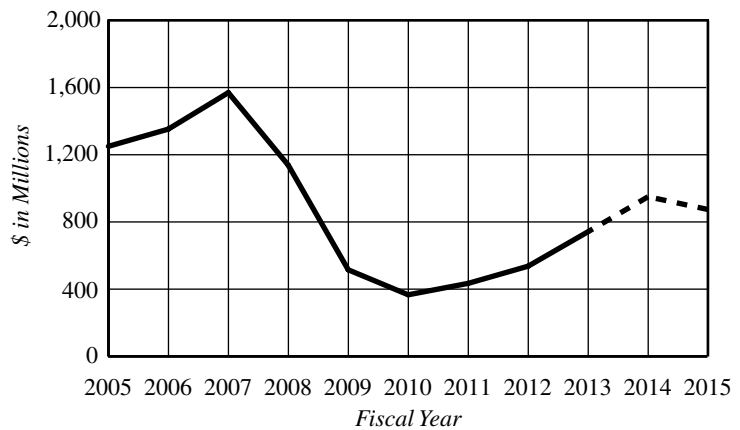
In 2014, total tax collections year-to-date through March grew 29.7 percent over the prior year, reflecting 17.3 percent growth in revenue from residential mortgages and 38.1 percent growth in revenue from commercial mortgages.

Revenue from residential mortgage recordings in 2014 is forecast to grow 18.1 percent over the prior year from strong residential sales, despite the slowdown in refinancing activity. Revenue from commercial mortgage recordings is forecast to grow 34.6 percent over the prior year, buoyed by strength from high value commercial transaction activity. Growth in total revenue has not increased at the same pace as the real property transaction tax due to continued tight lending standards.

2015 Forecast: Mortgage recording tax revenue is forecast at \$874 million, a decline of 8.0 percent from 2014.

Revenue from the residential mortgage recording tax is forecast to grow by 15.6 percent. However, revenue from commercial mortgage recordings is forecast to decline at 21.9 percent, which mirrors the decline in commercial real property transactions tax revenue. Residential mortgage recording tax collections are expected to average 3.1 percent growth from 2016 through 2018, while the commercial mortgage recording tax collections are expected to average 9.7 percent growth from 2016 through 2018 as the real estate market and lending conditions continue to improve.

MORTGAGE RECORDING TAX 2005-2015



PERSONAL INCOME TAX

The personal income tax is projected to account for 18.9 percent of tax revenue in 2015, at \$9.191 billion.

2014 Forecast: Personal income tax (PIT) revenue is forecast at \$9.315 billion, an increase of \$147 million from the prior year's level (1.6 percent). This follows the previous record high revenue of \$9.168 billion in 2013, which was the result of withholding growth bolstered by strong bonus payments and a sharp increase in estimated payments due to taxpayers realizing capital gains before higher Federal rates came into effect on January 1, 2013.

Personal income tax *withholding* is forecast to grow 5.9 percent this year, after an increase of 6.3 percent in the prior year. Continued employment gains as well as strong private sector bonus payments contributed to growth. In the July-through-November period, withholding collections increased 4.5 percent. In the December-through-March bonus period, withholding collections grew 8.4 percent, coming after strong growth of 8.6 percent seen in 2013.

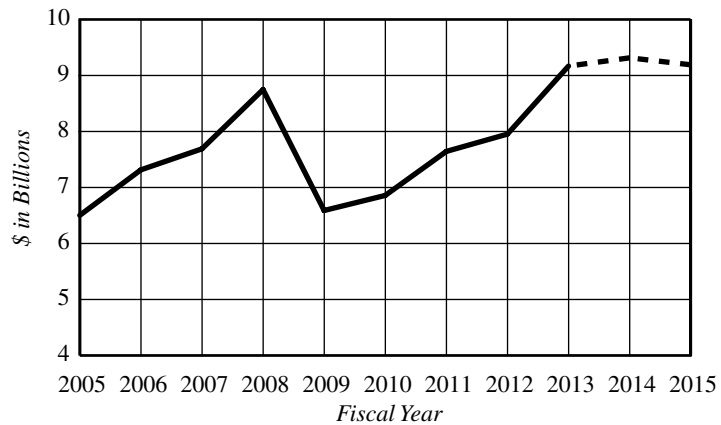
The robust growth in withholding during the December-through-March bonus period reflects the continued strength in securities sector payouts, and growth in bonus compensation for non-finance sectors, which have historically experienced a lower level of bonus activity. Bonus growth in 2014 was the second consecutive year of double-digit growth, owing to firms shifting their compensation towards cash and appreciation of prior year deferred compensation, helped by the roughly 30 percent growth in the S&P 500 over the calendar year.

For the April-through-June quarter, withholding collections are expected to grow 3.5 percent from the prior year, reflecting growth in the wage earnings forecast.

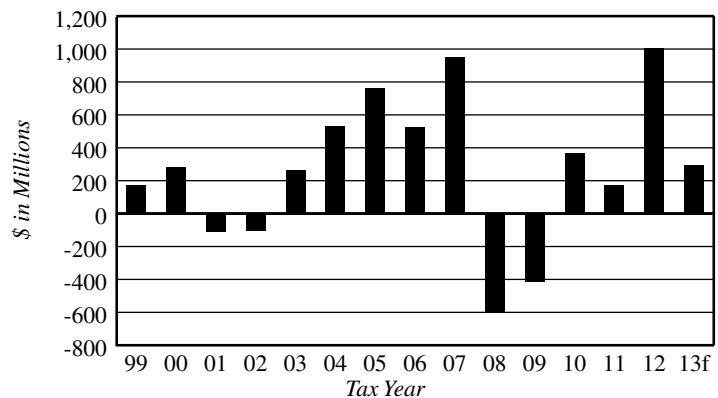
Installment payments on tax year 2013 grew 15.3 percent from the prior year. This is largely the result of safe harbor rules, as taxpayers paid 110 percent of prior year's total liability (installments, extension payments, and final returns) to avoid penalties. Total liability was high in 2012 due to the "spin-up" effect of taxpayers realizing capital gains in advance of higher Federal tax rates that came into effect. Total liability in 2013 is expected to decline as this effect reverses. As filers have been overpaying their installments, the decline in total liability will be seen primarily in lower extension payments, which are expected to fall about 40 percent from 2012. Overall, total settlements (final returns, extension payments, State/City offsets, and refunds) are expected to decline dramatically following last year's record level.

2015 Forecast: Personal income tax revenue is forecast at \$9.191 billion, a decrease of 1.3 percent from the current year, a drop of \$124 million below last

PERSONAL INCOME TAX 2005-2015



SETTLEMENT PAYMENTS



Note: Adjusted for the City/State final return reconciliation.
f = Forecast

year's level. This decline follows record high PIT revenues in 2013 and 2014. The drop-off in 2015 is due to a slight decline in withholding as well as a flat nonwage income forecast.

Withholding in 2015 is forecast to show a slight decline from the current year. Continued employment gains are offset by sharply lower bonus payouts, resulting in the lower total withholding forecast. In the December-through-March bonus period, withholding is forecast to decline 5.7 percent. This is due to lower expected cash bonus payments for the current year coupled with the dwindling of prior year deferred compensation packages that were granted during the depths of the financial crisis and had largely vested by 2013. For the non-bonus quarters, withholding is forecast to increase 5.2 percent.

Total settlements on liability year 2014 (final returns, extension payments, State/City offsets, and refunds) are expected to increase over the previous year. Installment payments are forecast to decline, reflecting the impact of safe harbor rules on the lower prior year liability (LY 13 compared to LY 12). However, the drop in installments will be offset by increased extension payments, which are expected to grow due to a stable nonwage income forecast.

Personal income tax revenue is forecast to average growth of 3.6 percent from 2016 through 2018, as the national and local economy continues to expand.

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

	2010	2011	2012	2013	2014 ^f	2015 ^f
Withholding	\$5,754	\$6,096	\$6,157	\$6,542	\$6,930	\$6,881
Estimated Payments ¹	1,690	2,110	2,109	2,893	2,565	2,770
Final Returns	288	317	327	382	367	354
Other ²	427	302	527	576	737	508
Gross Collections	\$8,159	\$8,825	\$9,119	\$10,393	\$10,599	\$10,513
Refunds	-1,301	-1,181	-1,166	-1,225	-1,284	-1,322
Net Collections	\$6,858	\$7,644	\$7,953	\$9,168	\$9,315	\$9,191
Less TFA Retention	0	0	0	0	0	0
Total	\$6,858	\$7,644	\$7,953	\$9,168	\$9,315	\$9,191

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 5.9 percent of tax revenue in 2015, or \$2.858 billion.

2014 Forecast: General corporation tax revenue is forecast at \$2.844 billion, growth of 5.7 percent over the prior year. This marks the fourth year of growth after three consecutive years of decline averaging 14.2 percent from 2008 to 2010. However, this growth has steadily slowed from the 15.3 percent gain realized in 2011.

In 2014, gross collections year-to-date through March grew 4.1 percent over the prior year. Fiscal year collections grew sharply in the finance sector while contracting in the non-finance sector. Payments through March from large finance sector taxpayers increased over 50 percent from the prior year. The majority of the growth was seen in the third quarter of the fiscal year, reflecting final returns and final returns on extension that were filed for tax year 2013, a year with high levels of Wall Street profitability. Tax payments are expected to decline in the final quarter of the fiscal year, the result of a decrease in calendar year 2014 profits.

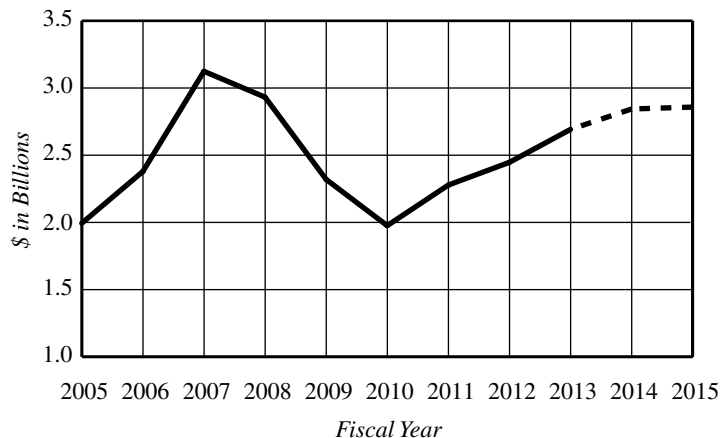
Tax payments through March from large non-finance sector taxpayers have declined over 10 percent. A decrease in tax payments from the prior year's first and second quarters are offset by strong positive growth in the third quarter. The decline in the first two quarters of the fiscal year is the result of accumulating overpayments on account by several firms. In the second half of the fiscal year these overpayments have been exhausted or refunded and strong growth is forecast in the fourth quarter.

Refund payouts are forecast at \$270 million in 2014, continuing at a level well above the pre-recession average of approximately \$200 million per year. These refund payouts are well below the peak refund level reached in 2009, however.

2015 Forecast: General corporation tax revenue is forecast at \$2.858 billion, nearly flat growth from the current year. In 2015, tax payments from finance sector firms will remain low, reflecting the decrease in Wall Street profits. After continued robust growth in the latter half of 2014, tax payments from non-finance sector firms are expected to grow moderately, paralleling the growth in corporate profits. Gross collections are expected to moderate in the out-years due to the implementation of regulatory changes on finance sector firms, as well as the withdrawal of monetary support for the finance industry and its downstream effect on non-finance firms. General corporation tax revenue is forecast to average growth of 3.1 percent from 2016 through 2018 as Wall Street profitability and the wider economy returns to trend growth.

In March 2014, the State of New York's enacted budget for State Fiscal Year 14-15 imposed major changes to the State corporate tax structure. These changes included the merging of the NYS franchise tax with the NYS banking franchise tax as well as modifications to other sections of the NYS corporate tax code. These enacted laws do not impact the City's tax base directly because the City is not required to conform to the State's tax structure. The current tax forecast assumes that the City's tax structure remains unchanged.

GENERAL CORPORATION TAX 2005-2015



BANKING CORPORATION TAX

The banking corporation tax is projected to account for 2.4 percent of tax revenue in 2015, or \$1.168 billion.

2014 Forecast: Banking corporation tax revenue is forecast at \$1.217 billion, a decline of 10.3 percent from the prior year. Year-to-date gross collections through March have decreased 15.5 percent from the prior year. Commercial bank tax payments have declined over 20 percent through March and reflect the decline in mortgage refinancing and mortgage loan originations that have resulted from the recent rise of mortgage interest rates. Additionally, settlements related to mortgage securities and related bank practices, along with legal expenses have reduced commercial bank profits and consequently lowered tax payments.

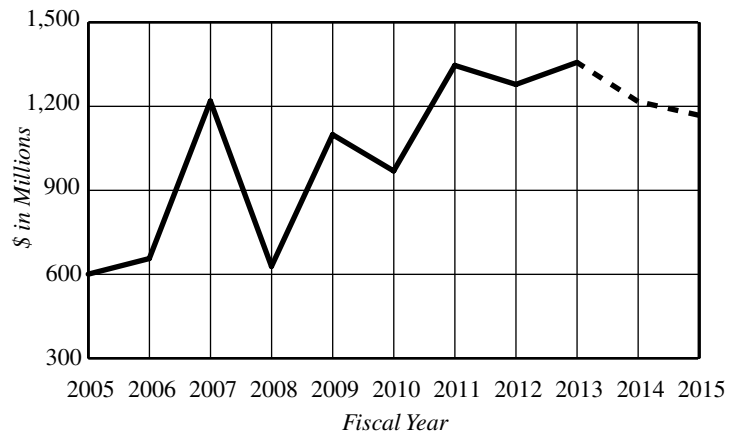
Weak growth is forecast for the final quarter of the fiscal year, leading to a decline of over 11 percent in gross collections for the fiscal year. A decline from the prior year in refunds is forecast for 2014. The decline reflects the reduction of overpayments on account as banks worked off their prior overpayments by adjusting their liability and tax payments in calendar years 2012 and 2013.

2015 Forecast: Banking corporation tax revenue is forecast at \$1.168 billion, a decrease of 4.0 percent from the current year. The decline reflects the drop in calendar year 2014 Wall Street profitability, as well as the continued gradual withdrawal of government support from the financial sector, and continued weakness in mortgage activity. Refunds paid out are forecast to decrease modestly as tax payments better reflect firm liability.

Banking corporation tax revenue growth is forecast to average 1.6 percent from 2016 through 2018. The low growth in revenue reflects the combined effect of the withdrawal of accommodative monetary policy from the nation's financial system, trend levels of Wall Street profitability, and the continuation of moderate economic growth.

The changes made to the New York State corporate tax structure, referenced in the prior section, also impact upon the activity covered by the banking corporation tax. As was the case with the General Corporation Tax, the current tax forecast assumes that the City's tax structure remains unchanged.

BANKING CORPORATION TAX 2005-2015



UNINCORPORATED BUSINESS TAX

The unincorporated business tax is projected to account for 4.0 percent of tax revenue in 2015, at \$1.933 billion.

2014 Forecast: Unincorporated business tax revenue is forecast at \$1.846 billion, growth of 2.1 percent over the prior year. In 2014, gross collections year-to-date through March increased 5.4 percent over the prior year. This growth reflects strength in finance sector tax payments and weak growth of tax payments from the non-finance sector.

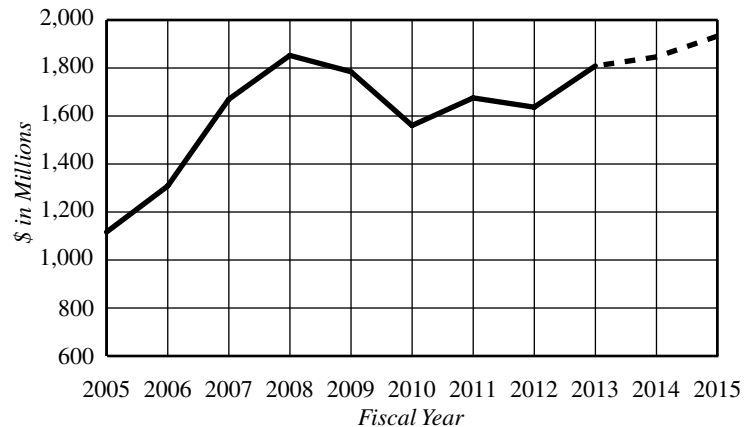
Finance sector tax payments are forecast to grow 5.0 percent this year. The growth is largely attributed to the U.S. financial market expansion in 2012 and 2013. Hedge fund firms performed well in calendar year 2013 and hedge fund assets under management have seen a new all-time high, supporting the healthy level of finance sector tax payments.¹ The continuation of finance sector tax payment growth is expected for the final quarter of the fiscal year, reflecting final tax payments on calendar year 2013 liability.

Non-finance sector tax payments are forecast to grow 2.6 percent, following three years of strong growth. In fact, the 2013 level was the highest level of tax paid from the non-finance sector ever. The forecast maintains that high level of tax payments, reflecting the steady economic recovery.

2015 Forecast: Unincorporated business tax revenue is forecast at \$1.933 billion, growth of 4.7 percent over the current year. Finance sector payments are forecast to decline only slightly, as a relatively weaker performance on Wall Street is partially offset by record levels of assets under management in the City's hedge fund industry. Tax payments from non-finance sector firms are forecast to grow moderately over the current year's level, reflecting the ongoing recovery of the local economy.

In 2016 through 2018, unincorporated business tax revenue is forecast to return to trend, averaging annual growth of 3.9 percent.

UNINCORPORATED BUSINESS TAX 2005-2015



¹ Typically, hedge funds earnings are based on a small percentage (~ 2 percent) of the value of the assets under management along with a larger percentage (~ 20 percent) of the investment return of their funds. Generally, the investment portion is not subject to the unincorporated business tax, while the earnings from the assets are.

SALES AND USE TAX

The sales and use tax is projected to account for 13.7 percent of total tax revenue in 2015, or \$6.666 billion.

2014 Forecast: Sales tax revenue is forecast at \$6.460 billion, growth of 5.3 percent over the prior year.

The forecast is supported by the national and local economic recovery and the continued high level of visitor spending. Sales tax collections year-to-date through March grew 5.9 percent. However, overall macro-economic trends have been weaker, with retail sales nationwide through March (not seasonally adjusted) growing only 3.8 percent over the same prior year period.

Sales tax revenue growth from local consumption parallels overall wage earnings growth. Growth in the third quarter has slowed to 4.6 percent, partially the result of the harsh winter on the East Coast. Third quarter revenues were also supported by visitor spending the week of the Super Bowl, which was hosted in the New York metropolitan area in early February. Millions of visitors flocked to the City for the Super Bowl and Super Bowl-related events held in Manhattan, generating visitor spending during what would normally be considered a “down” month for City tourism.

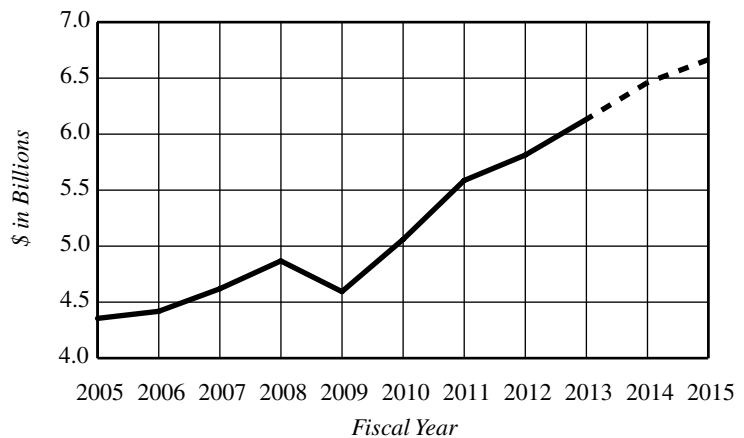
Sales tax revenue growth in the fourth quarter is expected to moderate to 3.9 percent. With consumer confidence rebounding from levels not seen since June 2013, spending levels are expected to pick up in the spring with pent-up demand.

2015 Forecast: Sales tax revenue is forecast at \$6.666 billion, growth of 3.2 percent over the current year.

Mild growth is forecast for 2015 as taxable consumption continues to parallel wage earnings growth. With strengthened consumer confidence combined with visitor spending expected to maintain its current high levels, sales tax revenue is expected to grow moderately in 2015 and the out-years.

Sales tax revenue growth is forecast to average 4.3 percent from 2016 through 2018, paralleling the steady growth in the economy.

SALES TAX 2005-2015



UTILITY TAX

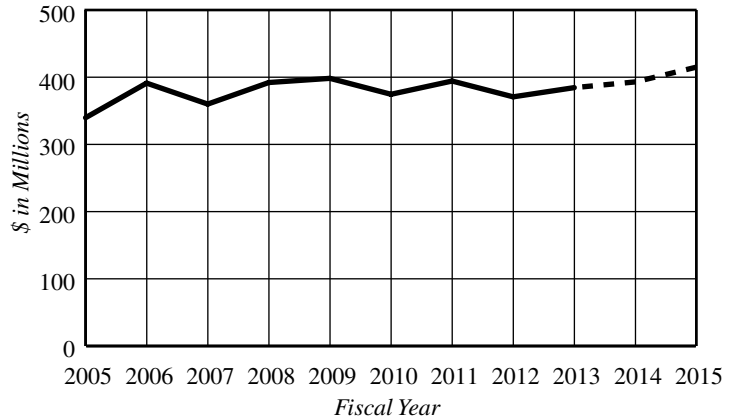
The utility tax is projected to account for 0.9 percent of total tax revenue in 2015, or \$415 million.

2014 Forecast: Utility tax revenue is forecast at \$393 million, growth of 2.2 percent over the prior year. Year-to-date collections through March were \$267 million, growth of 3.6 percent over the prior year, the result of higher gas prices and colder winter weather. Fourth quarter utility tax revenue is forecast to continue solid growth over last year's level, partly reflecting increased revenue from this year's extremely cold winter.

2015 Forecast: Utility tax revenue is forecast at \$415 million, growth of 5.6 percent over the current year. The expected rise in electric and natural gas prices and a return to normal temperatures are the bases for the forecast growth in revenue.

Utility tax collections are forecast to average annual growth of 1.3 percent from 2016 through 2018.

UTILITY TAX 2005-2015



CIGARETTE TAX

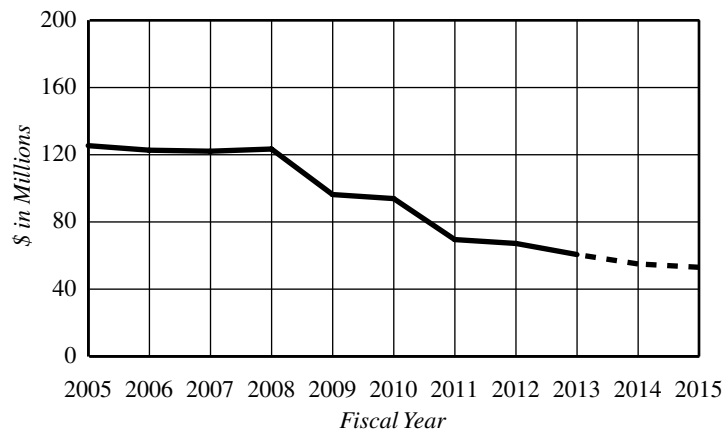
The cigarette tax is projected to account for 0.1 percent of total tax revenue in 2015, or \$53.0 million.

2014 Forecast: Cigarette tax revenue is forecast at \$55 million, a 9.2 percent decline from the prior year, reflecting the continuing reduction in cigarette consumption. Currently, the combined City/State cigarette taxes paid in the City are \$5.85 per pack, the highest cigarette tax levied in the country. The high tax burden has led to a 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 or reduction.

2015 Forecast: Cigarette tax revenue is forecast to decline to \$53 million for 2015.

Cigarette tax revenues are projected to decline at an average annual rate of 2.6 percent from 2016 through 2018, reflecting the long-term decline in the number of packs sold.

CIGARETTE TAX 2005-2015



HOTEL TAX

The hotel room occupancy tax is projected to account for 1.1 percent of tax revenue in 2015, or \$535 million.

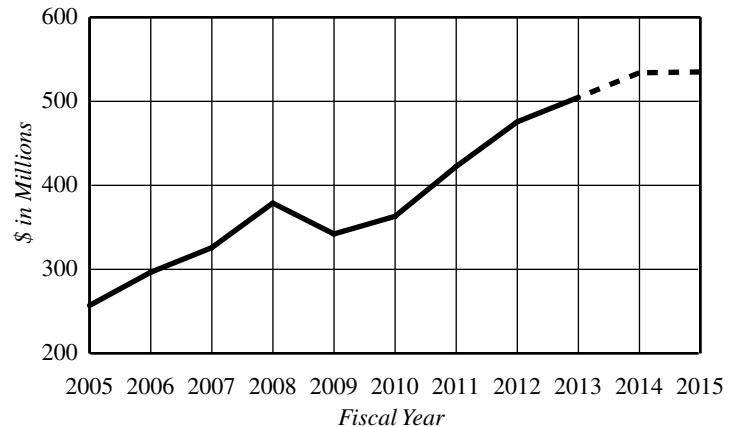
2014 Forecast: Hotel tax revenue is forecast at \$534 million, growth of 5.8 percent over the prior year. Collections year-to-date through March grew 1.5 percent over the same prior year period.¹ This growth was likely depressed due to the harsh winter weather, which contributed to occupancy levels slightly below last year's sky-high levels. Occupancy may have fallen even further during the severe winter months but for visitors staying in

the City to attend the Super Bowl and related activities in the month of February. In addition, revenue was negatively impacted in the quarter ending in March as the result of the 20-day period in December 2013 when the City's 0.875 percent additional tax on hotel room occupancy was allowed to temporarily expire on December 1st, lowering the hotel room occupancy tax from 5.875 percent to 5.0 percent, and diminishing hotel tax collections by several million dollars. Subsequently, the additional 0.875 percent tax was reinstated from December 20th through November 30th, 2015. Growth for the rest of the fiscal year is forecast to be brisk, as warmer weather arrives and tourism increases. In addition, over 3,000 rooms have been added to the City's inventory in 2014, increasing the capacity to absorb tourists in the busy spring and summer seasons.

2015 Forecast: Hotel tax revenue is forecast at \$535 million, nearly flat growth over the current year. The expectation of minimal growth in 2015 is attributable to an expected continuation of the gentle decline in hotel occupancy rates from the record high levels seen in 2013, combined with slight increases in hotel inventory and room rates.

From 2016 through 2018, hotel tax revenue is forecast to average growth of 3.6 percent.

HOTEL TAX 2005-2015



¹ The growth is slightly understated as payments anticipated in March were collected in April. After adjusting for the slipped payments, year-to-date growth would be approximately 4.2 percent.

OTHER TAXES

All other taxes are projected to account for 1.0 percent of total tax revenue in 2015, or \$501.3 million.

2014–2015 Other Taxes Forecast Excluding Tax Audit Revenue (\$000s)

Tax	2014	2015	Increase/(Decrease) From 2014 to 2015 Amount	Percent Change
Auto Related Taxes				
Auto Use	\$29,000	\$29,000	—	0.0%
Commercial Motor Vehicle	50,000	50,000	—	0.0%
Taxi Medallion Transfer	8,000	8,000	—	0.0%
Excise Taxes				
Beer and Liquor	24,000	24,000	—	0.0%
Liquor License Surcharge	5,000	5,000	—	0.0%
Horse Race Admissions	20	20	—	0.0%
Off-Track Betting Surtax	1,250	1,250	—	0.0%
Miscellaneous				
Other Refunds	(30,000)	(29,000)	1,000	3.3%
Payment in Lieu of Taxes (PILOTs)	263,200	250,000	(13,200)	(5.0%)
Section 1127 (Waiver)	128,000	121,000	(7,000)	(5.5%)
Penalty and Interest Real Estate (Current Year)	17,000	15,000	(2,000)	(11.8%)
Penalty and Interest Real Estate (Prior Year)	40,000	30,000	(10,000)	(25.0%)
Penalty and Interest - Other Refunds	(2,000)	(3,000)	(1,000)	(50.0%)
Total	\$533,470	\$501,270	(32,200)	(6.0%)

AUTO RELATED TAXES

Auto Use Tax: This tax is expected to generate \$29.0 million in both 2014 and 2015.

Commercial Motor Vehicle Tax: This tax is expected to generate \$50.0 million in both 2014 and 2015.

Taxi Medallion Transfer Tax: This tax is expected to generate \$8.0 million in both 2014 and 2015.

EXCISE TAXES

Beer and Liquor Excise Tax: This tax is expected to generate \$24.0 million in both 2014 and 2015.

Liquor License Surcharge: This tax is expected to generate \$5.0 million in both 2014 and 2015.

Horse Race Admissions Tax: This tax is expected to generate \$0.02 million in both 2014 and 2015.

Off-Track Betting Surtax: This tax is expected to generate \$1.3 million in both 2014 and 2015.

MISCELLANEOUS

Other Refunds: These refunds are primarily paid out on the commercial rent tax and Section 1127 (waiver) and are projected to be \$30.0 million in 2014 and \$29.0 million in 2015.

Payments in Lieu of Taxes (PILOTs): PILOTs are contractual agreements between public agencies and private property owners. There are four primary sponsor agencies that 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 90 percent of PILOT payments received. PILOT revenue is expected to be \$263.2 million in 2014 and \$250.0 million in 2015.

Section 1127 (Waiver): Under Section 1127 of the New York City Charter, the City may collect payments from non-resident employees of the City, or any of its agencies, in an amount which is equal to what their personal income tax liability would be if they were City residents. Revenue is projected to be \$128.0 million in 2014 and \$121.0 million in 2015.

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 \$17.0 million in 2014 and \$15.0 million in 2015, while penalty and interest collections from prior year delinquencies are expected to be \$40.0 million in 2014 and \$30.0 million in 2015.

Penalty and Interest - Other Refunds: The City pays interest on refunds claimed for overpayment against business income taxes and on audits of General Corporation and Unincorporated Business Tax collections that have been subsequently overturned by Federal or State rulings. The cost of all these payments is projected at \$2.0 million in 2014 and \$3.0 million in 2015.

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, the selected use of collection agencies and computer matches. Audit revenue is forecast at \$860.4 million in 2014. The audit revenue for 2015 is forecast at \$709.4 million.

MISCELLANEOUS RECEIPTS

Forecast of Miscellaneous Receipts

The non-tax revenue portion of City Funds is referred to as miscellaneous revenues. The 2015 Executive Budget includes eleven classes of miscellaneous revenues which are discussed below.

Miscellaneous Revenues (\$ in Millions)

	2014 Forecast	2015 Executive Budget	Forecast to Executive Budget Increase (Decrease)
Licenses.....	\$74	\$81	7
Permits	220	176	(44)
Franchises and Privileges.....	327	326	(1)
Interest Income.....	16	10	(6)
Tuition and Charges for Services	922	929	7
Water and Sewer Revenues	1,497	1,559	62
Rental Income	294	272	(22)
Fines and Forfeitures	844	789	(55)
Miscellaneous.....	1,377	1,126	(251)
Total Miscellaneous Revenues	<u>\$5,571</u>	<u>\$5,268</u>	<u>(303)</u>

Miscellaneous revenues are estimated at \$5,268 million in 2015, a decrease of \$303 million from 2014, 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 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 499,000 licenses. About 83,000 are non-recurring, 118,000 are renewed annually, 257,000 biennially, and 41,000 triennially. The major sources of license revenue are taxi and limousine licenses, pistol licenses, private carter licenses, marriage licenses, and various business licenses under the jurisdiction of the Department of Consumer Affairs.

The 2015 forecast for license revenue is \$81 million, \$7 million more than 2014. This increase is attributable to additional fees for the next group of street hail licenses to be issued by the Taxi and Limousine Commission.

Permits

Permits are issued to 1,092,000 individuals or entities for the use of facilities, premises or equipment. Approximately 312,000 permits are renewable on an annual, biennial or triennial basis. Seasonal or single occurrence permits, such as tennis and building permits, account for 780,000 additional permits, all of which are issued and regulated by twelve City agencies.

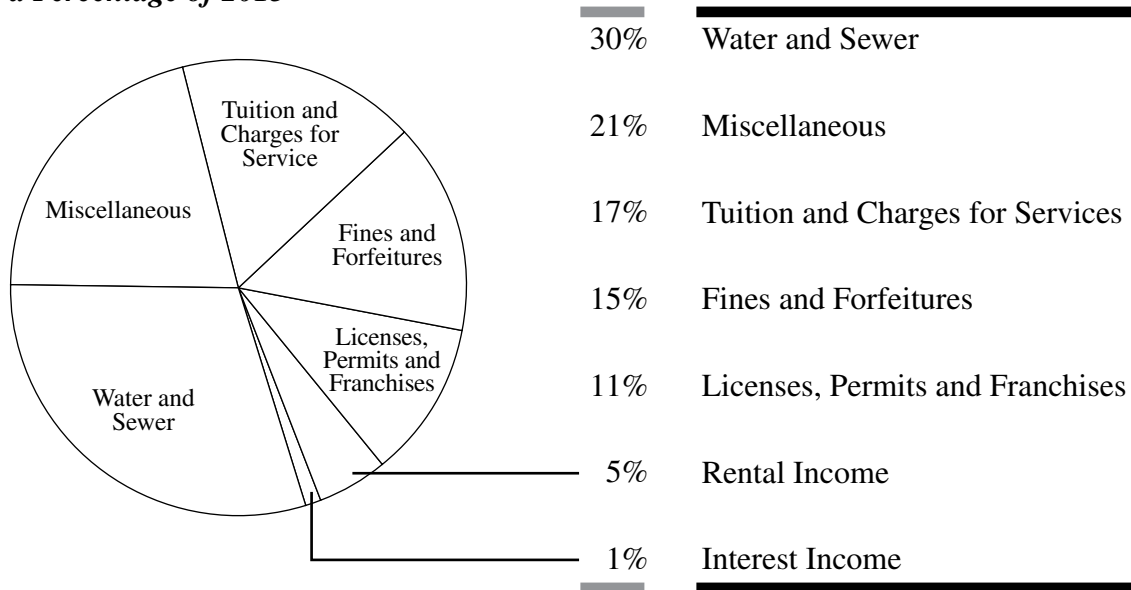
The major sources of revenue are permits for building construction and alterations, street openings, restaurants, hazardous materials, and air pollution control. The 2015 forecast for permit revenue is \$176 million, \$44 million less than 2014. The decrease is due to a decline in receipts for construction-related permits issued by the Department of Buildings and the Department of Transportation.

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 2015 forecast for tuition and charges for services is \$929 million, \$7 million more than 2014. The change is attributable to increases in tuition at community colleges partially offset by non-recurring revenue from the processing of 421-a tax exemption applications.

COMPONENTS OF MISCELLANEOUS REVENUES

As a Percentage of 2015



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 3.35 percent rate increase for 2015. The forecast for Water Board revenue is \$3.7 billion, including a City payment of \$106 million for municipal water and sewer charges and \$29 million for interest on funds held by the New York City Municipal Water Finance Authority. The Water Board will pay \$1.0 billion for Water Board and Authority expenses and debt service. The City will receive \$1.328 billion for O&M services rendered in the delivery of water and the collection, treatment, and disposal of waste water, and \$231 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. 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 2015 forecast for interest earnings is \$10 million, a decrease of \$6 million from 2014. This decrease is attributable to more conservative assumptions for anticipated cash available for investment and the expectation that interest rates will remain at historically low levels over the next twelve months.

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 2015 forecast for franchise revenue is \$326 million, a decrease of \$1 million from 2014.

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 2,480 properties are rented from the City. Approximately 500 are *in rem* or condemnation sites, 180 are covered by long term agreements, and nearly 1,800 are schools that are rented on a per event basis after school hours.

The 2015 forecast for rental income is \$272 million, \$22 million less than in 2014. The decrease is a result of declining rental income from the sale of a DCAS managed property for which future payment to the City will be in the form of taxes instead of a lease payment.

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 2015 forecast for forfeitures is \$3.1 million. The revenue expected from fines in 2014 and 2015 is listed below:

Fine Revenue

Type (\$ in 000's)	2014 Forecast	2015 Executive Budget
Parking Violations	\$527,000	\$518,700
Environmental Control Board Violations	89,805	89,260
Red Light Camera Violations	29,000	35,000
Department of Health Violations.....	36,350	30,000
Department of Buildings Penalties	36,000	22,689
Taxi and Limousine Commission Violations	21,300	13,450
Traffic Violations.....	12,927	12,567
Department of Consumer Affairs	15,700	10,535
Speed Camera Revenue	1,000	7,556
Bus Lane Violations.....	11,500	7,292
State Court Fines.....	7,135	7,135
Department of Finance Penalties	17,457	4,400
Other Sources.....	36,940	27,166
Total	<u>\$842,114</u>	<u>\$785,750</u>

The Parking Violation division of the Department of Finance is forecasted to collect \$569 million in parking, red light camera, bus lane and speed camera fines in 2015, the same as in 2014.

The Parking Violation division 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. The Department of Transportation currently has 190 red light cameras operating at 150 intersections. Red Light Camera violations will generate \$35 million in 2015. In addition, the Department has implemented a bus lane camera enforcement program along MTA Select Service Bus Routes (SBS). Bus lane photo devices can only operate on designated bus lanes that are select bus service lanes within the bus rapid transit demonstration program and only during weekdays from 7:00 am to 7:00 p.m. The Department will generate \$7.3 million in 2015. Despite a planned expansion of the bus lane camera initiative, revenue is expected to decline in 2015 from levels experienced in 2014 as a result of compliance. Most recently the Department was authorized to use speed camera enforcement. Currently 20 speed cameras must be placed within a quarter mile of a school and can operate on days when school is in session (one hour before and one hour after the school day), and during student activities at the school (up to thirty minutes immediately before and up to thirty minutes immediately after such student activities). Recently, the State passed legislation which will allow the Department to increase the number of speed cameras to 140 in 2015 resulting in \$7.5 million in collections.

The Office of Administrative Trials and Hearings (OATH) is comprised of several administrative tribunals: Environmental Control Board, Health, and Taxi and Limousine Commission. OATH is expected to collect \$126.7 million in 2015, a decrease of \$5.8 million over 2014. This decrease is a result of the regulatory reform initiatives outlined below.

The Environmental Control Board adjudicates 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. Cure periods will be established for Department of Sanitation signage infractions and Department of Environmental Protection air/noise violations related to the installation of circulation devices, air contaminant detectors and combustion shutoffs.

As part of a comprehensive regulatory reform initiative, the Department of Health and Mental Hygiene will implement numerous reforms related to food establishments. In order to promote consistency and fairness in decision making by hearing officers, fixed penalties will be established at the Health Tribunal; fines associated with less critical categories of violations will be reduced; and fines will be waived for restaurants receiving fewer than 14 points in adjudication for an initial inspection. In addition, a system of voluntary consultative inspections for food establishments conducted by health inspectors, with no risk of receiving notice of violations, will enhance food establishments' ability to comply with existing rules and regulations. As a result of these reforms, fines paid will decline from the peak of \$54 million in 2012 and \$42 million in 2013 to \$36 million in 2014 and \$30 million annually in 2015 and thereafter.

The Taxi and Limousine Commission has expanded its enforcement staff in an effort to reduce illegal activity. Increased summonses, seizures and administrative violations have resulted in additional fine revenue in 2014. Out year projections reflect increased compliance.

The Department of Consumer Affairs (DCA) enforces the City's consumer protection, licensing, weights and measures and Truth-in-Pricing Laws. In 2015 the Department will generate \$10.5 million in fine revenue, a decrease of \$5.2 million. This decrease is a result of the establishment of cure periods for signage infractions adjudicated in the Department of Consumer Affairs tribunal and a change in enforcement strategy which includes an emphasis on education and outreach.

The Department of Finance assesses penalties for failure to timely file Real Property Income and Expense statements and Real Property Transfer documents. The Department enhanced enforcement efforts in 2013 and penalties collected have grown to over \$17 million in 2014. The Department's enforcement efforts are expected to improve compliance with filing guidelines and it is anticipated that penalties issued will drop in 2015.

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 2015 forecast for miscellaneous revenue is \$1,126 million, \$251 million less than in 2014. The decrease is primarily related to one-time revenue in 2014 from property sales, settlement revenue and the refund of prior year expenditures, partially offset by an increase in revenue from the sale of Taxi Medallions.

Private Grants

The Executive Budget includes \$761 million in private grants in 2015, \$139 million less than 2014. 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 2015 expected reimbursements will be \$527 million.

CAPITAL BUDGET

The Executive Capital Budget and Four-Year Plan, 2015-2018

The 2015 Executive Capital Budget includes new appropriations of \$5.5 billion, of which \$3.8 billion are to be funded from City sources. These appropriations, together with available balances from prior years, authorize total commitments of \$12.8 billion for 2015, of which \$9.9 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 \$9.6 billion in 2015. The aggregate agency-by-agency authorized commitments of \$9.9 billion exceed the 2015 Financial Plan by \$279.0 million. 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 2015-2018 Capital Plan totals \$34.7 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, and providing affordable housing. In addition, damages to critical infrastructure throughout New York City caused by Hurricane Sandy are estimated at \$3.0 billion in the 2013-2018 Capital Program.

The Capital Plan provides \$10.2 billion for new school construction and expansion to create new Pre-Kindergarten classrooms, reduce overcrowding in K-12 and phase out the use of Temporary Classroom Units (TCUs), as well as the modernization, rehabilitation and improvements to existing school buildings. The City will invest \$966.6 million for the Water for the Future Program, which includes the construction of a bypass tunnel for the Rondout-West Branch Tunnel (RWBT) and supplemental water supply projects necessary during the tunnel shutdown. The City will invest \$2.7 billion for bridges, which includes \$1.5 billion for continued rehabilitation of 27 bridge structures. The Capital Plan also provides \$2.5 billion for the creation and preservation of 200,000 affordable housing units under Housing New York.

**FY 2014 - 2018 Commitment Plan
(\$ in Millions)**

	2014		2015		2016		2017		2018	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
<i>Environmental Protection</i>										
• Equipment	\$103	\$106	\$119	\$119	\$40	\$40	\$54	\$54	\$125	\$125
• Sewers	451	458	445	445	337	337	315	315	203	203
• Water Mains, Sources & Treatment	503	530	895	895	355	355	337	337	526	526
• Water Pollution Control	494	546	891	911	535	535	566	746	541	541
• Water Supply	22	22	644	644	22	22	271	271	130	130
Subtotal.....	\$1,572	\$1,663	\$2,995	\$3,015	\$1,289	\$1,289	\$1,542	\$1,722	\$1,526	\$1,526
<i>Transportation</i>										
• Mass Transit	\$286	\$310	\$100	\$100	\$40	\$40	\$40	\$40	\$40	\$40
• Bridges.....	234	372	546	1,015	408	593	426	731	360	428
• Highways.....	466	645	522	976	330	385	181	232	153	158
Subtotal.....	\$985	\$1,327	\$1,168	\$2,091	\$778	\$1,017	\$648	\$1,003	\$553	\$625
<i>Education</i>										
• Education.....	\$1,303	\$2,513	\$1,218	\$2,418	\$1,200	\$2,600	\$1,200	\$2,600	\$1,200	\$2,600
• Higher Education.....	262	271	86	86	51	51	6	6	6	7
Subtotal.....	\$1,565	\$2,784	\$1,304	\$2,504	\$1,251	\$2,651	\$1,206	\$2,606	\$1,206	\$2,607
<i>Housing & Economic Development</i>										
• Economic Development	\$720	\$892	\$207	\$234	\$286	\$286	\$266	\$266	\$65	\$65
• Housing	484	585	356	482	616	666	627	677	643	693
Subtotal.....	\$1,204	\$1,476	\$563	\$716	\$902	\$951	\$893	\$943	\$708	\$758
<i>Administration of Justice</i>										
• Corrections	\$265	\$282	\$625	\$678	\$97	\$97	\$71	\$71	\$125	\$125
• Courts	86	86	236	236	100	100	61	61	47	47
• Police.....	297	306	150	157	93	94	150	150	77	78
Subtotal.....	\$648	\$675	\$1,011	\$1,071	\$289	\$291	\$282	\$282	\$249	\$249
<i>City Operations and Facilities</i>										
• Cultural Institutions	\$619	\$713	\$118	\$126	\$17	\$17	\$27	\$27	\$50	\$50
• Fire.....	112	126	149	278	101	101	38	38	72	72
• Health & Hospitals	600	921	269	551	150	150	59	59	61	62
• Parks.....	964	1,516	528	538	266	275	214	214	79	79
• Public Buildings.....	349	349	237	238	144	144	103	103	97	97
• Sanitation	310	310	399	423	185	185	304	304	108	108
• Technology & Equipment....	1,151	1,163	729	729	232	232	137	137	61	61
• Other.....	872	1,135	415	548	138	258	110	393	152	203
Subtotal.....	\$4,976	\$6,233	\$2,845	\$3,431	\$1,233	\$1,363	\$993	\$1,276	\$679	\$732
Total Commitments	\$10,950	\$14,159	\$9,886	\$12,828	\$5,742	\$7,563	\$5,564	\$7,833	\$4,922	\$6,498
<i>Reserve for Unattained Commitments</i>										
	(\$3,284)	(\$3,284)	(\$279)	(\$279)	\$305	\$305	\$169	\$169	\$284	\$284
Commitment Plan.....	\$7,666	\$10,875	\$9,607	\$12,549	\$6,047	\$7,868	\$5,733	\$8,002	\$5,206	\$6,782
Total Expenditures	\$7,784	\$9,186	\$6,702	\$9,045	\$6,736	\$9,335	\$6,641	\$9,162	\$6,467	\$8,844

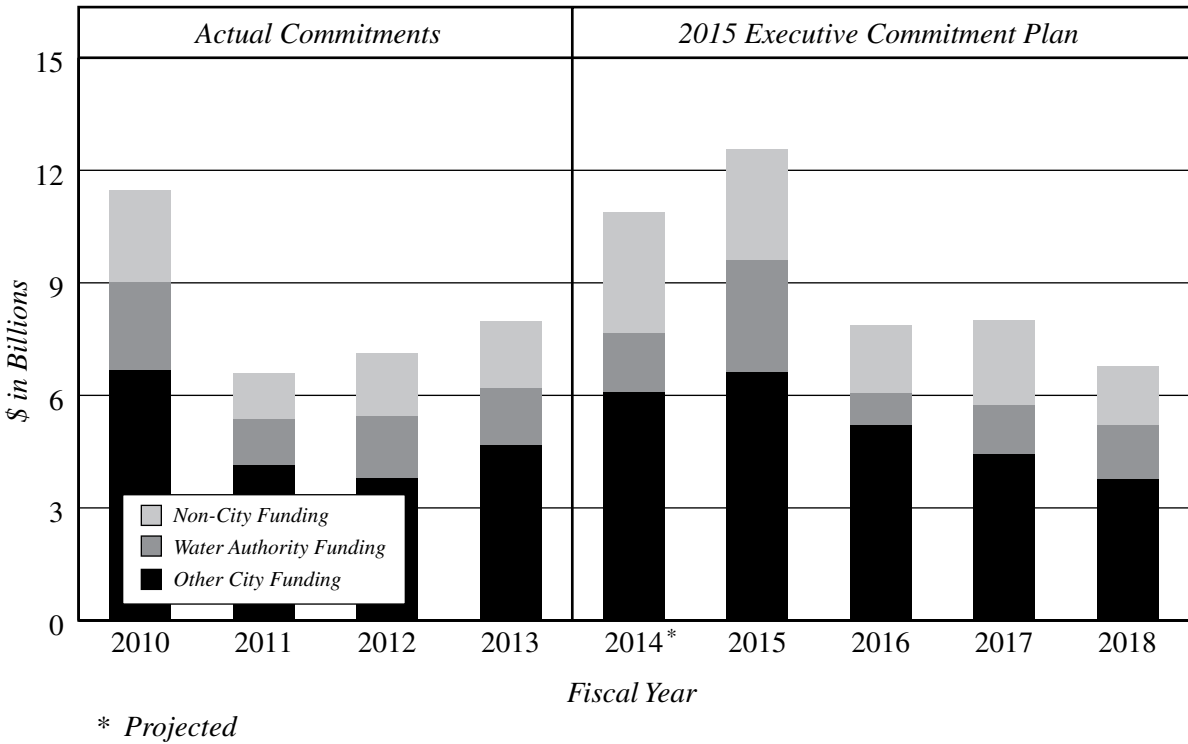
Note: Individual items may not add up due to rounding.

Non-City Funding Sources

Non-City capital funding sources include \$2.9 billion in the 2015 plan and \$8.6 billion over the 2015-2018 four-year plan period. The majority of non-City funding supports Education, Transportation, Hospitals, Housing, and Environmental Protection.

Education programs anticipate receiving \$5.4 billion in State funding over the 2015-2018 period. Transportation programs are projected to receive non-City funding of \$2.1 billion over the 2015-2018 period, with \$1.8 billion from the Federal government, \$234.7 million from the State, and private funds of \$63.0 million. Hospitals programs are projected to receive \$275.2 million in Federal funding over the 2015-2018 period. Housing programs are projected to receive \$275.2 million in Federal funding over the 2015-2018 period. Environmental Protection programs anticipate receiving \$200.0 million in Federal funding over the 2015-2018 period.

FY 2010-2018 CAPITAL COMMITMENTS BY FUNDING SOURCE



The Capital Program since 2010

The table below illustrates the changes in the size of the City's capital program over the 2010-2013 period.

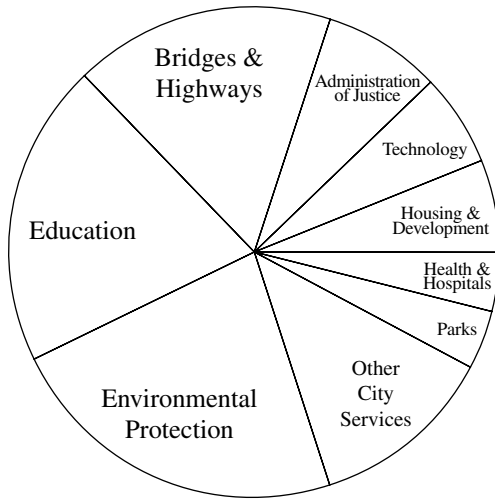
FY 2010-2013 COMMITMENTS (\$ in Millions)

	2010		2011		2012		2013	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
<i>Environmental Protection</i>								
• Equipment	\$137	\$237	\$100	\$98	\$59	\$59	\$65	\$58
• Sewers	127	134	178	190	366	368	279	288
• Water Mains, Sources and Treatment	660	660	602	602	578	590	402	402
• Water Pollution Control	1,315	1,530	354	361	571	570	454	456
• Water Supply	89	89	1	1	97	97	316	316
Subtotal	\$2,327	\$2,650	\$1,235	\$1,252	\$1,670	\$1,685	\$1,516	\$1,521
<i>Transportation</i>								
• Mass Transit	\$100	\$117	\$130	\$130	\$5	\$35	\$125	\$133
• Bridges	532	1,165	137	137	6	125	249	361
• Highways	375	437	296	333	278	300	298	438
Subtotal	\$1,007	\$1,719	\$563	\$600	\$290	\$460	\$672	\$931
<i>Education</i>								
• Education	\$1,123	\$2,265	\$953	\$1,787	\$1,263	\$2,481	\$1,282	\$2,345
• Higher Education	29	31	58	58	70	70	48	48
Subtotal	\$1,152	\$2,296	\$1,011	\$1,845	\$1,332	\$2,551	\$1,330	\$2,394
<i>Housing & Economic Development</i>								
• Economic Development	\$399	\$461	\$143	\$190	\$205	\$244	\$272	\$282
• Housing	192	293	258	343	192	298	308	376
Subtotal	\$591	\$754	\$400	\$533	\$397	\$542	\$580	\$657
<i>Administration of Justice</i>								
• Correction	\$68	\$68	\$69	\$69	\$95	\$95	\$104	\$104
• Courts	77	77	97	97	63	63	17	17
• Police	805	805	80	80	63	63	83	89
Subtotal	\$950	\$950	\$246	\$246	\$221	\$221	\$204	\$210
<i>City Operations & Facilities</i>								
• Cultural Institutions	\$319	\$338	\$149	\$161	\$133	\$135	\$172	\$176
• Fire	120	136	90	94	83	87	143	157
• Health & Hospitals	175	175	279	286	292	298	264	315
• Parks	519	542	367	396	256	290	310	533
• Public Buildings	91	91	116	116	154	154	190	190
• Sanitation	503	503	319	320	222	222	392	400
• Technology & Equipment	1,035	1,033	462	475	260	276	277	279
• Other	225	276	132	248	147	187	147	215
Subtotal	\$2,986	\$3,094	\$1,914	\$2,097	\$1,548	\$1,651	\$1,894	\$2,265
Total Commitments	\$9,014	\$11,463	\$5,369	\$6,575	\$5,458	\$7,111	\$6,196	\$7,978
Total Expenditures	\$9,824	\$10,536	\$8,602	\$9,099	\$6,994	\$8,431	\$6,888	\$8,385

Note: Individual items may not add up due to rounding.

2015 AUTHORIZED CAPITAL COMMITMENTS, BY PROGRAM

(\$ in Millions - All Funds)



<i>% of Plan</i>	<i>Program</i>	<i>2015 Plan</i>
23%	Environmental Protection	\$3,015
20%	Education	2,504
17%	Bridges & Highways	2,193
8%	Administration of Justice	1,071
6%	Technology	729
6%	Housing & Development	720
4%	Health & Hospitals	551
4%	Parks	538
12%	Other City Services	1,507
	Total	\$12,828

2015 Agency Highlights

Technology

- Information and Communication Systems: 911/Emergency Communications Transformation Program (ECTP) facilities, software, and equipment to update and integrate the City's computer aided dispatch capabilities (\$114.6 million); hardening of power capabilities for the City's wireless and fiber-optic data networks (\$13.9 million); and post-Sandy technology infrastructure enhancement efforts including upgrading the City's telecommunications capabilities (\$7.0 million).

Environmental Protection and Sanitation

- Sewers: reconstruction and augmentation of the City's sewer system (\$445.0 million).
- Water Mains, Sources and Treatment: continued in-City water main construction and ancillary work (\$347.0 million), which includes \$94.6 million for City Water Tunnel No. 3 connection projects; and continued advancement of the Croton Water Filtration Plant and related projects (\$88.9 million). The total Water Mains, Sources and Treatment program for 2015 is \$894.6 million.
- Wastewater Treatment: 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 (\$143.0 million); addressing water quality problems attributed to combined sewer overflow discharges into the City's surrounding waterways during wet weather conditions (\$109.3 million); and conduct essential projects at water pollution control plants and related infrastructure to sustain uninterrupted wastewater treatment operation (\$97.0 million). The total Wastewater Treatment program for 2015 is \$911.4 million.
- Water Supply: continued construction of Stage One (\$27.0 million) and Stage Two (\$28.4 million) of City Water Tunnel No. 3 and construction of the parallel tunnel to the Rondout-West Branch Tunnel for the Delaware Aqueduct (\$560.0 million). The total Water Supply program for 2015 is \$644.4 million.

- Equipment: continued purchase, replacement and installation of water meters (\$58.6 million). The total Equipment program for 2015 is \$119.1 million.
- Sanitation: construction of solid waste management facilities (\$192.7 million); purchase of vehicles and other equipment (\$142.3 million); construction and reconstruction of sanitation garages and other facilities, Citywide (\$48.2 million); information technology and telecommunications projects (\$20.1 million); and site acquisition for Department facilities (\$20.0 million).

Transportation

- Bridges: bridge life extension rehabilitation projects, which include the Macombs Dam Bridge fender rehabilitation (\$17.2 million), rehabilitation of the Park Avenue Viaduct (\$10.1 million), and the Belt Parkway over Rockaway Parkway (\$8.4 million); rehabilitation of bridges in fair condition including Bryant Avenue over Amtrak (\$13.1 million) and Belt Shore Parkway over Bayridge Avenue (\$9.8 million); and bridge protective coating of Long Island Expressway Bridges in Queens (\$11.5 million). The total Bridge Program for 2015 is \$1.0 billion.
- Highways: street reconstruction of 185 lane miles (\$620.2 million), which includes citywide street reconstruction due to Hurricane Sandy (\$308.8 million); street and arterial resurfacing of 1,000 lane miles of streets (\$225.8 million); installation of pedestrian ramps (\$45.2 million); and replacement of 3.3 million square feet of sidewalks (\$28.2 million). The total Highways Program for 2015 is \$976.3 million.
- Traffic: signal installation and maintenance (\$50.7 million); installation of streetlights, signals and lane markings associated with the Highway Program (\$17.7 million); and upgrading Central Park street lighting infrastructure (\$14.0 million). The total Traffic Program for 2015 is \$117.3 million.
- Ferries: upgrades to ferry boats (\$7.2 million); and dry-docking of ferry boats (\$5.3 million). The total Ferries Program for 2015 is \$45.1 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 2015 is \$99.1 million.

Education, Health and Social Services

- Education: capital improvements to existing space, including technology and the removal of Temporary Classroom Units (\$796.2 million), complete necessary work to comply with City, State and Federal mandates, including lead paint abatement, PCB removal and other code compliance (\$981.0 million); and expand capacity and reduce classroom overcrowding, including the creation of new Pre-Kindergarten classrooms, through new school construction, space acquisition, conversion and rehabilitation (\$622.8 million). The total Education program for 2015 is \$2.4 billion.
- Higher Education: new school construction (\$65.0 million); and renovation/rehabilitation of building components (\$20.6 million). The total Higher Education program for 2015 is \$85.6 million.
- Health: reconstruction and mitigation as a result of Hurricane Sandy (\$305.7 million); various DOHMH facility renovations and rehabilitation (\$76.7 million); HHC's new Electronic Health Records system (\$46.8 million); ambulance purchases (\$27.8 million); DOHMH's automation and technology infrastructure improvements (\$21.7 million); design and construction of OCME's new Bronx Mortuary (\$21.5 million); and construction of a new Diagnostic and Treatment Center at 155 Vanderbilt Avenue in Staten Island (\$12.0 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 (\$6.4 million); and computer network upgrade and equipment purchase (\$2.0 million).

- Administration for Children’s Services: development of case management systems for child care and juvenile justice (\$16.5 million in 2014); renovation and code compliance at various child care centers (\$3.0 million); renovation and furniture purchases for the agency central office at 150 William Street and various field offices (\$2.6 million); 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 (\$2.1 million); and renovation and upgrades for juvenile detention centers (\$1.6 million).
- Homeless Services: renovations and upgrades of adult shelters (\$20.8 million); renovations and upgrades of family shelters (\$18.6 million); and computer network upgrades and vehicle and equipment purchases (\$1.8 million).
- Human Resources: construction, initial outfitting and equipment for citywide facilities (\$66.6 million); outfitting and relocation to 4 World Trade Center (\$44.5 million); data infrastructure upgrades and improvements (\$42.0 million); Client Services Re-engineering initiative (\$28.3 million); telecom infrastructure upgrades and improvements (\$0.9 million); and automotive equipment (\$0.9 million).

Housing and Development

- Housing: development of over 3,400 new rental and homeownership dwelling units through varied scattered site, large-scale, and multifamily initiatives (\$183.7 million); provision of low-interest loans to finance the rehabilitation and preservation of over 5,200 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 (\$128.4 million); production and rehabilitation of over 1,200 units for low-income and formerly homeless individuals, including those with special needs, through the Supportive Housing Loan Program (\$107.6 million); and disposition and rehabilitation of over 100 *In Rem* dwelling units through various privatization initiatives (\$26.1 million).
- Housing Authority: upgrades to building systems (\$2.0 million); community, daycare and senior center renovations (\$1.0 million); and general capital maintenance (\$0.3 million).
- Economic Development: funding for infrastructure work related to planned large-scale housing development projects in Coney Island West in Brooklyn, Hunter’s Point South in Queens and Stapleton in Staten Island (\$64.0 million); various development and infrastructure improvements at the Brooklyn Navy Yard, including the rehabilitation of Building 77 to create new spaces for manufacturing and industrial tenants (\$45.0 million); rehabilitation of existing structures, public access improvements, and infrastructure upgrades to support public open space and future redevelopment at Governors Island (\$39.6 million); infrastructure development and environmental services at Willets Point (\$16.5 million); funding for creation of new commercial space at the Brooklyn Army Terminal (\$14.0 million); and development, management and rehabilitation of the City’s waterfront properties in all five boroughs (\$4.2 million).

Administration of Justice and Public Safety

- Correction: construction of the new jail facility on Rikers Island (\$527.0 million); improvements to building systems, infrastructure and support space (\$133.9 million); and lifecycle replacement of equipment (\$17.3 million).
- Courts: relocation of Brooklyn Civil/Housing Court (\$100.0 million); infrastructure systems work at the Bronx County Hall of Justice (\$34.9 million); infrastructure upgrade and reconstruction at the Manhattan Criminal Courts building (\$24.0 million); and infrastructure upgrade and interior reconstruction at the Brownsville Community Court (\$20.1 million).

- Police: relocation and rehabilitation of facilities, Citywide (\$84.5 million); replacement and upgrade of critical network infrastructure and computer equipment (\$56.0 million); lifecycle replacement of vehicles (\$9.7 million); replacement and upgrade of general equipment, Citywide (\$3.5 million); and replacement and upgrade of communications equipment (\$3.1 million).
- Fire: the replacement of conduit and wiring in inundation zones for the Department's outside cable plant that was damaged during Hurricane Sandy (\$143.0 million); the renovation of firehouse components such as boilers, electrical upgrades, kitchens, roofs, bathrooms, waterproofing, apparatus doors, floors, and windows (\$53.9 million); the replacement of front-line fire-fighting apparatus according to mandated replacement cycles as well as support vehicles and equipment (\$29.6 million); the replacement of the building information and billing system used by Fire Prevention (\$29.2 million); and the replacement of end of life information technology equipment and communications equipment (\$22.4 million).

Recreation and Cultural

- Parks: rehabilitation of Parks-owned bridges, Citywide (\$82.0 million); reconstruction of Parks-owned waterfront infrastructure, including boardwalks, marinas, and retaining walls (\$53.7 million); planting of new street trees and park trees and the construction of Greenstreets, Citywide (\$37.4 million); reconstruction of Borough Hall Park in Brooklyn (\$12.0 million); flood control and conversion of the open-air culvert box to a concrete box storm sewer at the Willowbrook Park Lake in Staten Island (\$2.9 million); construction of Melrose Commons Park in the Bronx (\$2.5 million); and reconstruction of the play area at Bowne Park in Queens (\$1.0 million).
- Public Libraries: Central Library Master Plan project at the Stephen A. Schwarzman Building in Manhattan (\$35.5 million in addition to \$115.7 million in 2014); new replacement facility for the Far Rockaway Community Library (\$17.6 million); improvements/renovations to the Queens Central Library (\$12.4 million in addition to \$2.6 million in 2014); and renovations and improvements at the Brooklyn Central Library Youth Services Library (\$4.0 million).
- Department of Cultural Affairs: construction of the New Irish Arts Center in Manhattan (\$17.1 million in addition to \$13.3 million in 2014); initial outfitting of the Manhattan Class Company (\$17.0 million); improvements and equipment purchases at the Bronx Zoo (\$14.3 million in addition to \$7.0 million in 2014); improvements to the Brooklyn Botanic Garden Water Garden (\$7.7 million in addition to \$6.0 million in 2014); renovations of the Nuyorican Poets Café in Manhattan (\$5.2 million); improvements to the New York Aquarium in Brooklyn (\$3.9 million in addition to \$156.0 million in 2014, including \$60.0 million for Hurricane Sandy damages); renovation of new space and purchases of equipment at St. Ann's Warehouse in Brooklyn (\$3.5 million in addition to \$10.0 million in 2014); and renovations at the Snug Harbor Cultural Center (\$2.3 million in addition to \$7.1 million in 2014).

Department of Citywide Administrative Services

- Public Buildings: reconstruction and rehabilitation of public buildings and City-owned facilities (\$131.0 million), including 21st Century Civic Center Plan projects (\$41.4 million), the Brooklyn Municipal Building (\$22.4 million), 253 Broadway – the Home Life Building (\$12.2 million), 100 Gold Street in Manhattan (\$7.6 million), the Manhattan Municipal Building (\$5.0 million, not including Civic Center projects), and Staten Island Borough Hall (\$2.8 million); renovation of leased space (\$32.4 million), including Taxi & Limousine Commission space at 32-02 Queens Boulevard (\$12.3 million), Department of Finance at 144-06 94th Ave in Queens (\$5.0 million), the Office of Payroll Administration at 450 West 33rd Street in Manhattan (\$4.6 million), and the Staten Island Computerized Testing Center (\$2.1 million); legal mandates (\$26.5 million), including citywide underground storage tank replacement (\$4.6 million), and roof/exterior work at the Home Life Building (\$2.4 million); equipment and interagency services (\$14.4 million), including a computerized maintenance management system for City-owned buildings (\$3.0 million), and the development of a municipal supplies inventory management system (\$2.0 million); miscellaneous construction in other facilities (\$19.4 million); renovation of other City-owned facilities

(\$8.9 million); rehabilitation of waterfront property (\$5.1 million); modernization of the Board of Elections (\$4.4 million); rehabilitation of non-waterfront property (\$0.7 million); communications equipment (\$0.5 million); and rehabilitation of court buildings (\$0.3 million).

- Energy Efficiency and Sustainability: energy sustainability measures and building retrofits, Citywide (\$103.8 million), including funding for the Accelerated Conservation and Efficiency (“ACE”) Program (\$50.0 million).
- Citywide Resiliency and Protective Measures: resiliency measures (\$146.7 million); and citywide agency facility and operational protective measures (\$78.7 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 2015-2018 Borough Presidents’ Allocations*
(City Funded Appropriations \$ in thousands)**

	2015	2016	2017	2018
Bronx Program				
Cultural Affairs	\$84	—	—	—
Education	1,631	—	—	—
Higher Education	375	—	—	—
Housing	3,250	—	—	—
Housing Authority	540	—	—	—
Human Resources	80	—	—	—
New York Public Library	175	—	—	—
Parks	2,000	—	—	—
Public Buildings	500	—	—	—
GRAND TOTAL: BRONX	\$8,635	\$0	\$0	\$0
Brooklyn Program				
Brooklyn Public Library	\$1,614	—	—	—
Cultural Affairs	4,351	—	—	—
Education	1,577	—	—	—
General Services - Equipment	204	—	—	—
Health	169	—	—	—
Higher Education	400	—	—	—
Highways	100	—	—	—
Housing	3,350	500	—	—
Housing Authority	550	—	—	—
Parks	4,400	850	—	—
Public Buildings	235	1,000	—	—
Sanitation	200	—	—	—
GRAND TOTAL: BROOKLYN	\$17,150	\$2,350	\$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 2015-2018 Borough Presidents' Allocations*
(City Funded Appropriations \$ in thousands)

	2015	2016	2017	2018
Manhattan Program				
Cultural Affairs	\$1,934	—	—	—
Economic Development	1,248	1,000	—	—
Education	3,385	—	—	—
Health	401	—	—	—
Higher Education	659	—	—	—
Housing	250	—	—	—
Human Resources	221	—	—	—
New York Public Library	27	—	—	—
Parks	2,085	—	—	—
Public Buildings	200	—	—	—
GRAND TOTAL: MANHATTAN	\$10,410	\$1,000	\$0	\$0
Queens Program				
Cultural Affairs	\$5,443	—	—	—
Economic Development	82	—	—	—
Education	1,225	—	—	—
Health	121	—	—	—
Higher Education	3,000	—	—	—
Hospitals	1,000	—	—	—
Housing	750	—	—	—
Housing Authority	495	—	—	—
Parks	6,322	—	—	—
Public Buildings	300	—	—	—
GRAND TOTAL: QUEENS	\$18,738	\$0	\$0	\$0
Staten Island Program				
Cultural Affairs	\$1,970	—	—	—
Economic Development	4,118	—	—	—
Education	3,027	—	—	—
General Services - Equipment	380	—	—	—
Health	380	—	—	—
Higher Education	350	—	—	—
Hospitals	500	—	—	—
New York Public Library	340	—	—	—
Parks	2,900	—	—	—
Staten Island Rapid Transit	250	—	—	—
GRAND TOTAL: STATEN ISLAND	\$14,215	\$0	\$0	\$0

* 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.

The AIMS Program was enhanced by an intranet portal that allows for more agency access to asset data. This provides the client agencies with additional information with which to improve 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 32 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. OMB's Value Management Program continues to be successful, both as an operational and capital management tool. The benefits of VE and the overall returns on the reviewed projects have proven to be effective in terms of both significant capital and life cycle cost reductions while protecting projects' required functionality and mission. VA enables improved operational processes and more efficient time management. Studies scheduled for upcoming VE reviews include environmental projects, dams, bridges, water tunnel structures, hospitals, schools, garages, and operation of reviews.

FINANCING PROGRAM

The City's financing program projects \$32.6 billion of long-term borrowing for the period 2014 through 2018 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 bonds of the New York City 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)

	2014	2015	2016	2017	2018	Total
City General Obligation Bonds	\$2,275	\$1,750	\$2,600	\$2,600	\$2,500	\$11,725
TFA Bonds ¹	2,805	3,500	2,600	2,600	2,500	14,005
Water Authority Bonds ²	1,671	1,541	1,289	1,186	1,208	6,895
Total	\$6,751	\$6,791	\$6,489	\$6,386	\$6,208	\$32,625

1 TFA Bonds do not include BARBs issued for education capital purposes. TFA expects to issue \$1.5 billion, \$1.4 billion, \$1.4 billion and \$1.4 billion of BARBs in fiscal years 2015 through 2018, respectively.

2 Includes commercial paper and revenue bonds issued for the water and sewer system's capital program. Fiscal years 2014 and 2015 include bonds to refinance bond anticipation notes issued to the New York State Environmental Facilities Corporation. 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)

	2014	2015	2016	2017	2018
City General Obligation Bonds	\$41,929	\$41,531	\$41,766	\$42,036	\$42,197
TFA Bonds ¹	24,987	27,722	29,419	30,932	32,296
TSASC Bonds.....	1,228	1,216	1,203	1,190	1,168
Conduit Debt.....	1,616	1,534	1,445	1,365	1,284
Total	\$69,760	\$72,003	\$73,833	\$75,523	\$76,945
Water Authority Bonds.....	\$29,979	\$31,293	\$32,207	\$32,997	\$33,801

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

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

	2014	2015	2016	2017	2018
City General Obligation Bonds ¹	\$3,806	\$4,288	\$4,588	\$4,623	\$4,698
TFA Bonds ²	1,664	2,060	2,332	2,647	2,837
TSASC Bonds.....	79	74	74	74	82
Conduit Debt ³	262	317	323	312	305
Total Debt Service	\$5,811	\$6,739	\$7,317	\$7,656	\$7,922
Water Authority Bonds ⁴	\$1,511	\$1,617	\$1,851	\$1,880	\$1,964

1 Includes interest on short-term obligations (RANs).

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

3 Conduit Debt debt service includes interest on the \$3 billion Hudson Yards Infrastructure Corporation (HYIC) debt issued in December 2006 and October 2011. Such debt is not included in the "Debt Outstanding" table above because the City is not required to pay principal of the HYIC debt.

4 Includes First Resolution debt service and Second Resoluiton debt service net of subsidy payments from the NYS Environmental Facilities Corporation.

Debt Burden

	2014	2015	2016	2017	2018
a. Total Revenue	7.6%	9.0%	9.5%	9.6%	9.7%
b. Total Taxes	12.0%	13.7%	14.3%	14.4%	14.4%
c. Total NYC Personal Income.....	1.2%	1.3%	1.4%	1.4%	1.3%
Total Debt Outstanding¹ as % of:					
a. Total NYC Personal Income.....	13.9%	13.9%	13.7%	13.3%	13.0%

1 Total Debt Service and Debt Outstanding include GO, conduit debt and TFA bonds other than BARBs (PIT Bonds).

The financing of the City capital program is split among GO, TFA and NYW bond issuance. The City and TFA will issue \$11.7 billion and \$14 billion, respectively, during the plan period. The City issuance supports 36 percent of the total, while TFA issuance supports 43 percent of the total. NYW's annual financing amount, excluding refundings, will average approximately \$1.4 billion. The aggregate NYW financing during the plan period will account for 21 percent of the total financing program.

In spite of continuing volatility and uncertainty in the financial markets, the City, TFA, and NYW have enjoyed continued market access which has allowed the City's 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+	Aaa	AAA

New York City General Obligation Bonds

Since July 1, 2013, the City has issued approximately \$1.6 billion in refunding bonds and \$2.3 billion in bonds for capital purposes, totaling approximately \$3.9 billion. The dates and principal amounts are as follows:

NYC GO Issuances					
(\$ in Millions)					
Series	New \$/ Refunding	Issue Date	Tax Exempt Amount	Taxable Amount	Total Par Amount
2014 A	N	8/15/2013	\$375	\$125	\$500
2014 BC	R	8/15/2013	373	0	\$373
2014 D	N	10/16/2013	700	125	\$825
2014 EF	R	10/16/2013	417	0	\$417
2014 GH	R	12/19/2013	800	0	\$800
2014 I	N	3/25/2014	950	0	\$950
Total			\$3,615	\$250	\$3,865

The \$1.6 billion of refunding transactions the City has completed to date in fiscal year 2014 generated approximately \$110 million of debt service savings during the financial plan period.

In addition to the total issuance mentioned above, the City took steps to manage its outstanding floating rate debt. The City reoffered approximately \$355 million of floating rate bonds to a fixed rate mode in order to manage expiring bank facilities supporting that debt. Within the refunding issues mentioned above, the City refunded approximately \$180 million of floating rate bonds using the same rationale as for the converted issues. Additionally, the City undertook its second issuance of floating rate notes (reoffering floating rate bonds into an index rate mode) in the

amount of approximately \$250 million, facilitating the maintenance of existing floating rate debt without bank support. Some of the bank facilities freed up from conversion to fixed rate or index rate were redeployed on longer term debt where the benefit of the floating rate is greater relative to shorter term debt.

The City plans to issue GO bonds for capital purposes of approximately \$1.75 billion, \$2.6 billion, \$2.6 billion, and \$2.5 billion in 2015 through 2018, 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 2014. That ratio is projected rise to 9.7 percent in 2018. As a percentage of tax revenues, the debt service ratio is 12 percent in 2014 and is projected to increase to 14.4 percent in 2018.

In 2014, the City does not project 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

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 \$10.3 billion of floating rate exposure.

Despite changes in the floating rate market, the City and other issuers supporting the City capital program have maintained 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. The City and TFA entered into private placements and public offerings of index floating rate bonds bearing all-in costs comparable to variable rate demand bonds with bank facilities. The City and TFA continue to explore these and other debt instruments which confer the benefit of floating rate exposure.

The City has not entered into any new interest rate swaps to date in fiscal year 2014. The total notional amount of swaps outstanding as of March 31, 2014 was \$1.8 billion, on which the termination value was negative \$132 million. This is the theoretical amount which the City would pay if all of the swaps terminated under market conditions as of March 31, 2014.

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, 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.

NYC Floating-Rate Exposure¹
(\$ in Millions)

	<u>GO</u>	<u>TFA</u>	<u>Conduit</u>	<u>TSASC</u>	<u>Total</u>
Floating Rate Bonds	\$6,232	\$3,579	\$30	\$0	9,841
Synthetic Fixed	218		31		249
Taxable Basis Swap	91				91
Enhanced Basis Swap	125				125
Total Floating-Rate	<u>\$6,666</u>	<u>\$3,579</u>	<u>\$61</u>	<u>\$0</u>	<u>\$10,306</u>
Total Debt Outstanding.....	\$41,929	\$24,987	\$1,616	\$1,228	\$69,760
% of Floating-Rate / Total Debt Outstanding.....					14.8%
Total Floating-Rate Less \$5.73 Billion Balance in					
General Fund (Floating-Rate Assets)					4,273
% of Net Floating Rate / Total Debt Outstanding					6.6%

¹ Debt Outstanding as of the 2015 Executive Budget excluding NYW, HYIC, and TFA BARBs

The 14.8 percent floating rate exposure, including the risk from the synthetic fixed rate swaps and the basis swaps, is even more manageable after taking into account the 10 year average balance of \$5.73 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 6.6 percent of its outstanding debt. Moreover, the City uses conservative assumptions in budgeting expenses from floating rate instruments.

During fiscal year 2014, short-term interest rates relating to the \$10.3 billion of floating rate debt have been 0.11 percent on average for tax-exempt and 0.71 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 350 basis points lower than those for long term fixed-rate debt, resulting in an annual savings of over \$360 million.

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 \$54.9 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, \$30 billion is outstanding, \$19.2 billion was refinanced with lower cost debt, \$1.6 billion was defeased with Authority funds prior to maturity, and \$4.1 billion was retired with revenues as it matured.

In addition to this long-term debt, NYW uses a \$600 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 \$200 million of notes backed by a line of credit from a bank.

NYW’s outstanding debt also includes floating rate bonds, which have been a reliable source of cost effective financing. NYW has \$4.3 billion of floating rate bonds or 14% of its outstanding debt, including \$401 million which was swapped to a fixed rate. NYW’s floating rate exposure primarily includes these tax-exempt floating rate bonds 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 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. As of October 17, 2013 NYW has received the full amount of these funds, which were used to pay for certain capital projects. Upon completion of the projects, the loan principal that is due will become a grant through principal forgiveness of the loan.

On July 11, 2013, NYW issued \$401.1 million of refunding tax-exempt fixed rate Second Resolution bonds, Fiscal 2014 Series 1 Bonds to EFC. The bonds refunded NYW's Second Resolution bonds Fiscal 2003 Series 5, and 2004 Series 1 previously issued to EFC. The refunding bonds included serial bonds maturing from 2013 to 2033.

On July 11, 2013, NYW issued \$213.9 million of refunding and new money fixed rate Second Resolution bonds, Fiscal 2014 Series 2 Bonds to EFC. \$200 million was used to take out tax-exempt commercial paper, \$9.38 million was used as new money and the remaining \$4.47 million was used for refunding. The bonds included serial bonds maturing in 2014 to 2043.

On September 17, 2013, NYW issued \$650.9 million of new money tax-exempt adjustable rate bonds under its Second General Resolution, Fiscal 2014 Series AA bonds. The bonds are backed by standby bond purchase agreements provided by three banks. This bond issue included term bonds maturing in 2048, 2049 and 2050.

On October 21, 2013 EFC provided NYW short term loans in an amount up to \$320 million. NYW will receive these funds over time, to pay for capital projects.

On November 21, 2013, NYW issued \$397.1 million of new money tax-exempt fixed rate Second Resolution Revenue bonds, Fiscal 2014 Series BB. This bond issue included a term bond maturing in 2046.

On February 6, 2014, NYW issued \$351.2 million of new money tax-exempt fixed rate Second Resolution Revenue bonds, Fiscal 2014 Series CC. This bond issue included refundable principal installment bonds in 2018 and 2019 and term bonds in 2044 and 2047.

On March 27, 2014, NYW issued \$347.4 million of refunding fixed rate Second Resolution Revenue bonds, Fiscal 2014 Series 4 Bonds to EFC. The bonds refunded NYW's Second Resolution bonds Fiscal 2005 Series 1 and partially refunded Fiscal 2004 Series 2 and Fiscal 2005 Series 2, which were previously issued to EFC. The refunding bonds included serial bonds maturing from 2015 to 2034.

On April 3, 2014, NYW issued \$547.9 million of refunding fixed rate Second Resolution Revenue bonds, Fiscal 2014 Series DD. The bonds refunded NYW's First Resolution bonds Fiscal 2004 Series B, Fiscal 2004 Series C and Fiscal 2005 Series A. The refunding bonds included serial bonds maturing from 2022 to 2039.

Summarized in the following table are eight bond series that have closed to date in Fiscal Year 2014. 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
2014 Series 1	R	7/11/13	\$401,090,000	1.89%	2033
2014 Series 2	R/N	7/11/13	\$213,853,333	2.06%	2043
2014 Series 3 A/B	N	10/21/13	\$320,000,000	0.19%	2014 ⁽¹⁾
2014 AA	N	9/17/13	\$650,870,000	.07% ⁽²⁾	2050
2014 BB	N	11/21/13	\$397,085,000	4.91%	2046
2014CC	N	2/6/14	\$351,240,000	4.46%	2047
2014 Series 4	R	3/27/14	\$347,385,000	2.29%	2034
2014 DD	R	4/3/14	\$547,850,000	4.07%	2039

(1) Bond Anticipation Note issued to EFC

(2) Bonds issued as variable rate demand bonds; rate shown is an average from the issue date through 4/30/2014.

NYW is a party to three interest rate exchange agreements (swaps) with a total notional amount of \$601 million. As of March 31, 2014, the mark-to-market value of the swaps was negative \$73.7 million. This is the theoretical amount which NYW would pay if all swaps terminated as of March 31, 2014.

NYW does not expect to issue additional new money bonds over the remainder of Fiscal 2014.

During the period from 2015 to 2018, NYW expects to sell an average of approximately \$1.4 billion of new money bonds 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. After 2014, NYW expects to issue approximately 85 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. Currently, TFA is 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, 2013, the TFA has issued approximately \$350 million in refunding bonds and \$2.8 billion in bonds for capital purposes. The dates and principal amounts are as follows:

NYC TFA Issuances					
(\$ in Millions)					
Series	New\$/ Refunding	Issue Date	Tax Exempt Amount	Taxable Amount	Total Par Amount
2014 A ¹	N	11/13/2013	\$775	\$440	\$1,215
2014 B	N	2/4/2014	580	50	630
2014 C	R	2/4/2014	350	0	350
2014D	N	4/29/2014	850	110	960
Total			<u>\$2,555</u>	<u>\$600</u>	<u>\$3,155</u>

1. 2014A includes \$90 million of Qualified School Construction Bonds (QSCBs) issuance as taxable bonds.

The \$350 million refunding transaction the TFA completed during fiscal year 2014 generated approximately \$23 million of debt service savings during the financial plan period.

In addition to the issuance mentioned above, the TFA converted approximately \$41 million of floating rate bonds to a fixed rate mode.

With its Fiscal 2014 Series A issue, TFA sold \$90 million of QSCBs by competitive bid, fully utilizing the City's issuance authorization. As with all other prior QSCB issuances, the coupon rate was set below the allowable credit rate, resulting in the interest being eligible for full subsidy from the Federal Government. However, with the enactment of the Budget Control Act of 2011 and the American Taxpayer Relief Act of 2012, subsidies payable to issuers of QSCBs, as well as other bond types authorized under the American Recovery & Reinvestment Act (including Build America Bonds and Recovery Zone Development Bonds, issued by NYC, TFA, and NYW) were reduced by the Federal Government. Current Federal guidelines show a 7.3 percent reduction of such subsidies through September 30, 2015.

Beyond the financings described above, the TFA plans to issue TFA bonds for capital purposes of approximately \$3.5 billion, \$2.6 billion, \$2.6 billion and \$2.5 billion in years 2015 through 2018, 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 \$6.4 billion of BARBs to fund the capital program of the Department of Education. The TFA plans to issue BARBs for the educational capital program of approximately \$1.5 billion, \$1.4 billion, \$1.4 billion and \$1.4 billion in 2015 through 2018, respectively.

Hudson Yards Infrastructure Corporation

HYIC issued its second and final issuance of \$1 billion of Senior Bonds in October 2011.

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.

The subway extension, which is being constructed by the MTA, will open for service in 2014. As of December 2013, nearly 100% of the construction work and 80% of the systems installation work necessary for passenger service was complete, and operational testing has commenced.

Construction is also underway on the HYIC-funded first phase of Hudson Park and Boulevard. As of December 2013, construction of the boulevard was nearly 90% complete, and the park was 25% complete. Construction began in 2012 and is proceeding on schedule for completion in 2014. The construction work is being performed by the New York City Economic Development Corporation with oversight by the Hudson Yards Development Corporation.

Analysis of Agency Budgets

The following table reflects the allocation of fringe benefits, pensions, and debt service costs against the City to each agency to derive the total cost of agency operations.

Full Agency Costs for FY 2015
(\$ in Millions)

Agency	Personal Service Costs				Other Than Personal Service Costs				Gross Total All Funds (Includes Intra-City)	Net Total All Funds (Excludes Intra-City)	City Fund Total
	Salaries & Wages	Fringe Benefits	Pensions	PS Subtotal	Agency OTPS	PA, MA & Other Mandates	Debt Service	OTPS Subtotal			
UNIFORM AGENCIES											
Police Department	\$4,296	\$1,962	\$2,467	\$8,725	\$341	\$—	\$143	\$484	\$9,209	\$8,979	\$8,890
Fire Department.....	1,586	664	1,071	3,321	170	—	145	315	3,636	3,634	3,373
Department of Correction..	915	478	371	1,764	129	—	182	311	2,075	2,075	2,047
Department of Sanitation...	827	395	292	1,514	625	—	397	1,022	2,536	2,533	2,486
Subtotal.....	\$7,624	\$3,499	\$4,201	\$15,324	\$1,265	\$—	\$867	\$2,132	\$17,456	\$17,221	\$16,796
HEALTH AND WELFARE											
Administration for Children's Services.....	\$411	\$155	\$69	\$635	\$2,479	\$—	\$—	\$2,479	\$3,114	\$3,024	\$1,063
Department of Social Services	749	357	142	1,248	1,105	7,874	119	9,098	10,346	10,335	8,046
Department of Homeless Services	121	50	21	192	831	—	—	831	1,023	1,022	533
Department of Health and Mental Hygiene.....	369	128	66	563	1,019	—	57	1,076	1,639	1,636	865
Health and Hospitals Corporation ⁽¹⁾	—	32	—	32	179	—	178	357	389	291	251
Subtotal.....	\$1,650	\$722	\$298	\$2,670	\$5,613	\$7,874	\$354	\$13,841	\$16,511	\$16,308	\$10,758
EDUCATION											
Department of Education	\$9,615	\$3,652	\$3,252	\$16,519	\$7,592	\$—	\$1,583	\$9,175	\$25,694	\$25,474	\$14,324
City University.....	530	161	69	760	238	—	62	300	1,060	1,044	770
Subtotal.....	\$10,145	\$3,813	\$3,321	\$17,279	\$7,830	\$—	\$1,645	\$9,475	\$26,754	\$26,518	\$15,094
OTHER AGENCIES	\$2,397	\$878	\$450	\$3,725	\$4,716	\$—	\$3,309	\$8,025	\$11,750	\$10,633	\$8,894
ELECTED OFFICIALS.....	\$475	\$146	\$84	\$705	\$104	\$—	\$—	\$104	\$809	\$805	\$743
MISCELLANEOUS BUDGET											
	\$835	\$—	\$—	\$835	\$—	\$3,437 ⁽²⁾	\$373	\$3,810	\$4,645	\$4,645	\$3,782
DEBT SERVICE COSTS (Unallocated)											
	\$—	\$—	\$—	\$—	\$—	\$—	\$117	\$117	\$117	\$117	\$55
TOTAL - ALL FUNDS ⁽³⁾	\$23,126	\$9,058	\$8,354	\$40,538	\$19,528	\$11,311	\$6,665	\$37,504	\$78,042	\$76,247	
TOTAL - CITY FUNDS ⁽³⁾	\$15,320	\$7,349	\$8,195	\$30,864	\$9,309	\$9,542	\$6,407	\$25,258			\$56,122
Less: Prepayments	\$—	\$—	\$—	\$—	\$—	\$—	\$2,332	\$2,332	\$2,332	\$2,332	\$2,332
Total After Prepayments....	\$23,126	\$9,058	\$8,354	\$40,538	\$19,528	\$11,311	\$4,333	\$35,172	\$75,710	\$73,915	\$53,790

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

(2) Includes subsidies to the MTA, General Reserve, Judgments and Claims, 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, offering students special education, 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 1,800 schools.

Financial Review

The Department of Education's 2015 operating budget is \$20,623 million, an increase of \$880 million over the 2014 forecast of \$19,743 million. In addition, education-related pension and debt service costs of \$5,275 million are budgeted in separate agencies. These additional costs include a pension increase of \$155 million from 2014 and a debt service increase of \$269 million. City funds including pensions and debt service support \$14,174 million of the Department of Education's expense budget in 2015, an increase of \$586 million, or 4.3 percent. State funds support \$9,899 million, an increase of \$790 million. The balance of the education budget is supported by \$1,722 million in Federal aid, an increase of \$8 million from the 2014 forecast, \$9 million in intra-city funds and \$94 million in other categorical funds. Including those funds budgeted centrally, total funds budgeted on behalf of the Department of Education increase from \$24,560 million in the 2014 forecast to \$25,889 million in the 2015 Executive Budget.

Total Department of Education Expenses 2008-2015 (\$ in Millions)

	2008	2009	2010	2011	2012	2013	Forecast 2014	Executive Budget 2015	Change 2014 to 2015	Change 2008 to 2015
Department of Education										
Operating Budget										
City.....	\$6,998	\$7,259	\$7,140	\$7,737	\$9,076	\$9,081	\$9,273	\$9,468	\$196	\$2,470
Other Categorical	101	243	298	253	215	246	149	94	(56)	(8)
State.....	8,064	8,652	8,072	8,123	8,033	7,982	8,573	9,330	757	1,266
Federal.....	1,797	1,735	2,961	2,794	1,918	1,894	1,714	1,722	8	(75)
Intra-City	16	14	27	31	42	30	34	9	(25)	(7)
Total Operating Expenditures	\$16,977	\$17,903	\$18,499	\$18,939	\$19,283	\$19,232	\$19,743	\$20,623	\$880	\$3,646
Other City Funds Supporting Education										
Pensions	\$1,894	\$2,188	\$2,452	\$2,457	\$2,672	\$2,830	\$2,971	\$3,126	\$155	\$1,231
State Aid for Pensions	0	0	(5)	(5)	0	0	0	0	0	0
Federal Aid for Pensions	0	0	(0)	(0)	0	0	0	0	0	0
G.O. Bond Debt Service	804	844	930	934	1,085	944	939	1,078	139	274
State Aid for Debt Service	(3)	(99)	(3)	(3)	(222)	(146)	(3)	(3)	0	0
TFA Debt Service	485	506	661	720	637	816	941	1,071	130	586
State Aid for TFA Debt Service.....	(213)	(227)	(380)	(416)	(209)	(345)	(533)	(567)	(33)	(353)
Total Additional City Funds	\$2,968	\$3,212	\$3,654	\$3,685	\$3,963	\$4,100	\$4,315	\$4,706	\$391	\$1,738
TOTAL CITY FUNDS										
FOR EDUCATION	\$9,966	\$10,471	\$10,794	\$11,423	\$13,039	\$13,181	\$13,588	\$14,174	\$586	\$4,208
TOTAL STATE FUNDS										
FOR EDUCATION	\$8,280	\$8,978	\$8,460	\$8,547	\$8,464	\$8,472	\$9,109	\$9,899	\$790	\$1,620

The amounts shown for 2008 through 2013 represent actual expenditures including pensions and debt service funds budgeted in other agencies. Numbers may not add due to rounding.

Expense Budget Highlights

The FY2015 Executive Budget includes major new policy initiatives for the Department of Education, as well as the impact of New York State's Enacted Budget. State education funding for New York City will grow by \$790 million in FY2015 – the largest such increase since FY2008. This growth includes a new \$300 million appropriation that fully funds High Quality Full Day Universal Pre-Kindergarten, along with increases of \$435 million to School Aid and \$55 million for other State funds supporting Education. The State School Aid includes language authorizing spending on after school programs, and the Executive Budget funds a major expansion of after school programs.

Universal Pre-Kindergarten

The City of New York is embarking on a historic expansion and enhancement of Pre-Kindergarten services in the 2014-15 school year. The model, created by experts from both within and outside of government after studying other successful programs around the country, is designed to overcome chronic education disparities. Its elements have been shown in other cities to have substantial impacts on achievement in language, literacy, and mathematics, while reducing grade retention and closing the achievement gap between students of different socioeconomic backgrounds. This new approach, targeted at all of NYC's four-year-olds, will have the following components:

1. Six hours and 20 minutes for 180 days of instruction, free;
2. Consistent and full implementation of standards-based instruction oriented around the state Pre-Kindergarten learning standards, Pre-Kindergarten Foundation for the Common Core, covering skills in all areas of development, including:
 - a. Approaches to Learning
 - b. Physical Development and Health
 - c. Social and Emotional Development
 - d. Communication, Language, and Literacy
 - e. Cognition and Knowledge of the World
3. Ensuring recruitment and retention of high-quality Pre-Kindergarten lead teachers with early childhood certification;

Investments in New York City's early childhood workforce at every stage of their development will ensure all children attending our Pre-Kindergarten programs receive high-quality services that lay the foundation for long-term success. Under the mayor's plan, pay levels across the system will be sufficient to attract and retain the best certified teachers to lead early childhood classrooms.

4. Increased support for students whose primary language is not English;

Given the diversity of our city and that 19 percent of current Kindergarteners are English Language Learners, the model will put additional support in place so that teachers, administrators and coaches are prepared to meet their needs. For example, DOE instructional coaches will receive targeted training on supporting students whose native language is not English, which they can turnkey in their ongoing work with programs.

5. Increased support for families in high-need areas;

The model will double down on existing support, with additional resources for CBOs and public schools in high-need areas. In addition to increasing the number of social workers to provide more intensive support for individual schools in high-need areas, programs in community-based settings in high-need areas will receive additional resources to meet the needs of families. This support enables programs to support families transitioning into Pre-Kindergarten, and into Kindergarten in the following year. DOE will require programs to develop plans for how they will use those funds to tailor family support in ways that meet the needs of their community. Some examples include:

- Developing mechanisms for gathering regular feedback from families on all aspects of programming and using those findings to inform ongoing improvements;
- Creating extended learning activities that provide families with concrete ways to support their children, which build on content covered and instructional practices used within the classroom;
- Establishing partnerships with schools where children will likely attend Kindergarten to promote smooth transitions.

6. Further developed quality infrastructure within DOE's Office of Early Childhood Education.

Programs will receive more targeted support with an increased number of on-site coaches who will now have fewer classrooms to cover. Teachers, teaching assistants and administrators will attend summer trainings conducted by DOE coaches focused on planning for the year. These coaches will remain in place at schools to provide ongoing and consistent professional development. The DOE will draw from research-based practices in adult learning and early childhood educator development and will engage university partners to support development and execution of the summer sessions. More extensive program evaluation, database development, and research will demonstrate the effects of New York City's Universal Pre-Kindergarten program and inform ongoing improvements. The DOE will be able to assess how children, teachers and programs are performing each year and publicly share the trends we are seeing in programs across the city.

By September 2014, there will be 53,604 high-quality full day seats available to children turning four in this calendar year at both public schools and community-based early child centers (CBECCs). The number will increase to 73,250 by January 2016 – serving every interested family in the city. The cost of the expansion is estimated at \$300 million in FY2015, and will be fully covered with State funding. It includes the following:

- New Seats & Conversions – \$154 million
- Salary Enhancement – \$17 million
- Support Costs (including start-up) – \$44 million
- Quality Initiatives – \$85 million

By FY2016, the cost of New Seats & Conversions will increase as more slots are added. The full expense is projected at \$340 million in the second year of the program.

After School

In close collaboration with the Department of Youth and Community Development (DYCD), the DOE will participate in a major expansion of after school programs for Middle Schools. This initiative will provide academic support, enrichment and a safe setting to nearly 43,000 additional students, along with enhanced summer programming for over 21,000 students, at a cost of \$145 million in FY2015. By FY2016, the expansion will reach approximately 51,000 students in both regular after school slots and summer programs, at a cost of

\$190 million. The FY2015 initiative is fully funded within the School Aid growth in the New York State Budget. The State intends to dedicate additional funds for after school programs through new casino revenues.

Other Initiatives

Along with UPK and After School, several new items will be funded or expanded for FY15. These include:

- The opening of 26 new District schools and 15 new Charter schools.
- Funding for additional staff, including visual arts, dance, theater and music teachers, as well as special education teachers, paraprofessionals and school nurses to provide needed enrichment and support for DOE students while complying with Federal and State mandates.
- Support for instruction of English Language Learners through translation services, professional development and new curriculum materials.
- Switching over from use of Styrofoam trays in school cafeterias to reduce the amount of school cafeteria waste that cannot be recycled.
- School technology improvements such as the purchasing of devices and educational software.
- Supplemental academic intervention services for schools with high populations of struggling students.
- The Close to Home program, which will move troubled youths from Upstate detention facilities back to educational settings in the City.
- Teacher trainers and coaches to assist, improve and provide instructional support for classroom teachers.
- Funding for growing costs in special education services such as speech and occupational therapy as well as specialized autism programs.

Summary of Agency Financial Data

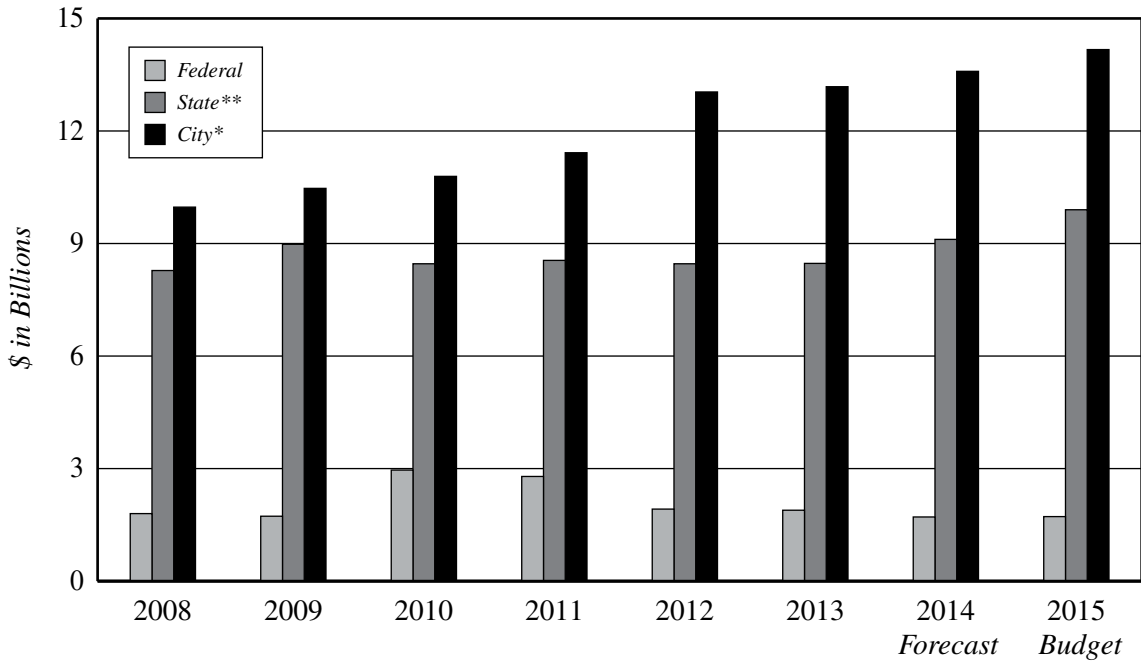
The following table compares the 2015 Executive Budget with the 2015 Preliminary Budget, the 2014 forecast and actual expenditures for 2013, including costs budgeted centrally for fringe benefits, pensions and debt service.

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

	2013 Actual	2014 Forecast	2015		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2014 Forecast	2015 Preliminary Budget
			Expenditures			
Salary and Wages.....	\$9,530,002	\$9,428,130	\$9,539,498	\$9,615,157	\$187,027	\$75,659
Fringe Benefits.....	3,163,654	3,342,526	3,516,638	3,416,763	74,237	(99,875)
OTPS.....	6,538,759	6,972,373	7,422,285	7,591,521	619,148	169,236
Total.....	<u>\$19,232,415</u>	<u>\$19,743,029</u>	<u>\$20,478,421</u>	<u>\$20,623,441</u>	<u>\$880,412</u>	<u>\$145,020</u>
Funding						
City.....	\$9,080,876	\$9,272,510	\$9,808,997	\$9,468,026	\$195,516	(\$340,971)
Other Categorical Grants.....	245,841	149,298	63,579	93,579	(55,719)	30,000
State.....	7,981,621	8,573,487	8,807,976	9,330,446	756,959	522,470
Federal CD.....	9,373	4,500	4,500	4,500	—	—
Federal Other.....	1,884,556	1,709,456	1,767,529	1,717,892	8,436	(49,637)
Intra-City Other.....	30,148	33,778	25,840	8,998	(24,780)	(16,842)
Total.....	<u>\$19,232,415</u>	<u>\$19,743,029</u>	<u>\$20,478,421</u>	<u>\$20,623,441</u>	<u>\$880,412</u>	<u>\$145,020</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$203,356	\$218,316	\$239,665	\$234,861	\$16,545	(\$4,804)
Pensions.....	2,954,164	3,095,083	3,252,064	3,252,064	156,981	—
Other Than Personal Service (OTPS)						
Debt Service.....	1,415,829	1,346,830	1,537,151	1,582,892	236,062	45,741
Total Additional Costs.....	<u>\$4,573,349</u>	<u>\$4,660,229</u>	<u>\$5,028,880</u>	<u>\$5,069,817</u>	<u>\$409,588</u>	<u>\$40,937</u>
Funding						
City.....	4,369,265	4,453,834	4,817,686	4,856,421	402,587	38,735
Non-City.....	2,500	2,501	2,500	2,500	(1)	—
Intra-City Additional Cost*.....	201,584	203,894	208,694	210,896	7,002	2,202
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$9,530,002	\$9,428,130	\$9,539,498	\$9,615,157	\$187,027	\$75,659
Fringe Benefits.....	3,367,010	3,560,842	3,756,303	3,651,624	90,782	(104,679)
Pensions.....	2,954,164	3,095,083	3,252,064	3,252,064	156,981	—
Total PS.....	<u>\$15,851,176</u>	<u>\$16,084,055</u>	<u>\$16,547,865</u>	<u>\$16,518,845</u>	<u>\$434,790</u>	<u>(\$29,020)</u>
OTPS.....	\$6,538,759	\$6,972,373	\$7,422,285	\$7,591,521	\$619,148	\$169,236
Debt Service.....	1,415,829	1,346,830	1,537,151	1,582,892	236,062	45,741
Total OTPS.....	<u>\$7,954,588</u>	<u>\$8,319,203</u>	<u>\$8,959,436</u>	<u>\$9,174,413</u>	<u>\$855,210</u>	<u>\$214,977</u>
Total Agency Costs.....	\$23,805,764	\$24,403,258	\$25,507,301	\$25,693,258	\$1,290,000	\$185,957
Less Intra-City.....	\$30,148	\$33,778	\$25,840	\$8,998	(\$24,780)	(\$16,842)
Intra-City Additional Cost*.....	201,584	203,894	208,694	210,896	7,002	2,202
Net Agency Cost.....	<u>\$23,574,032</u>	<u>\$24,165,586</u>	<u>\$25,272,767</u>	<u>\$25,473,364</u>	<u>\$1,307,778</u>	<u>\$200,597</u>
Funding						
City.....	13,450,141	13,726,344	14,626,683	14,324,447	598,103	(302,236)
Non-City.....	10,123,891	10,439,242	10,646,084	11,148,917	709,675	502,833
Personnel (includes FTEs at fiscal year-end)						
City.....	113,717	114,335	115,155	114,316	(19)	(839)
Non-City.....	18,752	18,709	18,312	19,259	550	947
Total.....	<u>132,469</u>	<u>133,044</u>	<u>133,467</u>	<u>133,575</u>	<u>531</u>	<u>108</u>

* Intra-City Additional Cost includes Pensions, Fringe.

FUNDING SOURCES 2008-2015



* City funds include TFA and GO debt service, and pensions, but exclude intra-city.

** State funds include debt service and pensions.

New York City Public School Enrollment School Year 2011-2015

	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Projections
DOE Facilities Enrollment					
General Education*	864,254	856,759	849,312	845,077	840,782
Special Education**	112,843	117,379	121,823	123,069	128,173
Pre-Kindergarten	22,484	21,979	21,910	23,082	27,500
Subtotal	999,581	996,117	993,045	991,228	996,455
Non-DOE Facilities Enrollment					
Charter Schools	39,217	47,572	58,187	70,918	82,989
Contract Schools	7,174	7,208	7,235	7,342	7,452
Pre-Kindergarten at CBOs	34,749	36,226	33,730	34,320	42,143
Special Ed Pre-Kindergarten	35,796	36,760	37,500	37,642	37,793
Subtotal	116,936	127,766	136,652	150,222	170,377
TOTAL	1,116,517	1,123,883	1,129,697	1,141,450	1,166,832

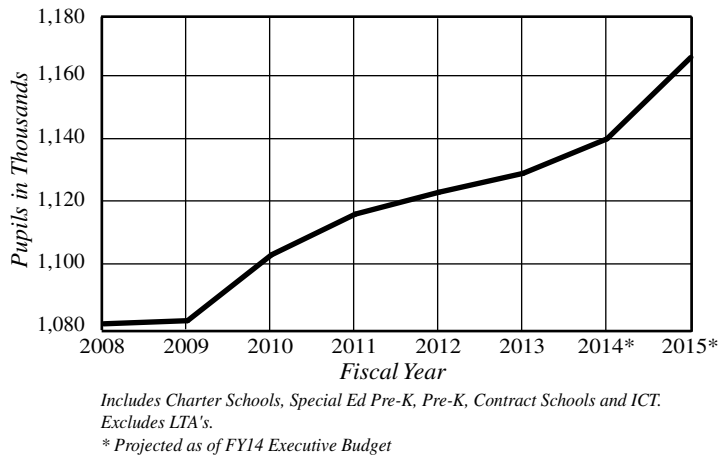
* General Education enrollment includes General Education students served in ICT settings as well as those in regular classrooms.

** 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 ICT settings.

Programmatic Review and Service Impact NYC PUBLIC SCHOOL ENROLLMENT 2008-2015

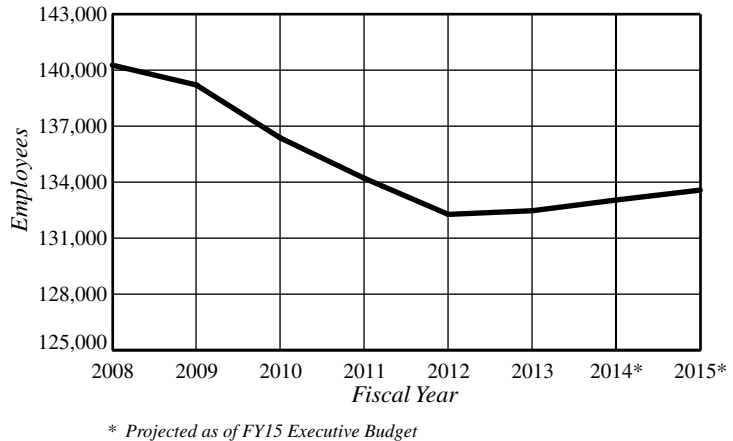
The Student Population

Total enrollment supported by the Department’s budget, including Pre-Kindergarten, charter school and contract school students, will increase by 25,382 from 1,141,450 in 2014 to a projected 1,166,832 in 2015. Of this total, the City projects that general education public school enrollment for Kindergarten through twelfth grade will be 912,179 (an 86% share of total K-12 enrollment) or 6,182 greater than in 2014. Of these students, 840,782 (a 92% share of GE K-12 enrollment) are expected to attend schools run by the Department of Education and 71,397 (an 8% share of GE K-12 enrollment) are expected to attend charter schools.



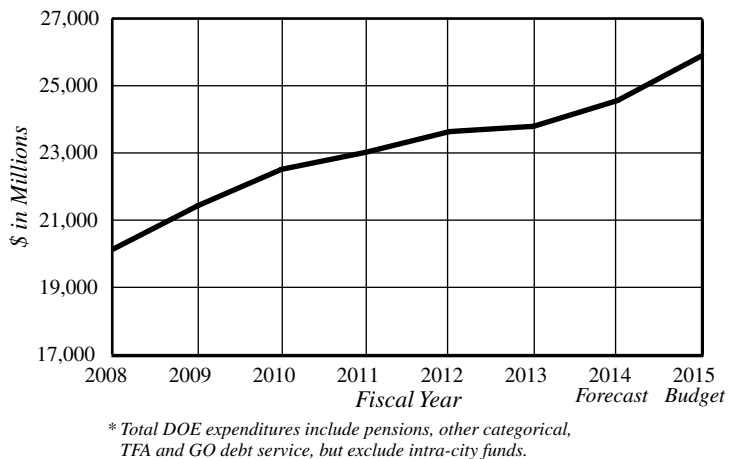
In 2015, the City projects that 147,217 school-age students will be enrolled in full-time special education programs (a 14% share of total K-12 enrollment). This projected enrollment level is 6,808 students higher than the 2014 full-time special education population of 140,409. Of these students, 128,173 (an 87% share of total SE K-12 enrollment) are expected to attend Department of Education facilities, 11,592 (an 8% share of total SE K-12 enrollment) are expected to attend charter schools, and 7,452 (a 5% share of total SE K-12 enrollment) are expected to attend specialized private facilities (“contract schools”) paid for through the Department’s budget.

FULL TIME AND FULL TIME EQUIVALENT DEPARTMENT OF EDUCATION EMPLOYEES 2008-2015



In 2015, Universal Pre-Kindergarten enrollment is expected to increase by 12,241 to a level of 69,643. Of this total, 27,500 (a 39% share of total UPK enrollment) are expected to enroll at Department of Education facilities and 42,143 (a 61% share of total UPK enrollment) will attend programs at Community Based Organizations. Special Education Pre-Kindergarten enrollment is expected to increase by 151 to 37,793 in 2015.

TOTAL DEPARTMENT OF EDUCATION EXPENDITURES 2008-2015*



Staffing Levels

In 2015 the City’s financial plan supports a staffing level of 133,575. Of this count,

120,390 are full-time and 13,185 are Full Time Equivalents (FTEs). Pedagogical employees (which include teachers, superintendents, principals, assistant principals, guidance counselors, school secretaries, educational paraprofessionals and other school support staff) make up 109,909 of the full-time employees and 857 of the FTEs. Civilian employees represent 10,481 of the full-time employees and 12,328 of the FTEs.

Capital Review

The City’s Four-Year Plan for 2015-2018 anticipates spending \$10,218.3 million on school construction projects and is consistent with the first four years of the Department of Education’s (DOE’s) \$12,800 million Five-Year Plan for 2015-2019.

The table below shows planned capital commitments by program area over the 2015-2018 period.

Capital Commitments

(\$ in 000’s)

	2015 Plan		2016 Plan		2017 Plan		2018 Plan	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
System Expansion New Schools	\$272,047	\$544,094	\$311,934	\$686,629	\$264,894	\$582,823	\$224,108	\$493,085
System Expansion Other.....	114,501	229,002	168,714	371,373	144,256	317,394	144,961	318,944
Rehabilitation of School Components	511,236	1,017,472	342,637	748,477	429,755	939,845	477,543	1,044,990
Educational Enhancements	129,106	258,212	121,343	267,099	122,512	269,552	119,548	263,031
Emergency, Unspecified and Miscellaneous	166,521	319,697	230,041	470,664	213,635	435,495	209,453	426,293
Safety and Security	24,934	49,868	25,331	55,758	24,948	54,891	24,387	53,657
Total	\$1,218,345	\$2,418,345	\$1,200,000	\$2,600,000	\$1,200,000	\$2,600,000	\$1,200,000	\$2,600,000

Capital Highlights – The Sixth Five-Year Amended Plan

The Department of Education’s Capital Plan is modeled after the School Construction Authority’s 2015 – 2019 proposal. This \$12.8 billion program will provide:

- funding of \$3.9 billion for capacity, adding more than 39,500 seats. This will expand capacity for K-12 classrooms in an estimated 58 buildings (9,686 in Brooklyn; 4,656 in the Bronx; 3,882 in Manhattan; 13,124 in Queens; and 1,212 in Staten Island), reducing overcrowding by 75%, in addition to ensuring sufficient space for a historic expansion of Pre-Kindergarten.
- funding of \$480 million to remove all Transportable Classroom Units (TCUs).
- funding of \$3.3 billion for the Capital Improvement Program, allowing for exterior and interior building upgrades and other necessary capital repairs to school buildings.
- funding of \$1.6 billion for School Enhancement Projects. This category contains funding to support technology projects, realignment of existing facilities, bathroom upgrades, physical fitness projects, science labs, accessibility and other necessary improvements. In addition, funding is included for the continued installation of Point of Service (POS) systems in school cafeterias, which will reduce the stigma associated with subsidized lunch by having all students pay with a standard card.
- funding of \$3.5 billion for mandated programs such as remediation and building code compliance projects, insurance, and emergencies.

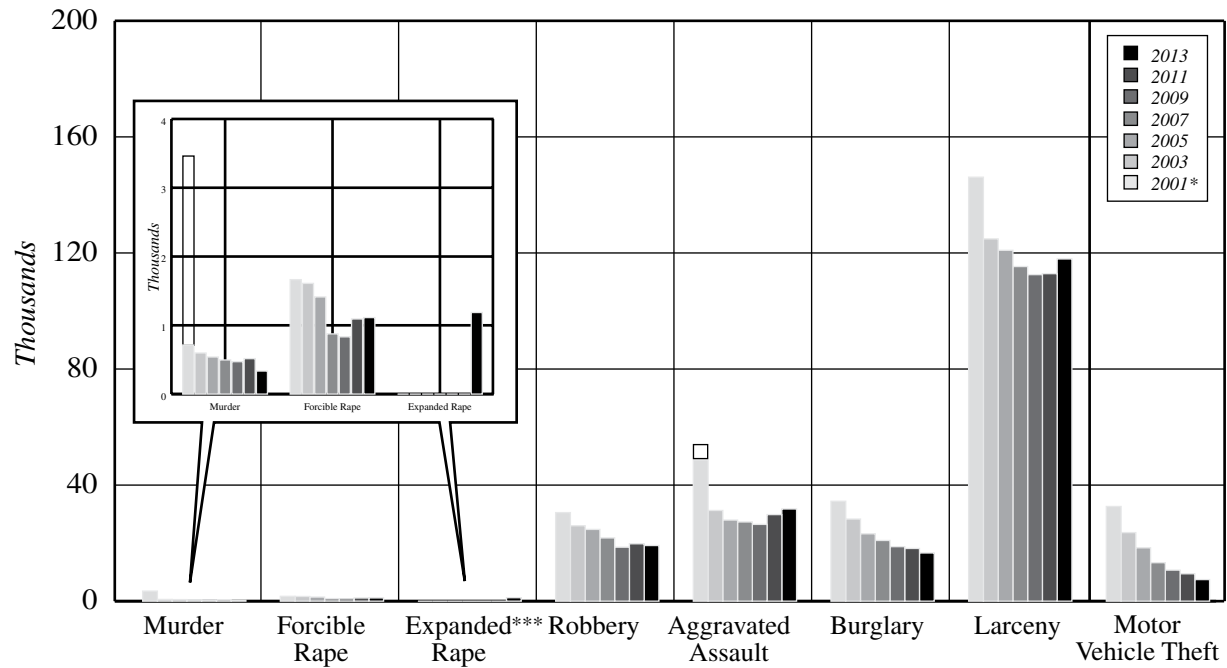
ADMINISTRATION OF JUSTICE

Overview

As measured by the FBI crime index, New York City remains the safest large city with the lowest rate of crime per capita among the ten largest U.S. cities. NYPD preliminary index crime data for the entire calendar year 2013 shows overall major felony crime decreased by 25.9 percent since calendar year 2001. There was a slight decrease, 0.1 percent, in major felony crime from calendar year 2012 to 2013. However, there was an uptick in theft of unattended property and electronic devices (grand larcenies). There was also an increase in felonious assaults of 1.8 percent. In the same period, murder dropped by 20 percent to a historically low 335.

NEW YORK CITY FBI INDEX CRIMES

Calendar Years 2001*-2013**

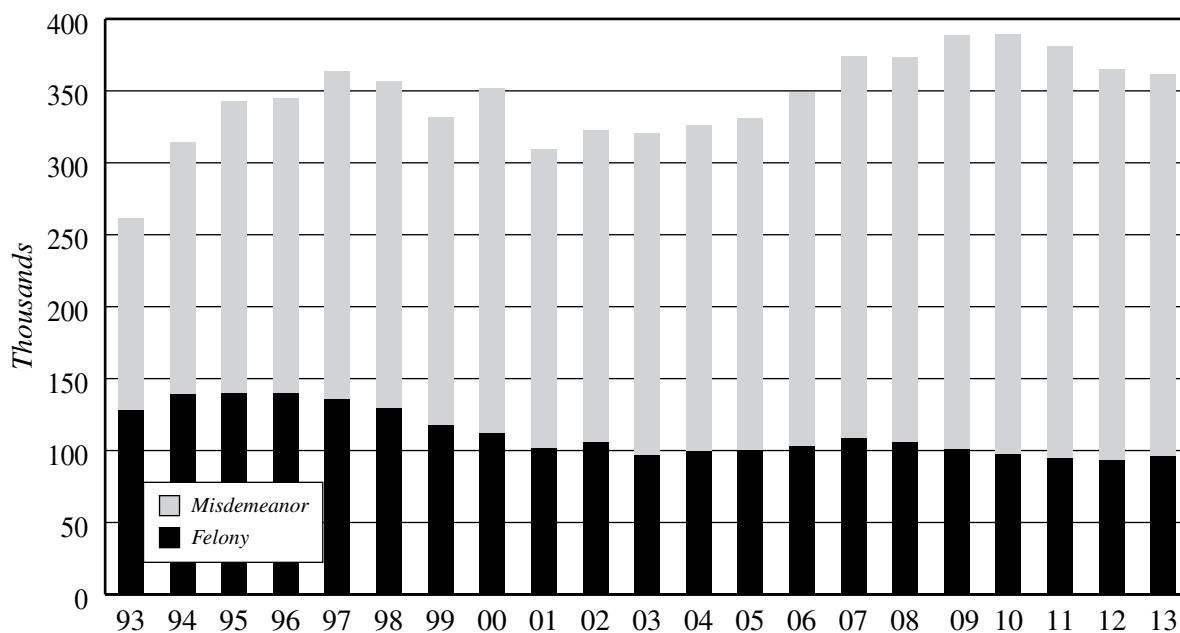


* In 2001, for Murder and Aggravated Assault, the unshaded portion represents World Trade Center victims.
 ** Preliminary estimates based on data from NYPD.
 *** Expanded Rape category added in 2013.

Arrests totaled 391,363 in calendar year 2013, decreasing by 2,971 from 2012. In 2013, the distribution of arrests was 24 percent felonies, 68 percent misdemeanors and 8 percent violations.

NEW YORK CITY FELONY & MISDEMEANOR ARRESTS

Calendar Years 1993-2013



In calendar year 2014, to date, overall arrest levels decreased by 0.2 percent from the same period in 2013; felony arrests decreased by 3.2 percent; misdemeanor arrests increased by 0.7 percent and violations arrests increased by 1.8 percent. Concomitantly, the Department of Correction’s population decreased. Through March 2014, the average daily inmate population was 11,569, as compared to 11,898 in 2013 – a reduction of 2.8 percent. The decline is comprised of a 3.5 percent decrease in the City-sentenced population, a 4.2 percent increase in the State-sentenced population, and a 3.3 percent decrease in the pretrial detainee population.

POLICE DEPARTMENT

With the appointment of Police Commissioner William J. Bratton, the Department is working to continue its recent success in keeping major crime at historically low levels while transforming itself into a more open, collaborative Department, committed to building strong community relations through mutual respect and understanding. An important new component of these efforts is the new Deputy Commissioner for Collaborative Policing, who is helping to create this new atmosphere by working closely with community-based organizations, advocates and political leaders.

The Department is also undergoing a major re-engineering process, a comprehensive review to identify areas to improve upon; new areas to move into and areas where the NYPD could further enhance what they are already achieving.

In addition to these innovations, the Department continues to pursue two initiatives addressing crime trends in the areas of gang involvement and prescription drugs: Operation “Crew Cut” and the Prescription Drug Initiative.

Operation “Crew Cut” is a multi-faceted plan to reduce gang violence and gang-related crimes. This initiative combines personnel from many Department units in a proactive program designed both to take down existing crews and to intervene before new gangs are formed. This plan encompasses intelligence gathering, information analysis, crime enforcement, community outreach, and most importantly, effective evidence gathering necessary for successful prosecution. It also includes the enhancement of the Gang Division and the restructuring and repurposing of several Street Narcotics Enforcement Units.

The Prescription Drug Initiative consists of four components that address the issue of prescription opioid drug abuse. The first component is the Tactical Drug Diversion Task Force. Created in conjunction with the Drug Enforcement Agency (DEA), this task force is an investigative module which conducts targeted enforcement of prescription drug diversion. The second component is a Citywide Awareness/Education Campaign to educate high school and college/university students about the dangers of abusing prescription drugs and over-the-counter medications. The third component, Pharmacy Crimes Reduction, addresses the rise in crime related to pharmaceuticals, particularly pharmacy burglaries, by introducing a comprehensive crime-reduction strategy, including conducting crime prevention surveys to enhance security systems in pharmacies Citywide. Modern technology is utilized, including the use of “bait bottles” equipped with GPS devices that immediately activate an alarm to the monitoring entity when a bottle is removed from a shelf allowing the Department to track the bottle’s location and apprehend the perpetrator(s) and/or locate “stash” locations. The final component is Enhanced Intra-Department Training/Issue Awareness, recruit and in-service training about the proper identification of prescription medications, relevant charges and appropriate tactics and responsibilities of officers when responding to the scene of a pharmacy-related crime.

The construction of the new 121st Precinct in Staten Island is complete and the precinct went into operation on July 1, 2013. This new Precinct will help reduce response time in Staten Island where the population continues to grow. Construction continues on the new Police Academy. The Police Academy, located in College Point, Queens, will consolidate training facilities currently scattered across the City at one state-of-the-art campus. The campus includes an academic building, classrooms, tactical gyms, instructional offices and administrative support spaces.

DEPARTMENT OF CORRECTION

The Department of Correction’s mission is to provide for the safety and security of staff, inmates, and the community at large. To this end, the Department continues to advance custody management and discharge planning practices, improving assessments of inmates’ risks and needs, expanding pre-release preparation to include both pretrial and sentenced inmates, and focusing on the populations warranting special attention – high custody inmates, gang members, the mentally ill, and adolescents. To enhance its efficiency, the Department has focused on two core objectives in 2014: maximizing the available labor force and investing in infrastructure to ensure that all facilities and building systems function properly and safely. Aggressive recruitment and improved training processes allowed the Department to graduate two recruit classes in 2014, a total of 649 permanent uniformed positions; a third will enter the academy in May 2014 and will graduate in the new fiscal year. Prospective hiring practices are critical for the Department to maintain adequate staffing levels.

OTHER CRIMINAL JUSTICE PROGRAMS

In the coming year, the City will continue its commitment to developing alternative programs that target misdemeanor and felony offenders who can be safely monitored and served in the community. These programs allow judges more opportunities to order supervision and treatment along with educational and vocational services instead of jail or prison.

The Criminal Justice Agency’s pretrial supervised release program is now operating in Manhattan and Queens. This program targets moderate risk non-violent felony defendants likely to be held on bail who do not pose a substantial risk of pre-trial recidivism or flight. Supervised release is designed to offer judges in the

Queens and New York County Criminal Courts an alternative to the current choices of recognizance release or the setting of bail at arraignment, and is funded at \$1.8 million. This program provides community-based pretrial supervision, needs assessments and program referrals as appropriate, and regular program compliance reports for clients who accept a judicial offer of supervised release.

The Mayor's Office has launched a new program for inmates with mental health needs in partnership with the Departments of Correction and Health and Mental Hygiene. The Court-based Intervention Resource Teams (CIRT) initiative launched in Manhattan in March 2014 and will begin operations in the other four boroughs in 2015. The CIRTs collect and quickly relay information on defendants' mental health care needs, risk of flight and risk of re-offense to the court-based teams to recommend appropriate judicial responses for each defendant's specific risks and mental health needs. The CIRT program is funded at \$2.8 million in 2015 and in the baseline.

The City has also broadened its investment in services for victims of crime. For victims of domestic violence, the City opened a fourth Family Justice Center (FJC) in 2014, adding a Manhattan location to the FJCs that the Office to Combat Domestic Violence now operates in Brooklyn, Queens, and the Bronx. The FJCs are safe, collaborative one-stop locations that co-locate a range of supportive services. At FJCs, victims can safely meet with case managers, counselors, and prosecutors; obtain legal assistance and public benefits; and connect with other services and programs to enable them to become economically independent. This coming year, the City will begin building a fifth FJC in Staten Island.

At an operating budget of \$3.2 million, Child Advocacy Centers provide assistance to physically and sexually abused children and their families in a safe, child-friendly setting. Child protective caseworkers, detectives, pediatricians, prosecutors, advocates, and mental health professionals work as a team to treat and counsel these victims and collect evidence. This minimizes the number of times the child is interviewed and ensures access to appropriate medical and mental health support. The City has partnered with Safe Horizon to operate four fully co-located CACs in the City, with completion of the fifth, in the Bronx, slated for 2015.

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 2015 Executive Budget provides for an operating budget of \$4.8 billion, a decrease of \$166 million from the \$4.9 billion forecast for 2014. This decrease is primarily attributed to annual State Federal, and private grant funding not yet recognized for 2015. Capital commitments of \$157 million are also provided in 2015.

Revenue Forecast

The Police Department collects revenue from fees charged for pistol licenses, rifle permits, fingerprint 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). The Department is also recouping 100% of traffic control costs from non-charitable athletic parades. In 2015, the revenue estimate for the Police Department is \$100.3 million.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- in 2015, the Department will maintain an average uniformed headcount of approximately 35,122.
- the Department will receive \$13.3 million in City funds to hire an additional 147 Traffic Enforcement Agents and purchase traffic safety equipment to enforce the Mayor's Vision Zero initiative.
- the Department expects to receive \$24.4 million for the protection of Foreign Missions as part of the Federal Fiscal Year 2014 Appropriations Act.
- the Department received \$7.0 million in City funds to hire an additional 178 Police Communication Technicians to address increases in workload and operational overtime.

Streamlining and Restructuring

- the Department received \$1.0 million in City funds for the Community Affairs Bureau. The additional funding will enable the Department to build stronger relationships with the community by conducting more outreach events.
- in 2015, the Department's civilian headcount will increase by 60 to staff the newly created Office of Collaborative Policing, and the Risk Assessment and Compliance Unit within the NYPD.
- in 2015, the Department will receive \$70 million in City funds to relieve New York City Housing Authority of the 2015 payments to NYPD for providing police services at NYCHA developments.

Summary of Agency Financial Data

The following table compares the 2015 Executive Budget with the 2015 Preliminary Budget, the 2014 forecast and actual expenditures for 2013, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2013 Actual	2014 Forecast	2015		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2014 Forecast	2015 Preliminary Budget
Expenditures						
Salary and Wages.....	\$4,429,159	\$4,308,461	\$4,278,455	\$4,295,517	(\$12,944)	\$17,062
Fringe Benefits.....	71,627	79,643	74,451	74,451	(5,192)	—
OTPS.....	391,785	578,538	324,166	341,265	(237,273)	17,099
Total.....	<u>\$4,892,571</u>	<u>\$4,966,642</u>	<u>\$4,677,072</u>	<u>\$4,711,233</u>	<u>(\$255,409)</u>	<u>\$34,161</u>
Funding						
City.....	\$4,283,570	\$4,382,065	\$4,351,190	\$4,451,149	\$69,084	\$99,959
Other Categorical Grants.....	101,491	44,188	69,082	—	(44,188)	(69,082)
IFA.....	—	—	—	—	—	—
State.....	12,824	11,364	732	987	(10,377)	255
Federal CD.....	9,940	—	—	—	—	—
Federal Other.....	253,010	298,142	26,410	29,439	(268,703)	3,029
Intra-City Other.....	231,736	230,883	229,658	229,658	(1,225)	—
Total.....	<u>\$4,892,571</u>	<u>\$4,966,642</u>	<u>\$4,677,072</u>	<u>\$4,711,233</u>	<u>(\$255,409)</u>	<u>\$34,161</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$1,792,698	\$1,807,595	\$1,896,381	\$1,887,881	\$80,286	(\$8,500)
Pensions.....	2,640,115	2,542,474	2,461,604	2,466,751	(75,723)	5,147
Other Than Personal Service (OTPS)						
Debt Service.....	128,142	121,641	142,693	142,702	21,061	9
Total Additional Costs.....	<u>\$4,560,955</u>	<u>\$4,471,710</u>	<u>\$4,500,678</u>	<u>\$4,497,334</u>	<u>\$25,624</u>	<u>(\$3,344)</u>
Funding						
City.....	4,422,501	4,413,493	4,441,286	4,438,860	25,367	(2,426)
Non-City.....	138,454	58,217	59,392	58,474	257	(918)
Intra-City Additional Costs.....	—	—	—	—	—	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$4,429,159	\$4,308,461	\$4,278,455	\$4,295,517	(\$12,944)	\$17,062
Fringe Benefits.....	1,864,325	1,887,238	1,970,832	1,962,332	75,094	(8,500)
Pensions.....	2,640,115	2,542,474	2,461,604	2,466,751	(75,723)	5,147
Total PS.....	<u>\$8,933,599</u>	<u>\$8,738,173</u>	<u>\$8,710,891</u>	<u>\$8,724,600</u>	<u>(\$13,573)</u>	<u>\$13,709</u>
OTPS.....	\$391,785	\$578,538	\$324,166	\$341,265	(\$237,273)	\$17,099
Debt Service.....	128,142	121,641	142,693	142,702	21,061	9
Total OTPS.....	<u>\$519,927</u>	<u>\$700,179</u>	<u>\$466,859</u>	<u>\$483,967</u>	<u>(\$216,212)</u>	<u>\$17,108</u>
Total Agency Costs.....	\$9,453,526	\$9,438,352	\$9,177,750	\$9,208,567	(\$229,785)	\$30,817
Less Intra-City.....	<u>\$231,736</u>	<u>\$230,883</u>	<u>\$229,658</u>	<u>\$229,658</u>	<u>(\$1,225)</u>	<u>\$—</u>
Net Agency Cost.....	<u>\$9,221,790</u>	<u>\$9,207,469</u>	<u>\$8,948,092</u>	<u>\$8,978,909</u>	<u>(\$228,560)</u>	<u>\$30,817</u>
Funding						
City.....	8,706,071	8,795,558	8,792,476	8,890,009	94,451	97,533
Non-City.....	515,719	411,911	155,616	88,900	(323,011)	(66,716)
Personnel (includes FTEs at fiscal year-end)						
City.....	50,306	50,422	50,253	50,492	70	239
Non-City.....	243	72	44	44	(28)	—
Total.....	<u>50,549</u>	<u>50,494</u>	<u>50,297</u>	<u>50,536</u>	<u>42</u>	<u>239</u>

Programmatic Review and Service Impact

New York City remains the safest big city in the United States. According to data from the most recent FBI Uniform Crime Report issued for the first six months of calendar year 2013, New York City recorded the lowest index crime rate among the ten largest U.S. cities. NYPD preliminary index crime data for the entire calendar year 2013 show that overall major felony crime decreased by 25.9 percent since calendar year 2001. There was a slight decrease of 0.1 percent, in major felony crime from calendar year 2012 to 2013. However, there was an uptick in the thefts of unattended property and electronic devices (grand larcenies). There was also an increase in felonious assaults of 1.8 percent. In the same period, murder dropped by 20 percent to a historically low 335.

Guns and gun violence remain a key concern for the Department. The Department continues to collaborate 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, the NYPD has made a concerted effort to reduce membership in criminal gangs and crews and the possession of guns, and to discourage involvement in future acts of violence. Current violence reduction programs such as Operation “Crew Cut” continue to be extremely effective at combating youth crime and violence.

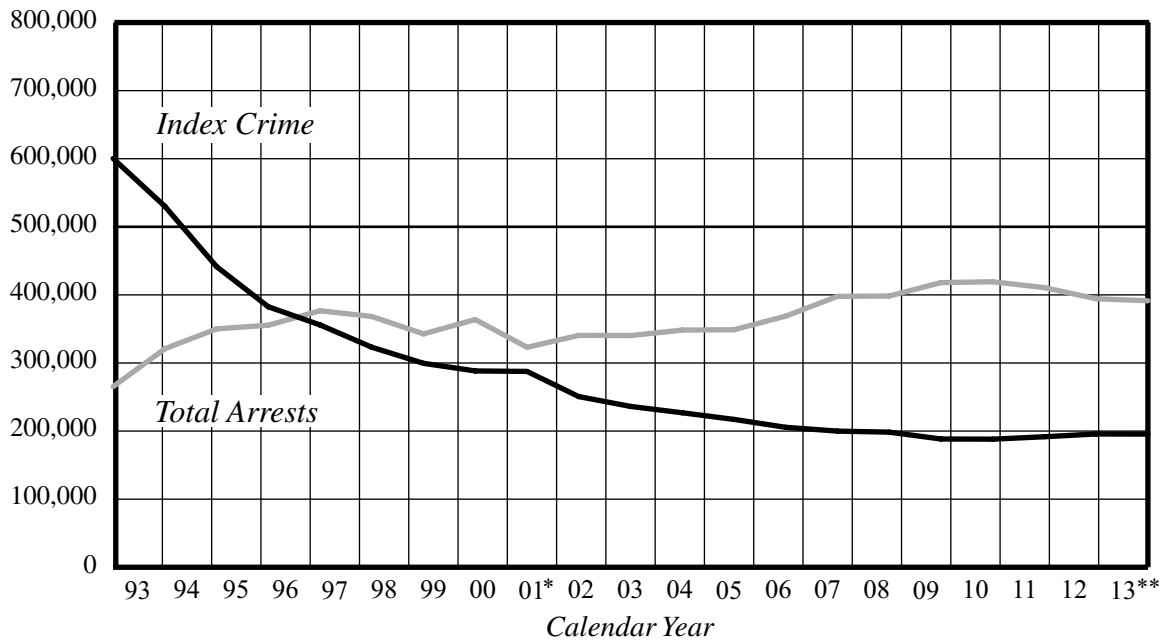
There are 626 new police recruits currently training in the Police Academy. They are scheduled to graduate and deploy in July of 2014. Additionally, there are 1,886 police officers assigned to Operation Impact, a successful crime-fighting initiative that deploys these officers with more experienced personnel to the higher crime areas in order to reduce crime and improve the quality of life of City residents. As with many programs in the Department, Operation Impact will see significant upgrades during the Department’s ongoing re-engineering process. Now in its eleventh year, Operation Impact continues to play a key role in the Department’s crime fighting efforts.

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 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) daily. After responding to a pre-designated staging location, patrol personnel assigned to CRV duties are briefed by the Department’s Counterterrorism and Intelligence Bureaus. 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 approximately 3,650 cameras feeding images from sensitive areas to the Lower Manhattan Security Coordination Center. To further expand 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 with the Port Authority, integrating all of the security technologies deployed throughout the site into the NYPD LMSI Coordination Center, which is staffed by NYPD 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.

The City continues work on Stage 2 of planned upgrades and enhancements to its 9-1-1 Emergency 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 December 2011, in collaboration with the Police Department and the Fire Department, the Office of Citywide Emergency Communications completed Stage 1, which included significant upgrades to the call-taking systems and telecommunications infrastructure, as well as co-location of the Police, Fire, and EMS call-taking and dispatch operations into the Public Safety Answering Center in Brooklyn. ECTP’s work on Stage 2 continues as the City develops a new, consolidated Fire and EMS dispatch system, and looks to install next generation technologies in a second, fully redundant Public Safety Answering Center (PSAC 2) in the Bronx, expected to be completed by the end of December 2015.

ARRESTS VERSUS CRIME



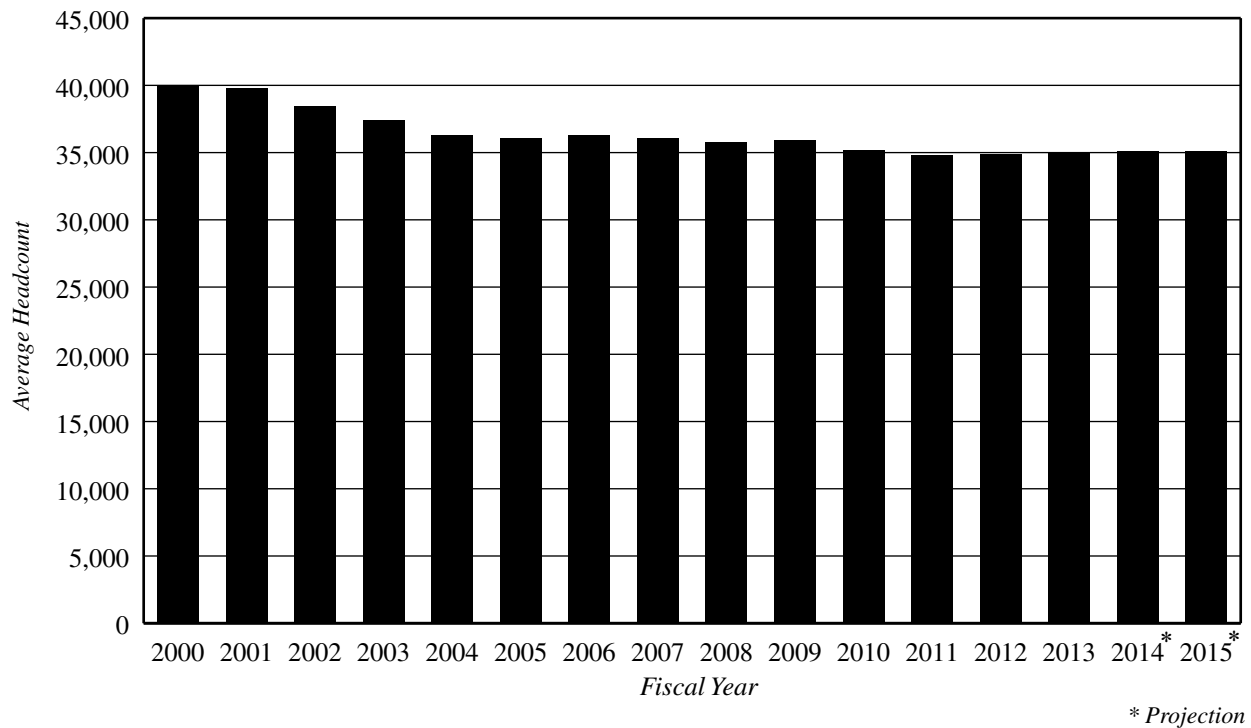
* In 2001, Index Crime data excludes World Trade Center victims.

** Preliminary estimates based on data from NYPD.

Uniformed Headcount

The Department hired 1,247 recruits in July 2013, of which 1,171 subsequently graduated. The Department hired an additional 626 recruits in January 2014. In 2014, the Department's authorized peak headcount is 35,437. The Department expects to reach this headcount in July 2014 and maintain an average headcount of approximately 35,122 in 2015.

TOTAL CITY, TRANSIT AND HOUSING POLICE FORCE



Capital Review

The Five-Year Capital Strategy for the Police Department in total provides the Department with \$784.8 million for the replacement, reconstruction, and maintenance of facilities Citywide; replacement and upgrade of computer and communication equipment; and the replacement of transportation equipment. Of this amount, 61 percent or \$479 million is allocated in the Four-Year Plan, which covers 2015 through 2018.

The table below shows capital plan commitments by program area over the 2013-2018 time period.

Capital Commitments (\$ in 000's)

	2013 Actual		2014 Plan		2015 Plan		2016 Plan		2017 Plan		2018 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.....	\$7,098	\$7,098	\$39,701	\$39,701	\$3,127	\$3,127	\$19,584	\$19,584	\$19,471	\$19,471	\$20,850	\$20,850
Computer Equipment.....	11,331	11,331	87,341	87,341	56,091	56,091	19,815	19,815	9,750	9,750	10,023	10,023
Communications	13,324	13,324	14,326	14,326	3,452	3,452	4,296	4,296	1,949	1,949	2,469	2,469
Equipment	47,877	52,193	112,911	119,493	77,877	84,492	44,840	46,069	107,482	107,482	15,982	16,617
Vehicles.....	3,200	4,598	42,356	45,023	9,664	9,664	4,290	4,290	11,759	11,759	27,709	27,709
Total	\$82,830	\$88,544	\$296,635	\$305,884	\$150,211	\$156,826	\$92,825	\$94,054	\$150,411	\$150,411	\$77,033	\$77,668

Highlights of the 2015-2018 Four Year Capital Commitment Plan

Police Facilities (total commitment, \$254.7 million)

- construction of a new 40th Precinct in the South Bronx (\$68.9 million).
- construction of the World Trade Center Security Plan (\$22.7 million).
- final construction of the New Police Academy in Queens (\$21.4 million).
- renovation of Brooklyn North Narcotics in Brooklyn (\$20.3 million).
- renovation of 13th Precinct in Manhattan (\$20 million).
- relocation of various Department facilities (\$11.9 million).
- facility maintenance and reconstruction Department-wide (\$89.4 million).

Communications and Computer Equipment (total commitment, \$158.7 million)

- upgrade of network infrastructure (\$20.9 million).
- lifecycle replacement of the Department's portable radios (\$32 million), radio system (\$20 million) and mobile radios (\$8.5 million).
- upgrade of Traffic Accident Management System which is a computerized collision reporting system which will be used to implement Vision Zero (\$1.4 million).
- replacement and upgrade of various Department technologies and equipment (\$75.9 million).

Miscellaneous Equipment (total commitment, \$12.1 million)

- purchase and upgrade of miscellaneous equipment such as forensic lab equipment, printers and diesel marine engines (\$12.1 million).

Vehicles (total commitment, \$53.4 million)

- purchase of Harbor Unit marine launches (\$13.6 million).
- lifecycle replacement of all other vehicles (\$39.8 million).

DEPARTMENT OF CORRECTION

The Department of Correction provides custody, care, control, and discharge preparation for detainees awaiting trial or sentencing and misdemeanants or felons sentenced to one year or less. It also detains 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 2015 Executive Budget provides for operating expenses of \$1.07 billion, a decrease of \$29.9 million from the amount forecast in 2014. Capital commitments of \$678.3 million are also planned in 2015.

Revenue Forecast

The Department of Correction collects revenue from jail commissary operations, vending machines, and surcharges on inmate telephone calls. In 2015, the Department expects to collect approximately \$21.7 million from all revenue sources.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- well-functioning recruitment processes are central to the Department's ability to remain optimally staffed. The Department graduated two recruit classes in 2014, resulting in 649 new officers on duty in 2014. The next recruit class of 150 recruits will begin training in May 2014.
- the Department is adding resources to its Investigation Division to conduct more thorough internal investigations of uses of force and other serious incidents. The additional resources will result in speedier investigations and will decrease the average caseload per investigator. Beginning in 2015, \$1.6 million in enhanced baseline funding will enable the Department to fill 26 additional positions.
- in 2015, the Department will receive 2,000 new protective vests that are worn by officers daily during emergency responses. Baseline funding was also provided for life-cycle replacements and maintenance of security equipment.
- scheduled to begin operations in the new fiscal year, baseline funding has been provided for the Rikers Island Cogeneration Plant. The plant, which will burn gas to produce both electricity and heat in a single process, will reduce energy use and increase energy efficiency.

Summary of Agency Financial Data

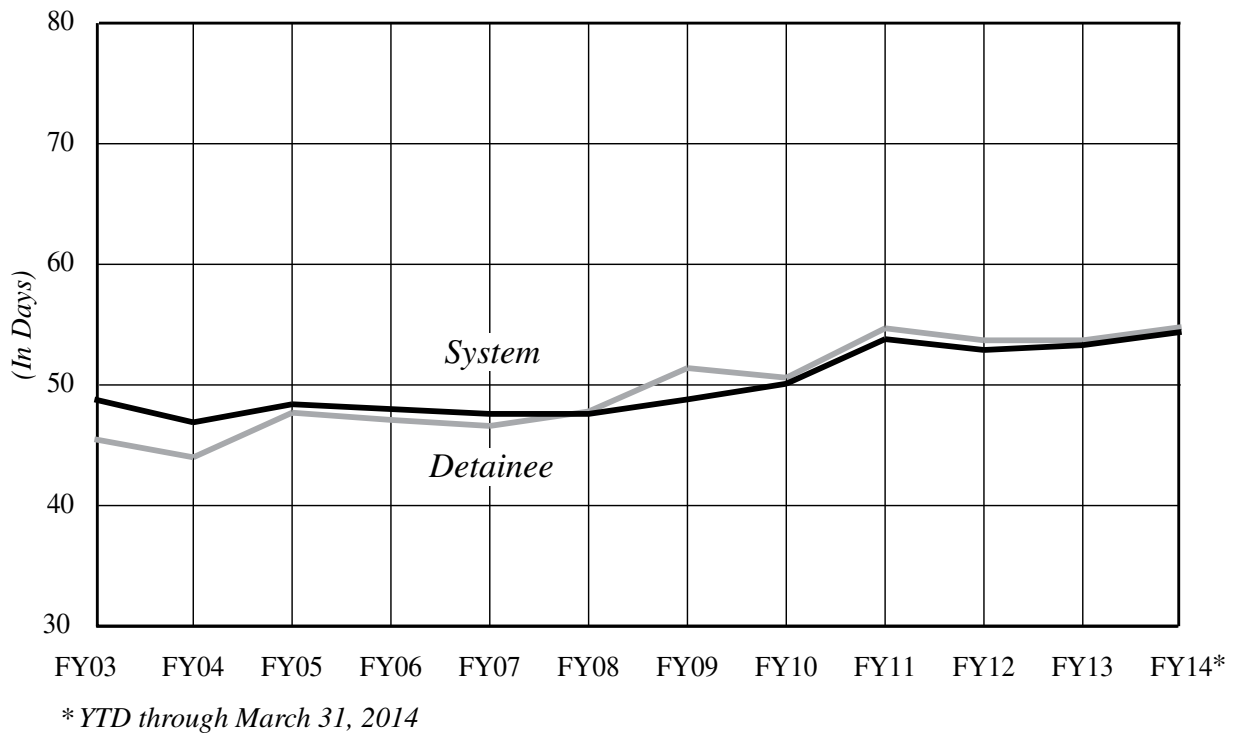
The following table compares the 2015 Executive Budget with the 2015 Preliminary Budget, the 2014 forecast and actual expenditures for 2013, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services, and debt service.

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

	2013 Actual	2014 Forecast	2015		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2014 Forecast	2015 Preliminary Budget
Expenditures						
Salary and Wages.....	\$947,157	\$937,253	\$912,113	\$915,222	(\$22,031)	\$3,109
Fringe Benefits.....	21,755	24,088	24,088	24,088	—	—
OTPS.....	121,998	136,790	126,539	128,939	(7,851)	2,400
Total.....	<u>\$1,090,910</u>	<u>\$1,098,131</u>	<u>\$1,062,740</u>	<u>\$1,068,249</u>	<u>(\$29,882)</u>	<u>\$5,509</u>
Funding						
City.....	\$1,064,109	\$1,084,955	\$1,052,478	\$1,057,987	(\$26,968)	\$5,509
Other Categorical Grants.....	2,189	594	—	—	(594)	—
IFA.....	652	724	724	724	—	—
State.....	998	1,359	1,109	1,109	(250)	—
Federal CD.....	301	—	—	—	—	—
Federal Other.....	22,132	10,013	8,286	8,286	(1,727)	—
Intra-City Other.....	529	486	143	143	(343)	—
Total.....	<u>\$1,090,910</u>	<u>\$1,098,131</u>	<u>\$1,062,740</u>	<u>\$1,068,249</u>	<u>(\$29,882)</u>	<u>\$5,509</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$408,134	\$429,813	\$452,054	\$453,555	\$23,742	\$1,501
Pensions.....	368,526	376,108	369,978	370,675	(5,433)	697
Other Than Personal Service (OTPS)						
Debt Service.....	180,324	167,667	196,683	181,558	13,891	(15,125)
Total Additional Costs.....	<u>\$956,984</u>	<u>\$973,588</u>	<u>\$1,018,715</u>	<u>\$1,005,788</u>	<u>\$32,200</u>	<u>(\$12,927)</u>
Funding						
City.....	935,614	957,709	1,000,682	989,479	31,770	(11,203)
Non-City.....	21,370	15,879	18,033	16,309	430	(1,724)
Intra-City Additional Costs.....	—	—	—	—	—	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$947,157	\$937,253	\$912,113	\$915,222	(\$22,031)	\$3,109
Fringe Benefits.....	429,889	453,901	476,142	477,643	23,742	1,501
Pensions.....	368,526	376,108	369,978	370,675	(5,433)	697
Total PS.....	<u>\$1,745,572</u>	<u>\$1,767,262</u>	<u>\$1,758,233</u>	<u>\$1,763,540</u>	<u>(\$3,722)</u>	<u>\$5,307</u>
OTPS.....	\$121,998	\$136,790	\$126,539	\$128,939	(\$7,851)	\$2,400
Debt Service.....	180,324	167,667	196,683	181,558	13,891	(15,125)
Total OTPS.....	<u>\$302,322</u>	<u>\$304,457</u>	<u>\$323,222</u>	<u>\$310,497</u>	<u>\$6,040</u>	<u>(\$12,725)</u>
Total Agency Costs.....	\$2,047,894	\$2,071,719	\$2,081,455	\$2,074,037	\$2,318	(\$7,418)
Less Intra-City.....	\$529	\$486	\$143	\$143	(\$343)	\$—
Net Agency Cost.....	<u>\$2,047,365</u>	<u>\$2,071,233</u>	<u>\$2,081,312</u>	<u>\$2,073,894</u>	<u>\$2,661</u>	<u>(\$7,418)</u>
Funding						
City.....	1,999,723	2,042,664	2,053,160	2,047,466	4,802	(5,694)
Non-City.....	47,642	28,569	28,152	26,428	(2,141)	(1,724)
Personnel (includes FTEs at fiscal year-end)						
City.....	10,353	10,521	10,499	10,525	4	26
Non-City.....	32	8	8	8	—	—
Total.....	<u>10,385</u>	<u>10,529</u>	<u>10,507</u>	<u>10,533</u>	<u>4</u>	<u>26</u>

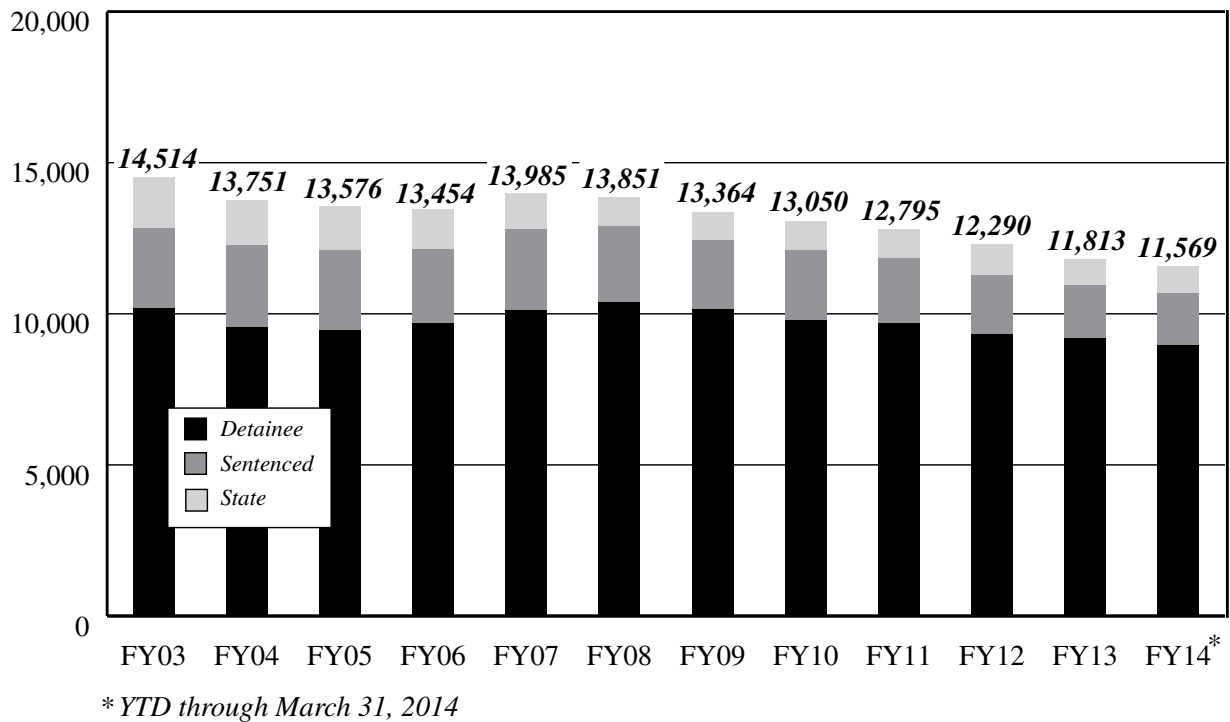
Programmatic Review

AVERAGE LENGTH OF STAY (By Fiscal Year)



AVERAGE DAILY INMATE POPULATION

By Fiscal Year



The average daily population through the first nine months of 2014 was 11,569, which is 2.8 percent lower than the same period in 2013. System admissions are down 4.6 percent and overall system length of stay increased from 53.3 to 54.4 days.

Capital Review

The Four-Year Plan totals \$971 million, including \$558 million for capacity replacement, \$50 million for construction of support space, \$315 million for building systems and infrastructure, and \$48 million for the lifecycle replacement of equipment.

The table below shows capital plan commitments by program area over the 2013-2018 period:

Capital Commitments

(\$ in 000's)

	2013 Actual		2014 Plan		2015 Plan		2016 Plan		2017 Plan		2018 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	\$33,002	\$33,002	\$2,023	\$2,023	\$527,047	\$527,047	\$30,600	\$30,600	\$0	\$0	\$0	\$0
Support Space	2,595	2,595	47,510	54,809	5,270	30,662	8,335	8,335	8,700	8,700	2,000	2,000
Building Systems and Infrastructure.....	54,234	54,631	163,143	173,669	75,513	103,272	40,111	40,111	53,549	53,549	117,971	117,971
Equipment	13,963	13,963	51,870	51,870	17,282	17,282	17,828	17,828	8,398	8,398	4,867	4,867
Total	<u>\$103,794</u>	<u>\$104,191</u>	<u>\$264,546</u>	<u>\$282,371</u>	<u>\$625,112</u>	<u>\$678,263</u>	<u>\$96,874</u>	<u>\$96,874</u>	<u>\$70,647</u>	<u>\$70,647</u>	<u>\$124,838</u>	<u>\$124,838</u>

Highlights of the 2015-2018 Four Year Capital Commitment Plan

Capacity Replacement

The Department's capacity replacement plan includes building a new jail on Rikers Island, which will allow the Department to permanently replace aging structures. The design for the new Rikers Island jail began in March 2012. The Four-Year Plan provides \$557.6 million for the capacity replacement program. Scheduled commitments include:

- the design and construction of a new detention center on Rikers Island (\$557.6 million).

Building Systems, Infrastructure and Support Space

The Department will undertake \$364.6 million in improvements to building systems, infrastructure, and support space during the Four-Year Plan. Projects include:

- continuation of fire life safety upgrades at Rikers Island facilities (\$106.9 million).
- installation and rehabilitation of heating and ventilation systems at various facilities (\$71.1 million).
- repair of damage associated with Hurricane Sandy (\$58.8 million).
- window replacement, façade rehabilitation, and roof reconstruction at various facilities (\$50.9 million).
- improvements to Rikers Island perimeter security and fencing (\$6.5 million).

- replacement of Rikers Island showers and plumbing (\$13.6 million).
- other upgrades to the Department's building systems, infrastructure, and support space (\$38.2 million).

Information Technology, Equipment, and Vehicles

The Department is developing a new Jail Management System (JMS). JMS will replace several outdated legacy systems and include information on inmate intake and classification, movement and housing, warrants and detainers, discharges, and State ready processing.

The Four-Year Plan provides \$48.4 million for vehicles, computers, security equipment, and communication systems. Priorities include:

- replacement of generators (\$15.4 million).
- technology upgrades to servers and network infrastructure (\$16.5 million).
- replacement of vehicles (\$11.2 million).
- replacement of food service and security equipment (\$5.3 million).

DEPARTMENT OF SOCIAL SERVICES

The Department of Social Services (DSS) provides a range of services and programs to fight poverty and homelessness and to increase the economic well-being of families and individuals. The Department administers benefit programs including Cash Assistance, Supplemental Nutrition Assistance (SNAP) and Medical Assistance and provides employment and training services, programs for survivors of domestic violence, people with symptomatic HIV or AIDS, the frail and elderly, and individuals with disabilities.

Financial Review

The Department's 2015 Executive Budget provides for operating expenses of \$9.7 billion, of which \$7.5 billion are City funds. Capital commitments of \$159.7 million are also provided, of which \$105.6 million are City funds.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

Economic Security

- the Department will reverse prior policy and join every other county in New York State and 43 other states in accepting the federal Able Bodied Adults Without Dependents (ABAWD) waiver, which will permit the City to ensure that adult SNAP recipients who are unable to find work have the same access to SNAP benefits as other New Yorkers.
- an additional \$1.5 million will fund the purchase of food for the network of food pantries and soup kitchens throughout the City that are supported by the Department.
- \$.9 million in 2014 and \$414,000 in 2015 will reverse a policy to collect reimbursement from sponsors of legal immigrants who received public benefits. An additional \$1 million in 2015 will be used to repay sponsors who had already reimbursed DSS under this policy while it was still in effect.

Homelessness Prevention

- in collaboration with the Department of Homeless Services (DHS) and the New York State Office of Temporary and Disability Assistance (OTDA), the Department will launch a multi-pronged effort to help homeless families leave shelter for permanent housing. \$40 million in City funds and \$40 million in State funds over the next four years will support time limited rent subsidies for homeless families who are working full-time.
- the Department will work with DHS and the State on developing a strategy to reinvest \$60.1 million in savings from DHS' shelter system to provide targeted rental assistance to families in shelter. The City will leverage new language in the Enacted State 2014-2015 Budget that gives the City the ability to fund a new rental supplement program by offsetting the cost with savings from federal Temporary Assistance for Needy Families (TANF) and State Safety-Net funds that are currently supporting shelter.
- the Department will also work with the State to expand the Family Eviction Prevention Supplement (FEPS) in order to prevent additional families from becoming homeless.
- \$15.1 million for anti-eviction and other legal services contracts that were previously administered by a number of City agencies will be consolidated in the Department to ensure more targeted and effective use of resources.

- \$7.2 million in City funds and \$9.5 million in total funds in 2014 and \$31.1 million in City funds and \$40.5 million in total funds in 2015 is added to reduce the rent burden for individuals with HIV and AIDS who have income. Contributions to housing costs will be limited to 30 percent of household income for 14,000 individuals receiving rental assistance and living in independent housing.

Partnerships and Civic Engagement

- \$430,000 in 2014 and \$8.2 million in 2015 will enable the agency to provide office support to the Mayor’s Office and other City agencies to coordinate the launch of the Municipal ID card program by the end of 2014. An additional \$10.0 million is allocated in the Department of Information Technology & Telecommunications (DoITT) capital plan to develop the IT system that will support the program. Municipal IDs will be available to all City residents, including the most vulnerable – the homeless, youth, the elderly, undocumented immigrants, and the formerly incarcerated. The cards will provide numerous benefits, especially for those without a current government-issued ID, by enabling them to open bank accounts, sign leases, receive a library card, and gain access to all New York City government offices. The IDs will also enable cardholders to feel safer and empowered in their communities by making it easier to pick up their children from school and report criminal activity.
- additional City funding of \$282,000 in 2014 and \$366,000 in 2015 will support a new Family Justice Center (FJC) on Staten Island. The FJC’s bring law enforcement and social work staff into a single setting to provide comprehensive services to victims of domestic violence.

Budgetary Priorities: Restructuring and Streamlining

- \$48.3 million in total funds and \$27.4 million in City funds in 2015 will support a one-year delay in the anticipated monetary savings associated with the Client Benefits Re-engineering initiative. This will allow for more time to assess the impact of the initiative on the community. The Department will move forward with Client Benefits Re-engineering by modernizing technology and implementing a self-directed service approach that will improve client services through the introduction of a virtual client service center, on-line applications for benefits, mobile access and a modernized telephone system. This will allow SNAP and Cash Assistance benefit applications and recertifications to be done on-line or by phone in certain instances. The Agency has re-estimated the timeframe for business process changes that impact staffing and pushed back anticipated savings by one year. The added resources will ensure that clients will experience no diminution in services as the technology upgrades are rolled out.

Summary of Agency Financial Data

The following table compares the 2015 Executive Budget with the 2015 Preliminary Budget, the 2014 forecast and actual expenditures for 2013, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2013 Actual	2014 Forecast	2015		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2014 Forecast	2015 Preliminary Budget
			Expenditures			
Salary and Wages.....	\$733,057	\$740,297	\$722,292	\$748,652	\$8,355	\$26,360
Fringe Benefits.....	711	973	913	913	(60)	—
Medical Assistance.....	6,410,195	6,364,956	6,446,516	6,446,516	81,560	—
Public Assistance.....	1,389,067	1,378,987	1,396,255	1,427,658	48,671	31,403
Other OTPS.....	980,756	1,064,292	985,506	1,104,822	40,530	119,316
Total.....	<u>\$9,513,786</u>	<u>\$9,549,505</u>	<u>\$9,551,482</u>	<u>\$9,728,561</u>	<u>\$179,056</u>	<u>\$177,079</u>
Funding						
City.....	\$7,318,763	\$7,381,567	\$7,442,051	\$7,545,600	\$164,033	\$103,549
Other Categorical Grants.....	89	162	—	—	(162)	—
IFA.....	—	—	—	—	—	—
State.....	651,040	599,536	614,934	624,671	25,135	9,737
Federal CD.....	7,147	50,000	—	—	(50,000)	—
Federal Other.....	1,528,635	1,511,016	1,487,932	1,547,460	36,444	59,528
Intra-City Other.....	8,112	7,224	6,565	10,830	3,606	4,265
Total.....	<u>\$9,513,786</u>	<u>\$9,549,505</u>	<u>\$9,551,482</u>	<u>\$9,728,561</u>	<u>\$179,056</u>	<u>\$177,079</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$325,053	\$345,937	\$359,626	\$356,587	\$10,650	(\$3,039)
Pensions.....	144,122	139,024	141,076	142,083	3,059	1,007
Other Than Personal Service (OTPS)						
Debt Service.....	79,767	98,723	115,644	119,139	20,416	3,495
Total Additional Costs.....	<u>\$548,942</u>	<u>\$583,684</u>	<u>\$616,346</u>	<u>\$617,809</u>	<u>\$34,125</u>	<u>\$1,463</u>
Funding						
City.....	386,596	434,534	503,107	500,139	65,605	(2,968)
Non-City.....	162,346	149,150	113,239	117,670	(31,480)	4,431
Intra-City Additional Costs.....	—	—	—	—	—	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$733,057	\$740,297	\$722,292	\$748,652	\$8,355	\$26,360
Fringe Benefits.....	325,764	346,910	360,539	357,500	10,590	(3,039)
Pensions.....	144,122	139,024	141,076	142,083	3,059	1,007
Total PS.....	<u>\$1,202,943</u>	<u>\$1,226,231</u>	<u>\$1,223,907</u>	<u>\$1,248,235</u>	<u>\$22,004</u>	<u>\$24,328</u>
Medical Assistance.....	\$6,410,195	\$6,364,956	\$6,446,516	\$6,446,516	\$81,560	\$—
Public Assistance.....	1,389,067	1,378,987	1,396,255	1,427,658	48,671	31,403
Other OTPS.....	980,756	1,064,292	985,506	1,104,822	40,530	119,316
Debt Service.....	79,767	98,723	115,644	119,139	20,416	3,495
Total OTPS.....	<u>\$8,859,785</u>	<u>\$8,906,958</u>	<u>\$8,943,921</u>	<u>\$9,098,135</u>	<u>\$191,177</u>	<u>\$154,214</u>
Total Agency Costs.....	\$10,062,728	\$10,133,189	\$10,167,828	\$10,346,370	\$213,181	\$178,542
Less Intra-City.....	8,112	7,224	6,565	10,830	3,606	4,265
Net Agency Cost.....	<u>\$10,054,616</u>	<u>\$10,125,965</u>	<u>\$10,161,263</u>	<u>\$10,335,540</u>	<u>\$209,575</u>	<u>\$174,277</u>
Funding						
City.....	7,705,359	7,816,101	7,945,158	8,045,739	229,638	100,581
Non-City.....	2,349,257	2,309,864	2,216,105	2,289,801	(20,063)	73,696
Personnel (includes FTEs at fiscal year-end)						
City.....	10,103	10,151	9,553	10,268	117	715
Non-City.....	3,705	3,949	3,994	3,994	45	—
Total.....	<u>13,808</u>	<u>14,100</u>	<u>13,547</u>	<u>14,262</u>	<u>162</u>	<u>715</u>

Programmatic Review and Service Impact

Family Independence Administration (FIA)

The Family Independence Administration (FIA) administers Cash Assistance (CA) and the Supplemental Nutrition Assistance Program (SNAP). FIA assists individuals to obtain employment, provides access to education and training and provides support services including childcare and carfare for working families; one-time grants for emergencies, including rent and utility arrears; and security deposits and moving expenses.

Cash Assistance (CA)

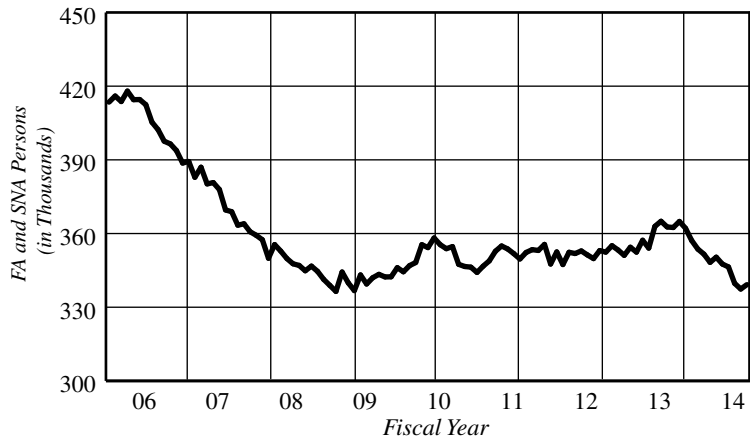
The Department projects expenditures of \$1.427 billion on CA benefits in 2015 of which \$585.2 million will be City funds.

The Family Assistance (FA) program, which is funded entirely with Federal Temporary Assistance for Needy Families (TANF) funds, assisted 140,009 adults and children in March 2014. Projected FA expenditures in 2015 are \$546.0 million.

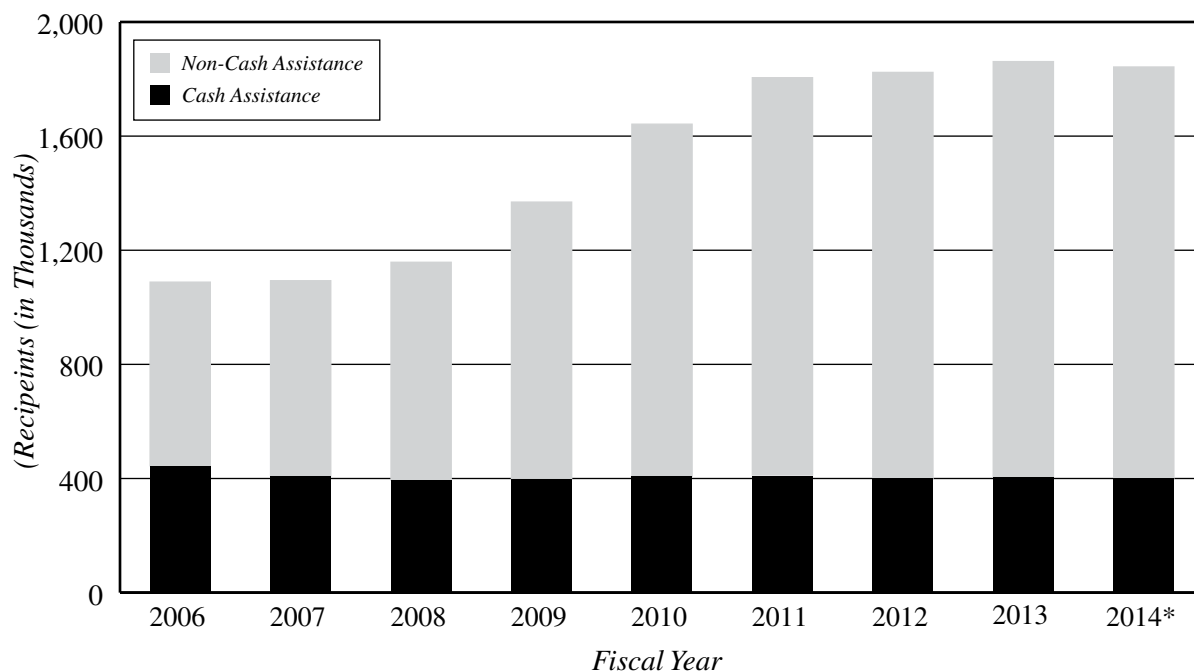
The Safety Net Assistance (SNA) program, which is supported with City (71 percent) and State (29 percent) funds, serves families who have reached the five-year time limit for TANF-funded benefits

or who do not otherwise meet Federal eligibility rules, single adults, and childless couples. In March 2014, 199,194 individuals received SNA, of which 78,426 were adults and children who had reached the TANF time limit. In 2015, the Department projects spending \$882 million on SNA.

CASH ASSISTANCE CASELOAD 2006-2014



AVERAGE FOOD STAMP RECIPIENTS 2006-2014



* Year to date through February 2014

Supplemental Nutrition Assistance Program (SNAP)

SNAP, formerly known as food stamps, is a federally funded benefit intended to supplement food costs for low-income families and individuals. The Department administers the SNAP program on behalf of New York State and the City is responsible for 50 percent of the administrative cost of the program, with the federal government paying the other half. In 2014, approximately \$3.4 billion will provide benefits to an average of 1.8 million individuals per month.

Since July 2007, there has been a 69 percent increase in the number of individuals receiving SNAP benefits. The Department has managed this increase by replacing most traditional face-to-face interviews with more efficient phone interviews and automated phone re-certifications. Updated information systems and the increasing use of technology through the Benefits Re-engineering effort will allow the Department to manage the workload efficiently while improving the customer experience by reducing unnecessary and duplicative transactions.

In 2014, DSS will join the other social services districts in New York State and will accept the federal Able Bodied Adults Without Dependents (ABAWD) waiver, which will permit New York City to insure that the approximately 42,000 adult SNAP-only recipients who are otherwise required to work but who are not working have the same access to SNAP benefits as other New Yorkers.

Employment Services

FIA offers a wide array of employment programs and services to help families and individuals improve their economic prospects. 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 2014, 58,145 individuals were engaged in employment, training, or other work related activities.

In 2015 the Department will continue to operate a comprehensive employment program portfolio that provides a continuum of services. The current Back 2 Work (B2W) program is administered by several vendors at eleven different sites throughout all five boroughs and provides job search and short-term training services to Cash Assistance applicants and recipients. The current 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. The current Job Training Participant program places individuals in paid employment at the Department of Parks and Recreation and the Department of Sanitation.

In 2014, the New York State legislature amended social services law to permit four year college to count as an allowable activity for CA recipients. FIA will implement this change to accommodate school, homework and work study hours in the employment plans for these students. This change will be implemented as part of an overall effort to enhance training and employment opportunities. An expanded partnership with CUNY will fund on-campus work study slots for college students as well as services to provide academic and social support.

In 2015 the Department will submit its biennial employment plan to OTDA. The employment plan delineates the process of assessment and referral for CA recipients and applicants and other clients to employment, training and education programs. The plan will include changes to the range and scope of services with the goals of enhancing long term economic outcomes for families and individuals who use the services that are offered and removing barriers to obtaining assistance and employment.

Homelessness Prevention

In 2014, the Department will establish a new division to enhance homelessness prevention initiatives. Homeless Diversion Units already exist in every DSS Job Center. The division's expansion will provide an increased presence in community based agencies and DHS homeless intake centers and other facilities to expedite access to DSS benefits. The division will expedite processing of eviction prevention grants and rent arrears that can keep families and individuals from entering shelter and enable them to relocate to alternative housing more quickly. This new initiative is being implemented in partnership with DHS as part of a multi-faceted effort to address homelessness.

The partnership includes the implementation in 2015 of two new rental assistance programs targeted to homeless families in DHS shelters and HRA domestic violence facilities as well as enhancements to the Family Eviction Prevention Supplement (FEPS). These initiatives are intended to reduce shelter entry and provide access to permanent, stable housing for families exiting shelter.

Specialized Job Centers and Other Services

The Department also operates special needs programs and services for clients who face greater challenges. 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 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 Senior Works Center.

Office of Child Support Enforcement (OCSE)

OCSE provides a range of services including locating noncustodial parents, establishing paternity and child support orders, collecting and distributing child support payments, and modifying and enforcing child support orders. Custodial parents receiving Cash Assistance are required to comply with OCSE pursuant to federal and New York State statutes. All other custodial parents may apply for OCSE services on a voluntary basis. As of February 2014, there were 284,215 cases with support orders, including 31,380 CA cases and 252,835 non-Cash Assistance (NCA) cases. Of the NCA cases, 132,383 were former CA recipients. In 2013, OCSE established 19,508 new orders, a 23 percent increase over 2012.

Child support collections in calendar year 2013 totaled \$742.2 million benefitting a quarter of a million New York City children. In 2013, over 92 percent of support collections went directly to families, and more than \$363 million was collected on behalf of families who formerly received CA.

Medical Insurance and Community Services Administration (MICSA)

MICSA is comprised of the Medical Assistance Program (MAP) and Home Care Services Program (HCSP).

Medical Assistance Program (MAP)

Over 3 million New York City residents received Medicaid as of February 2014 with MAP responsible for more than 2.2 million Medicaid enrollees who do not receive Cash Assistance or SSI. Medicaid provides 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 electronically through the Electronic Data and Image Transfer System (EDITS). MAP sends out approximately 133,000 renewals per month with a 67 percent response rate, and a 92.5 percent acceptance rate for those cases returned. Clients can also recertify for public health insurance using ACCESS NYC, the online single point of entry to New York City health and human services programs.

Under the implementation of the Affordable Care Act, which includes expanded Medicaid eligibility, New York State is phasing in a takeover of Medicaid program administration from the counties. With the change in rules, a new category of Medicaid, the Modified Adjusted Gross Income, or “MAGI,” group was created. These clients will no longer apply through DSS but will apply for Medicaid through the New York State Health Exchange. In 2014, MAP will have State Certified Application Counselors at various Medicaid locations to assist those that fall into the MAGI category with their application to the Exchange. It is anticipated that in January 2015, MAGI Medicaid renewals may also be processed by the State. MAP will continue to process all non-MAGI client applications and recertifications.

Home Care Services Program (HCSP)

HCSP assists frail, elderly, and individuals with disabilities remain safely in their homes with non-institutional alternatives to nursing home care. In February 2014, HCSP provided Personal Care services to approximately 4,500 and provided the Medicaid financial eligibility review to approximately 111,000 participants in the Managed Long Term Care Program (MLTC). HCSP reviews and authorizes service plans for nearly 900 participants in the Long Term Home Health Care Program (LTHHCP), and reviews and authorizes service plans for approximately 400 children in the Care-at-Home Waiver Program. HCSP provides personal care to participants in special federal waiver programs, including Traumatic Brain Injury, Home and Community Based Services, and the Nursing Home Transitional and Diversion waivers; OMRDD participants and processes the Medicaid eligibility for 1,600 participants in the Assisted Living Program (ALP).

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 HRA clients. In 2013, the program made 6,962 home visits and court appearances.

The Wellness, Comprehensive Assessment, Rehabilitation and Employment (WeCARE) program works with Cash Assistance recipients who have 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 2013, 2,709 WeCARE clients obtained jobs and 3,273 were approved for Federal disability benefits.

The Disability Service Program files federal disability benefit applications, pursues administrative appeals on denied claims, and performs eligibility determinations for Medicaid Aid to the Disabled.

The Placement Assessment and Client Tracking (PACT) unit reviews applications for supportive housing for clients with serious mental illnesses and other special needs. In 2013, PACT reviewed nearly 22,000 supportive housing applications to determine eligibility for placement into a continuum of housing alternatives.

HIV/AIDS Services Administration (HASA)

HASA provides a range of services to individuals and families living with HIV or AIDS. HASA clients receive case management, assessments and referrals, and can receive homemaking services. As of February 2014, HASA served 31,866 cases.

Approximately 27,000 HASA households receive ongoing rental assistance subsidies to facilitate and maintain housing stability, typically in private market apartments. HASA also provides emergency housing placements in supportive transitional facilities and single room occupancy (SRO) units for homeless clients. Non-emergency supportive housing is provided in congregate facilities and scattered site apartments. These facilities are operated by community-based organizations that provide case management and support services. In February 2014, HASA supported over 2,100 units in its emergency housing portfolio and over 4,800 units in its non-emergency supportive housing stock, including units developed under the New York/New York III agreement.

The Executive budget includes \$7.2 million in City funds and \$9.5 million in total funds in 2014 and \$31.1 million in City funds and \$40.5 million in total funds to reduce the rent burden for individuals with HIV and AIDS who have income. Contributions to housing costs will be limited to 30 percent of household income for 14,000 individuals receiving rental assistance and residing in private market apartments.

Emergency and Intervention Services

Emergency and Intervention Services includes the Adult Protective Services program, the Office of Domestic Violence and emergency food and utility programs.

Adult Protective Services (APS)

APS assists adults with mental and/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.

In calendar year 2013, APS received 21,993 referrals. Forty-eight percent of the referrals involved eviction and 41 percent included one or more allegations of abuse, neglect or financial exploitation. APS assessed over 19,000 individuals and had and 10,194 unique active cases during the year.

Office of Domestic Violence (ODV)

The Office of Domestic Violence Services (ODV) provides emergency shelter and social services to survivors of domestic violence.

ODV administers 44 State-licensed emergency domestic violence shelters, including one directly operated by the Department. These shelters have a total capacity of 2,228 beds for survivors of domestic violence and their children. ODV also administers seven Tier II shelters that provide 243 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 to an average of 1,000 families. In addition, community based non-residential programs provide telephone hotlines, counseling, advocacy, legal services, and referrals to other supportive services. These programs maintain an average monthly caseload of 3,000 individuals.

Home Energy Assistance Program (HEAP) and Other Utility Assistance Programs

HEAP is a federally funded program that assists low-income homeowners and renters to pay energy costs and heating equipment repair bills. The program issued over 758,424 benefits totaling approximately \$32 million for the 2013-2014 season. Most benefits are provided to Cash Assistance, SNAP, and SSI recipients who receive automatic payments. HEAP provides emergency benefits for assistance with gas and utility bills and shut-offs, helps obtain service extensions, and pays for emergency oil deliveries and furnace repairs. Additional programs include Heat-Line, which offers HEAP applications and other public benefits to the homebound population and the disconnected; and the Department of Environmental Conservation Safety Net program which assists low income home owners with their water bills.

Emergency Food and Nutrition Assistance Program

The Office of Emergency Food and Nutrition Assistance Program administers the Emergency Food Assistance Program (EFAP) which provides funding and support to approximately 500 food pantries and soup kitchens in order to improve the nutritional status of low-income New Yorkers. The office also provides education to the public about the benefits and application process for SNAP through the Office of SNAP Outreach Services. Nutrition education is an important component of SNAP and is provided through the SNAP-Ed program.

Crisis and Disaster Unit

The Crisis and Disaster Unit responds to Citywide disasters and emergencies. The unit is responsible for the Disaster Task Force consisting of 450 DSS trained volunteers who respond under the unit's direction to provide services during emergencies and disasters. The unit helps to coordinate the Agency response to emergencies and works with Office of Emergency Management (OEM) to implement the citywide human services response to emergencies.

Office of Citywide Health Insurance Access (OCHIA)

The Office of Citywide Health Insurance Access (OCHIA) works to connect New York City residents and small businesses with health insurance. In collaboration with a broad network of public and private sector partners, OCHIA delivers outreach, education, enrollment assistance, and training on public and private health insurance and the Affordable Care Act (ACA). In Calendar 2013, these activities reached over 3,000 New Yorkers.

OCHIA offers locally-tailored educational information online through the website, NYC Health Insurance Link and on social media. The Office creates and distributes fact sheets, conducts policy research and provides in-person help through a variety of forums, workshops, and trainings for public and private organizations.

Capital Review

The Department's Four-Year Capital Plan for 2015-2018 totals \$159.7 million, of which \$105.6 million are City funds. The Four-Year Capital Plan includes \$38.2 million in City funds for technology to streamline Department operations. Key investments related to Client Benefits Re-engineering include development of a virtual client service center which will leverage ACCESS NYC to provide expanded client accounts. These accounts will include automated functionalities such as online client notices and benefits information. On-line applications and re-certifications will be enhanced and developed, and upgrades will also be made to the Department's automated telephone system, including a new Interactive Voice Response System (IVRS).

Capital investments include \$90.3 million for buildings and construction, \$1.6 million in vehicles, and \$67.7 in data processing and telecommunications equipment.

Capital Commitments

(\$000's)

	2013 Actual		2014 Plan		2015 Plan		2016 Plan		2017 Plan		2018 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.....	\$1,493	\$3,047	\$15,952	\$39,023	\$9,862	\$10,597	\$5,657	\$5,657	\$2,512	\$2,945	\$3,573	\$4,151
Computers.....	4,174	7,942	15,290	24,762	23,001	37,137	878	1,376	2,234	4,560	4,788	9,776
Telecommunications.....	833	3,171	10,958	23,767	2,837	5,791	832	1,698	1,258	2,569	2,369	4,836
Equipment.....	0	0	28,673	37,967	44,908	45,199	0	0	0	21,746	0	0
Vehicles.....	51	105	266	266	607	1,072	93	191	93	191	94	193
Total.....	<u>\$6,551</u>	<u>\$14,265</u>	<u>\$71,139</u>	<u>\$125,785</u>	<u>\$81,215</u>	<u>\$99,796</u>	<u>\$7,460</u>	<u>\$8,922</u>	<u>\$6,097</u>	<u>\$32,011</u>	<u>\$10,824</u>	<u>\$18,956</u>

Highlights of the Four-Year Capital Plan

- upgrades to ACCESS NYC, creation of new on-line benefit application tools, virtual client accounts, e-notices, mobile connectivity and telephone enhancements as part of the Benefits Re-engineering initiative (\$19.5 million in City funds with an additional \$12.1 million planned City funds commitments in 2014).
- construction, outfitting and relocation of the Department's main administrative offices to 4 World Trade Center in 2014 (\$44.5 million in City funds with an additional \$31.5 million planned City funds commitments in 2014).
- update of network infrastructure hardware and software (\$3.0 million in City funds).

ADMINISTRATION FOR CHILDREN'S SERVICES

The Administration for Children's Services (ACS) provides a broad range of programs that protect and promote children, young people and families. 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 Early Care and Education.

Financial Review

ACS's 2015 Executive Budget provides for operating expenses of \$2.9 billion, \$876.3 million of which are City funds. Capital commitments of \$60.2 million are provided, of which \$49.0 million are City funds.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- as part of the Mayor's commitment to implement high quality, full-day Universal Pre-Kindergarten (UPK), the 2015 Executive budget allocates \$44 million to enhance these services for the nearly 13,000 four-year-olds enrolled in *EarlyLearn NYC* beginning in September 2014. These children will now receive full-day UPK instruction, in keeping with the new quality model being implemented City wide.
- in 2015, the Department will commit an additional \$2.2 million to improve the quality of existing health and mental health services for youth in detention and for the maintenance and repair needs of the agency's two secure detention facilities.

Budgetary Priorities: Restructuring and Streamlining

- recognizing the need for an integrated and high quality child care system, the Deputy Mayor for Health and Human Services will lead a task force of key stakeholders to deliver a strategic plan for reforming the child care delivery system as a whole. The task force will deliver its recommendations in late summer 2014.
- in 2014, the Department initiated Operation S.A.F.E., a Child Protective reform plan. New resources will allow ACS to hire 362 new positions, including 197 Child Protective Specialists and supervisors to improve investigative practices, better monitor high risk cases and restructure borough offices to improve program management.
- the Department secured a Title IV-E Waiver from the Federal Government that guarantees and provides greater flexibility to spend \$1.3 billion in federal funds over five years to expand and enhance services for families and children involved with the foster care system. Funding will allow the agency to devise programs to ensure better outcomes for families and children and ultimately reduce the foster care census.

Summary of Agency Financial Data

The following table compares the 2015 Executive Budget with the 2015 Preliminary Budget, the 2014 forecast and actual expenditures for 2013, including costs budgeted centrally for fringe benefits, pensions and debt service.

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

	2013 Actual	2014 Forecast	2015		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2014 Forecast	2015 Preliminary Budget
Expenditures						
Salary and Wages.....	\$390,189	\$410,748	\$410,657	\$410,656	(\$92)	(\$1)
Fringe Benefits.....	140	30	—	1	(29)	1
OTPS.....	2,414,692	2,429,112	2,524,943	2,478,583	49,471	(46,360)
Total.....	\$2,805,021	\$2,839,890	\$2,935,600	\$2,889,240	\$49,350	(\$46,360)
Funding						
City.....	\$822,186	\$876,640	\$874,090	\$876,278	(\$362)	\$2,188
Other Categorical Grants.....	62	95	—	—	(95)	—
IFA.....	—	—	—	—	—	—
State.....	653,719	660,974	658,083	657,760	(3,214)	(323)
Federal CD.....	3,044	2,963	2,963	2,963	—	—
Federal Other.....	1,277,398	1,252,729	1,292,676	1,261,880	9,151	(30,796)
Intra-City Other.....	48,612	46,489	107,788	90,359	43,870	(17,429)
Total.....	\$2,805,021	\$2,839,890	\$2,935,600	\$2,889,240	\$49,350	(\$46,360)
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$132,686	\$144,643	\$156,370	\$155,308	\$10,665	(\$1,062)
Pensions.....	57,484	69,634	68,362	68,897	(737)	535
Other Than Personal Service (OTPS)						
Debt Service.....	—	—	—	—	—	—
Total Additional Costs.....	\$190,170	\$214,277	\$224,732	\$224,205	\$9,928	(\$527)
Funding						
City.....	117,715	146,464	188,353	186,459	39,995	(1,894)
Non-City.....	72,455	67,813	36,379	37,746	(30,067)	1,367
Intra-City Additional Costs.....	—	—	—	—	—	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$390,189	\$410,748	\$410,657	\$410,656	(\$92)	(\$1)
Fringe Benefits.....	132,826	144,673	156,370	155,309	10,636	(1,061)
Pensions.....	57,484	69,634	68,362	68,897	(737)	535
Total PS.....	\$580,499	\$625,055	\$635,389	\$634,862	\$9,807	(\$527)
OTPS.....	\$2,414,692	\$2,429,112	\$2,524,943	\$2,478,583	\$49,471	(\$46,360)
Debt Service.....	—	—	—	—	—	—
Total OTPS.....	\$2,414,692	\$2,429,112	\$2,524,943	\$2,478,583	\$49,471	(\$46,360)
Total Agency Costs.....	\$2,995,191	\$3,054,167	\$3,160,332	\$3,113,445	\$59,278	(\$46,887)
Less Intra-City.....	\$48,612	\$46,489	\$107,788	\$90,359	\$43,870	(\$17,429)
Net Agency Cost.....	\$2,946,579	\$3,007,678	\$3,052,544	\$3,023,086	\$15,408	(\$29,458)
Funding						
City.....	939,901	1,023,104	1,062,443	1,062,737	39,633	294
Non-City.....	2,006,678	1,984,574	1,990,101	1,960,349	(24,225)	(29,752)
Personnel (includes FTEs at fiscal year-end)						
City.....	5,957	6,463	6,461	6,465	2	4
Non-City.....	125	167	166	166	(1)	—
Total.....	6,082	6,630	6,627	6,631	1	4

Programmatic Review and Service Impact

Division of Child Protection (DCP)

DCP investigates allegations of child abuse and neglect and makes determinations about the safety and risk to children. The DCP's Family Services Unit (FSU) monitors children and families in court-ordered supervision cases until a judge determines that a child may remain safely in their home without the intervention of ACS, or in need of placement in foster care. DCP also conducts Family Meetings, which are an informal meeting scheduled to engage the family and address risk issues and/or develop or modify a service plan. Organized by DCP, Child Safety Conferences are formal meetings scheduled when court intervention is being considered in order to address existing safety issues. It is facilitated by the Child and Family Specialist (CFS). Family supports, service providers and resources are encouraged to attend both Family Meetings and Child Safety Conferences.

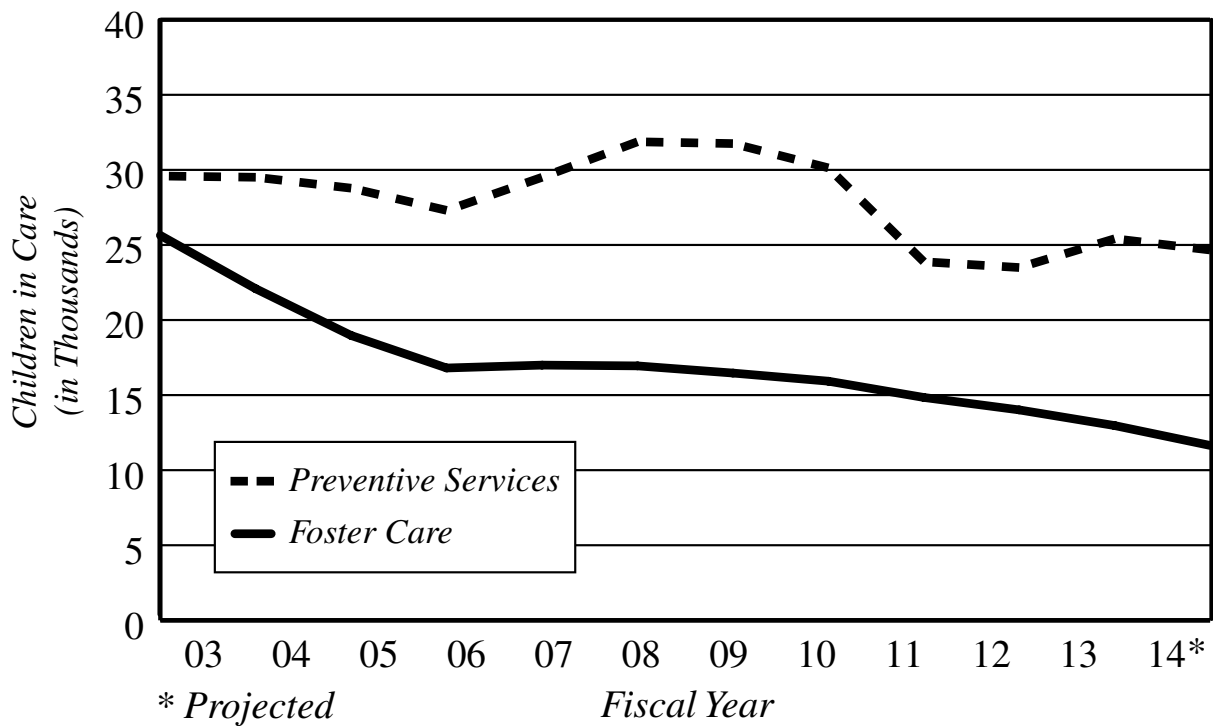
The protective/diagnostic unit of DCP is the core unit tasked with investigating the majority of the approximately 60,000 reports of abuse and neglect that ACS receives each year. Protective/diagnostic field offices are located in each of the five boroughs and child protective personnel oversee more than 12,000 active cases each month on average.

In 2014, the Department initiated Operation S.A.F.E. and began hiring 362 new positions, including 197 Child Protective Specialists and supervisors. These additional positions will enable the agency to restructure its Child Protective Borough Offices to provide more appropriate management of field offices with the highest caseloads in the Bronx and Brooklyn. ACS will also enhance the Family Services Unit (FSU) case practice model by reducing caseload ratios from 1:12 to 1:8 to more effectively engage with family members and related stakeholders while children are under court-ordered supervision. The agency will also re-structure its Family Permanency Units through the creation a Case Monitoring and Compliance (CMC) program that will monitor discharges from foster care. A monitor has been designated to oversee the implementation of the reform plan.

Preventive Services for Children and Families

ACS provides 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 special needs. Services include parenting education, domestic violence counseling, housing subsidies, employment and job training services, substance abuse treatment and mental health guidance. ACS' contract portfolio of preventive services includes evidence-based and evidence-informed practice models. Providers are required to help families connect to other services in their communities and are encouraged to engage families in achieving their service goals within 12 months in order to increase the availability of programs to all families in need. In 2013, an average of 906 preventive cases opened monthly; 10,874 preventive service cases were opened in 2013.

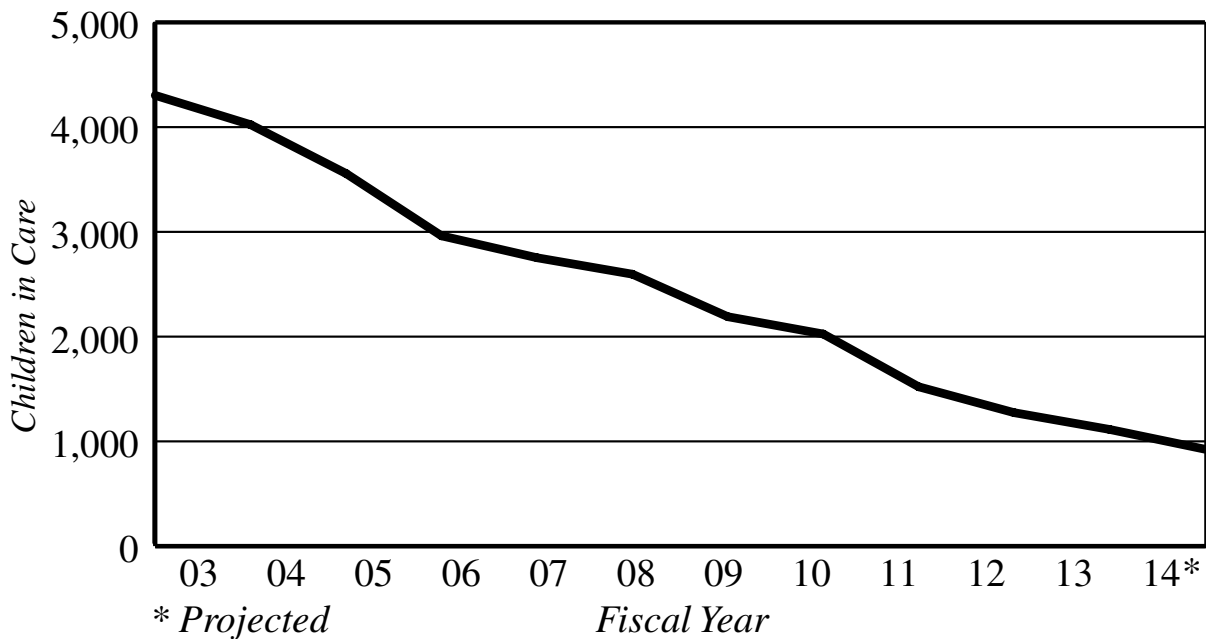
CHILDREN IN FOSTER CARE AND PREVENTIVE SERVICES 2003-2014



Foster Care

Placements in family foster care, residential settings or specialized care facilities are provided on a temporary basis until children can be reunified with their families. If reunification is not a viable option, children receive services that will lead to adoption or development of independent living skills. In 2014, the average total of children living in out-of-home placements was 11,647, a 10 percent decline since 2013. During this same period, the number of children in congregate residential settings declined by 17 percent, from 1,114 to 925 on average, due to ACS' continued efforts to place children in family settings whenever possible.

RESIDENTIAL CASELOAD 2003-2014



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

Beginning in July 2012, ACS launched *ChildSuccessNYC (CSNYC)* which is designed to enhance the family foster care service delivery model by creating a trauma-informed system. The Department is leveraging the additional Federal funds it receives under the Title IV-E Waiver to support *CSNYC*. The model calls for lower caseloads per provider agency case planners, higher supervisory ratios, and the implementation of a trauma screening tool. When used together, these interventions are designed to improve child well-being while ensuring that children and youth in foster care experience greater safety and permanency benchmarks. *CSNYC* began as a pilot with five family foster care providers and rolled out to the rest of the family foster care system beginning in January 2014.

Adoption Services and KinGAP

Adoption provides a stable and permanent home for children who cannot return to their birth parents. In 2013, more than 23,000 children were living in adoptive homes. ACS' efforts to recruit adoptive parents, including the adoption hotline and the award winning "Wednesday's Child" television segment, have contributed to continued placement of children in adoptive homes.

Additionally, the implementation of the Kinship Guardianship Subsidy Assistance Program (KinGAP), enacted in New York State in 2011, has resulted in permanency for 258 New York City children through January 2014. This permanency option allows a child to continue to reside with an approved relative outside of the foster care system with financial and medical assistance provided through an ACS subsidy.

Division of Youth and Family Justice

The Division of Youth and Family Justice (DYFJ) provides Secure (SD) and Non-Secure Detention (NSD) services for alleged juvenile delinquents and offenders whose cases are pending in Family or Criminal Court. ACS operates two secure detention facilities and oversees a network of non-secure detention group homes across

the City. The agency directly operates two NSD residences and oversees 13 NSD sites through contracts with private non-profit social service organizations. While in detention, residents receive support services including education, health and mental health care, recreation, and case management.

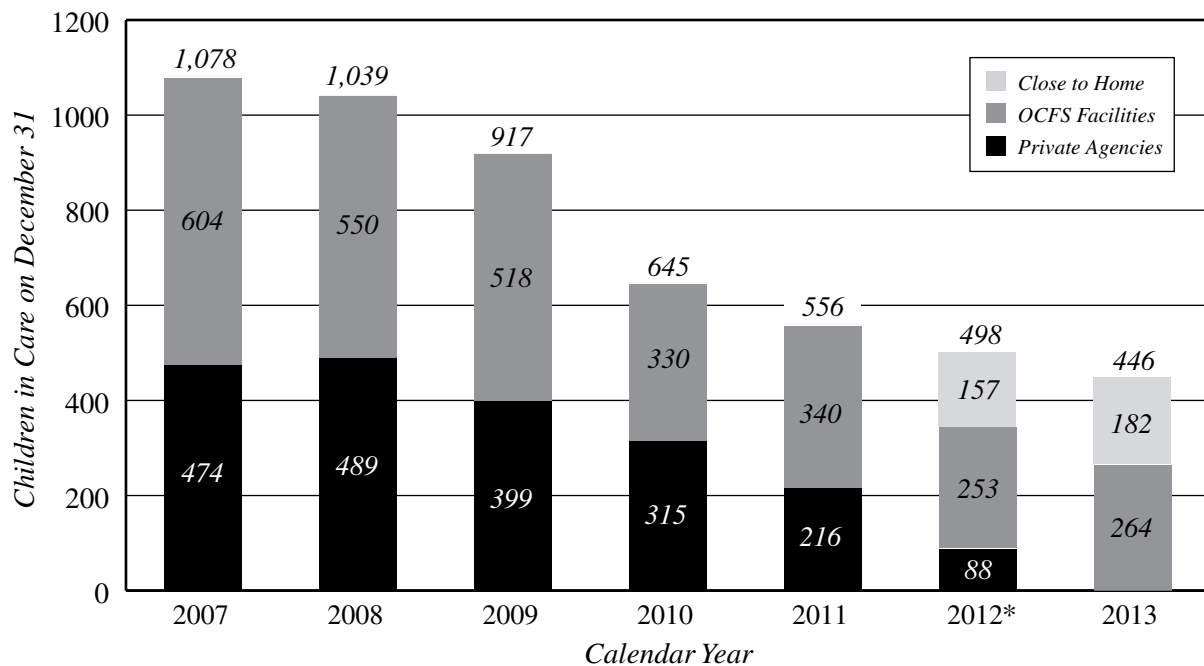
Approximately 8,000 youth are arrested annually and more than 3,000 are admitted to detention. Every year, almost 1,000 youth receive probation, and more than 300 receive Alternative-to-Placement (ATP) services. Prior to the enactment of Close to Home, 589 were placed in State custody and sent to residential placement programs, often far from their families and communities.

Under the Close to Home Initiative launched in 2012, DYFJ assumed custody of adjudicated juvenile delinquents placed in non-secure settings. DYFJ provides care through a new system of non-profit providers located within, and just outside of New York City. Providers offer an array of general and specialized juvenile justice residential care programs including intensive clinical services, educational programs, and aftercare re-entry services.

To implement Close to Home, ACS entered into contracts for 300 Non-Secure Placement (NSP) beds. In the second phase of Close to Home, beginning in 2015, ACS will assume legal responsibility for the placement of juvenile delinquents placed in limited-secure placement settings. In March 2013 ACS issued a solicitation for 156 Limited-Secure Placement (LSP) beds that are anticipated to become operational in the fall/winter of 2014, pending approval from the New York State Office of Children and Family Services (OCFS). Juvenile Offenders, or those convicted of the most serious crimes, will remain in OCFS operated secure facilities.

The 2015 Executive Budget adds \$2.2 million to improve the quality of existing health and mental health services for youth in detention. Funding will stabilize DYFJ’s psychiatry services by making the resources for contracts competitive in today’s market; improve the available hours of on-site coverage; and expand the scope of mental and health services by working with health care providers to include more extensive psychological testing and clinical assessments.

JUVENILES IN RESIDENTIAL PLACEMENT 2007-2013



* The Close to Home initiative transferred youth in non-secure placement from State (OCFS) to City custody beginning in Sept. 2012.

Division of Early Care and Education

The Division of Early Care and Education administers one of the largest publicly-funded childcare systems in the country, serving approximately 100,000 infants, toddlers, preschool and school-aged children. ACS provides services that enhance child development and assists low-income working families, public assistance recipients who are employed or engaged in work activities, and families receiving child welfare services. This includes the Head Start program, a federally-funded, family-centered child development program for families of low-income with children ages 3-5. The program promotes intellectual, social, emotional and physical growth in order to develop each child's potential for successful living.

ACS provides access to child care through contracts with not-for-profit organizations, with 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.

In 2013, ACS introduced *EarlyLearn NYC*, a new early childhood education system designed to raise educational standards, increase family supports and strengthen professional development for teachers. The new model includes center and home-based programs designed to prepare children for success in elementary school and beyond.

Beginning in September 2014, the Department of Education (DOE) and ACS will implement the Mayor's commitment to provide, high-quality, full-day, free Universal Pre-kindergarten (UPK) to all four-year-olds in New York City. This will include the nearly 13,000 four-year-olds enrolled in *EarlyLearn NYC*. An additional \$44 million will ensure free services with consistent quality standards and support for teachers and administrators, including a full-day of standards-based UPK instruction and curriculum, increased support for students whose primary language is not English, increased access to professional development for teachers, and increased investments to ensure recruitment and retention of high-quality UPK lead teachers with early childhood certification. This quality pre-kindergarten experience will help set these children up for achievement and increased opportunities later in life.

Recognizing the need for an integrated and quality child care system, the Deputy Mayor for Health and Human Services will lead a task force of key stakeholders to deliver a strategic plan for integrating the City's child care system and improving and expanding services for children enrolled in *EarlyLearn NYC* and those whose parents receive vouchers to purchase care in other formal and informal settings. The task force is expected to deliver its recommendations in late summer 2014.

Capital Review

The 2014-2018 Four-Year Capital Plan totals \$60.2 million: \$16.7 million for child care and child welfare facilities, \$12.7 million for administrative offices, and \$30.8 million for equipment and information systems. The table below reflects capital commitments by program area over the 2014-2018 period.

Capital Commitments

(\$ in 000's)

	2013 Actual		2014 Plan		2015 Plan		2016 Plan		2017 Plan		2018 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.....	(\$55)	(\$55)	\$6,048	\$6,048	\$0	\$0	\$500	\$500	\$2,500	\$2,500	\$3,000	\$3,000
Child Care.....	0	0	7,227	8,690	2,215	3,018	800	1,421	800	1,421	4,470	4,834
Buildings.....	1,119	1,796	6,386	7,066	1,785	2,132	2,475	3,241	1,575	2,294	4,336	5,038
MIS.....	8,174	9,477	46,226	54,386	2,720	4,135	8,600	10,383	8,746	10,598	4,519	5,636
Total.....	<u>\$9,238</u>	<u>\$11,218</u>	<u>\$65,887</u>	<u>\$76,190</u>	<u>\$6,720</u>	<u>\$9,285</u>	<u>\$12,375</u>	<u>\$15,545</u>	<u>\$13,621</u>	<u>\$16,813</u>	<u>\$16,325</u>	<u>\$18,508</u>

Highlights of the Four-Year Capital Plan

- \$15.8 million will support the development of new information technology systems to improve eligibility determinations, program monitoring, payment, and claiming processes for the agency's Juvenile Justice and Early Care and Education programs.
- \$10.7 million will support the renovation of child care centers City wide including correction of code violations and providing for handicapped accessibility.
- \$12.7 million will support the renovation of administrative and field offices.

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 Programs, Fatherhood Programs, Immigration 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 2015 Executive Budget provides for operating expenses of \$484.2 million, of which \$257.4 million are City funds.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- in 2015, the Department will launch the Mayor's signature Universal Afterschool for Middle School initiative. \$145 million in 2015 and \$190 million in 2016 and out will fund 41,000 new middle school afterschool slots to serve a total of 107,000 middle school students in public and charter schools as well as other settings.
- an additional \$3.4 million will enable DYCD to support a total of 353 shelter beds for Runaway and Homeless Youth (RHY), including beds that meet the specific needs of LGBT young people who face a much higher risk of homelessness than their heterosexual peers. This represents an increase of 100 shelter beds to help meet the needs of this at risk population.
- an additional \$8.5 million will allow DYCD to maintain current service levels in the Summer Youth Employment Program (SYEP) with an increase in the New York State minimum wage.

Summary of Agency Financial Data

The following table compares the 2015 Executive Budget with the 2015 Preliminary Budget, the 2014 forecast and actual expenditures for 2013, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2013 Actual	2014 Forecast	2015		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2014 Forecast	2015 Preliminary Budget
			Expenditures			
Salary and Wages.....	\$25,367	\$27,468	\$26,862	\$37,422	\$9,954	\$10,560
Fringe Benefits.....	—	—	—	—	—	—
OTPS.....	320,529	386,642	497,836	446,786	60,144	(51,050)
Total.....	\$345,896	\$414,110	\$524,698	\$484,208	\$70,098	(\$40,490)
Funding						
City.....	\$241,438	\$297,466	\$428,699	\$257,406	(\$40,060)	(\$171,293)
Other Categorical Grants.....	2,890	2,241	—	—	(2,241)	—
IFA.....	—	—	—	—	—	—
State.....	18,393	5,544	6,075	6,075	531	—
Federal CD.....	7,566	7,513	7,138	7,138	(375)	—
Federal Other.....	50,163	75,588	57,459	57,459	(18,129)	—
Intra-City Other.....	25,446	25,758	25,327	156,130	130,372	130,803
Total.....	\$345,896	\$414,110	\$524,698	\$484,208	\$70,098	(\$40,490)
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$8,339	\$9,294	\$9,869	\$9,921	\$627	\$52
Pensions.....	4,792	4,504	4,443	4,478	(26)	35
Other Than Personal Service (OTPS)						
Debt Service.....	—	—	—	—	—	—
Total Additional Costs.....	\$13,131	\$13,798	\$14,312	\$14,399	\$601	\$87
Funding						
City.....	12,793	13,446	13,948	14,037	591	89
Non-City.....	338	352	364	362	10	(2)
Intra-City Additional Costs.....	—	—	—	—	—	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$25,367	\$27,468	\$26,862	\$37,422	\$9,954	\$10,560
Fringe Benefits.....	8,339	9,294	9,869	9,921	627	52
Pensions.....	4,792	4,504	4,443	4,478	(26)	35
Total PS.....	\$38,498	\$41,266	\$41,174	\$51,821	\$10,555	\$10,647
OTPS.....	\$320,529	\$386,642	\$497,836	\$446,786	\$60,144	(\$51,050)
Debt Service.....	—	—	—	—	—	—
Total OTPS.....	\$320,529	\$386,642	\$497,836	\$446,786	\$60,144	(\$51,050)
Total Agency Costs.....	\$359,027	\$427,908	\$539,010	\$498,607	\$70,699	(\$40,403)
Less Intra-City.....	\$25,446	\$25,758	\$25,327	\$156,130	\$130,372	\$130,803
Net Agency Cost.....	\$333,581	\$402,150	\$513,683	\$342,477	(\$59,673)	(\$171,206)
Funding						
City.....	254,231	310,912	442,647	271,443	(39,469)	(171,204)
Non-City.....	79,350	91,238	71,036	71,034	(20,204)	(2)
Personnel (includes FTEs at fiscal year-end)						
City.....	327	341	314	410	69	96
Non-City.....	68	74	74	74	—	—
Total.....	395	415	388	484	69	96

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 school closing days and in the summer. These programs, which are operated by community-based organizations, serve young people from elementary through high school and are primarily located in schools, community centers, settlement houses, religious institutions, public housing and parks recreational facilities.

Re-imagined in 2011, the new OST elementary and middle school program model features year round programming and the intentional integration of literacy, and Science, Technology, Engineering and Math (STEM) into traditional programming that supports social and emotional learning to help young people compete in the 21st Century economy. In 2013, OST enrolled 42,795 youth in Elementary School, 16,224 from Middle School, and 2,100 in High School.

Universal Afterschool for Middle School Expansion

Building on the success of OST, DYCD released a new request for proposals to implement the Mayor's signature Universal Afterschool for Middle School initiative. This program will expand to 15 hours per week of quality programming during the school year, align after school programming with school-day learning to improve educational outcomes, include Science Technology, Engineering, and Mathematics (STEM) instruction, along with summer programming to prevent summer learning loss.

When fully implemented in 2016, the expansion is expected to serve a total of 107,000 middle school students in public, charter schools, and other settings through a variety of current and new programs.

Beacon Community Centers

These collaborative, school-based community centers were pioneered in the early 1990s and have been replicated nationally. The first 20 Beacons were placed within the NYC precincts containing the highest amount of crime as a measure of learning and prevention. Beacon programs are designed based on the needs of their communities, and tailor activities to serve young people and adults in the areas of academic enhancement, life skills, career awareness/school to work transition, civic engagement/community building, recreation/health and fitness, and culture/art. In 2007, the Beacon program model was enhanced to place an emphasis on programming and retention of middle school students. In a 2011 study 77 percent of Beacon students said that the Beacon center helped them to learn about the dangers of alcohol, drugs, and other risky activities. The same study found that the average school attendance rate for Beacon participants in 5th – 8th grade was 93.5%. In 2015, Beacons will serve over 86,000 participants.

Cornerstone Program

Expanded in 2014 from 25 sites to 70 sites, Cornerstone programs provide engaging activities year-round for adults and young people at New York City Housing Authority (NYCHA) Community Centers in the five boroughs and were shaped by input from young people, NYCHA residents, Resident Association leaders, elected officials, and principals at schools that serve youth who live in the participating developments. 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. Cornerstone adult programs are designed to enhance skills and promote social interaction, community engagement, and physical activity. In 2015, the program expects to serve more than 15,000 people, with a budget of \$28.2 million.

As part of the Young Men's Initiative (YMI), in January 2012, DYCD launched the Cornerstone Mentoring Program to serve 300 youth in 25 Cornerstone programs. YMI aims to increase youth engagement in learning,

promote positive behavior and improve interpersonal and leadership skills. In a 2013 survey, over 90 percent of participants expressed confidence that they will graduate from high school, continue to a college or trade school, and successfully complete their studies or training.

Youth Workforce Development

DYCD operates several workforce development programs for youth between the ages of 14 to 24. These include the Summer Youth Employment Program (SYEP), the Center for Economic Opportunity's (CEO) Young Men's Initiative (YMI)-funded Young Adult Internship Program (YAIP) and the Workforce Investment Act (WIA)-funded In-School Youth and Out-of-School Youth programs

SYEP provides New York City youth between the ages of 14 to 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 up to six weeks at the current minimum wage of \$8.00 per hour. Last year, SYEP was enhanced to provide age-appropriate work and educational assignments, expanded opportunities for vulnerable youth and greater engagement with the private sector to employ more of the City's young adults. \$29.2 million in City funds, an increase of \$8.5 million, will provide more than 20,000 SYEP slots, which will be supplemented by a projected \$4.7 million in Federal CSBG and WIA funding, and more than \$14 million in State funds. In total, \$51.2 million will support approximately 36,000 participants in 2015.

YAIP targets youth who are between 16 and 24 that are not in school or working. The program provides short-term paid internships that promote social and professional skills and features a combination of educational workshops and counseling. YAIP operates three 14-week cycles each year. In 2014, DYCD received a total of \$11.6 million to serve 1,825 participants.

In 2014, DYCD received approximately \$21.4 million in Workforce Investment Act (WIA) funding to provide the In-School Youth (ISY) and Out-of-School Youth (OSY) programs. The ISY program helps to prevent high school juniors and seniors from dropping out before attaining a high school degree. The program also helps improve literacy, job readiness, and other workplace preparation skills. The OSY program helps youth between the ages of 16 and 21 who are not in school and not employed to refocus on achieving educational goals and to find employment or advanced occupational training. In 2015, DYCD projects that ISY and OSY will serve 1,760 and 1,245, respectively.

Runaway and Homeless Youth Services

DYCD funds programs to protect runaway and homeless youth and, whenever possible, reunite them with their families. Additionally, LGBTQ youth face a much higher risk of homelessness than their heterosexual peers. For youth in need of shelter and care, Crisis Shelters offer safe and welcoming environments on a short-term basis, while Transitional Independent Living facilities combine longer-term shelter with the necessary 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 Street Outreach and Drop-In Centers. In 2015, DYCD will provide funding for 216 crisis shelter beds and 137 Transitional Independent beds, an increase of 100 beds over the 2014 baseline level. This funding will increase support for many homeless young people and offer new safe shelters for LGBTQ youth.

Through funding provided by the Safe Harbor grant from the State Office of Children and Family Services (OCFS), DYCD partnered with the Administration for Children's Services (ACS) to serve sexually exploited youth. DYCD will receive \$269,435 to provide case management and staff training at three ACS sites, conduct street outreach to sexually exploited youth as well as youth who have absconded from ACS programs, and add 35 slots for these participants in the Summer Youth Employment Program. Services will include case management, training, street outreach services and summer jobs.

Literacy Services

In total, DYCD plans to allocate \$15.4 million to serve over 10,000 participants through all of its Literacy programs in 2015. Programs serve adults, young adults, and immigrants:

Adult Literacy services will be supported by a projected \$3 million in Community Services Block Grant and Community Development Block Grant funding, and \$2.6 million in City funds. The literacy services will provide English for Speakers of Other Languages (ESOL), Adult Basic Education (ABE), and High School Equivalency (HSE) courses.

The Young Adult Literacy Program is funded through CEO and YMI for a total program budget of nearly \$3 million in funding at 16 sites hosted by community-based organizations and the library systems. The program serves young people who need help acquiring the reading and writing skills needed to take the GED exam. It also provides paid internships to students who maintain 70% or better attendance rates.

The Young Immigrant Literacy Program is a one-year program supported by \$5.9 million to provide ABE/HSE and ESOL instruction and job readiness skills to enable young immigrants to qualify for employment, job training, or postsecondary education. The program gives priority to immigrants eligible for Deferred Action for Childhood Arrivals (DACA), but is open to all immigrants who are at least 16 years of age and were under the age of 31 as of June 15, 2012.

Additionally, \$1 million will support the Adolescent Literacy Program to help 200 6th – 8th graders needing assistance in developing their reading, writing and communication skills.

Neighborhood Development Programs

DYCD administers the Federal Community Services Block Grant (CSBG) 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. DYCD's mission in administering the Community Action Program is to assist low income individuals and families to attain the skills, knowledge, motivation and opportunities they need to become self-sufficient. In 2014, the Department allocated \$14.6 million to these programs, which provided immigrant services, family support services, youth development, senior support, and housing assistance to approximately 17,000 participants. In 2015, DYCD will issue an RFP for new contracts to commence the following year.

Fatherhood Programs

By promoting positive involvement of fathers in the lives of their children, DYCD's 10 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. In 2014, the Fatherhood program received \$2.7 million in funding to provide services to over 1,200 participants.

Immigration Programs

The Young Immigrant Legal Program is a one-year, city-funded partner program to the Young Immigrant Literacy Program, and is supported by almost \$2 million to provide legal assistance to certain eligible immigrants under the President's Executive Order to Defer Action on Childhood Arrivals (DACA), which grants temporary

relief from deportation to immigrants brought to this country while they were minor children. As part of this program, DYCD's legal service providers coordinate services with literacy organizations, to serve eligible clients. \$850,000 of the DACA program funds a citywide public education and outreach campaign to support the effort by referring clients to the literacy and legal services providers. The program intends to provide over 2,100 immigrants with legal services in 2015.

DYCD also allocates \$2.56 million in CSBG funds to provide immigrant services in five areas: legal assistance related to immigration status, immigrant youth, victims of domestic violence and trafficking, immigrant families, and services for immigrant workers making a low income. The Department projects that these programs will reach over 2,500 immigrants in 2015.

DYCD also allocates \$4.3 million in baseline funding to support the Immigrant Opportunity Initiative (IOI) formerly funded through the City Council. IOI provides legal services related to immigration status in addition to civics/ESOL classes supportive of citizenship applications. It is projected that over 5,000 immigrants will be served.

DEPARTMENT OF HOMELESS SERVICES

The Department of Homeless Services (DHS) provides programs and services to prevent homelessness and provides shelter to homeless families and single adults when prevention is not possible. DHS services include transitional housing, outreach and drop-in services for street homeless individuals, community-based prevention and placement into permanent housing.

In 2015, the Department will continue to utilize innovative strategies to prevent homelessness, reduce the length of shelter stays and assist families and individuals in achieving self-sufficiency in permanent housing. DHS will also provide targeted assistance to individuals with medical, substance abuse, mental health and other issues so that they successfully move from the City's streets and into housing.

Financial Review

The Department's 2015 Executive Budget provides for operating expenses of \$953.5 million, of which \$467.0 million are City funds. Capital commitments of \$76.6 million are also provided.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- in 2015, an additional \$8.1 million in City funds will support 10,501 units of shelter for single homeless adults. As of March 2014, there were 10,303 single adults served in City shelter.
- in 2015, an additional \$6.3 million in City funds and \$33.2 million in total funds will support 12,414 homeless families. As of March 2014, there were 12,658 homeless families served in City shelter.
- in 2015, \$.41 million in total funds and \$.14 million in City funds will maintain enhanced security levels at the Catherine Street directly-operated family shelter through November 2014, at which point all families with young children will have transitioned out into other more appropriate facilities. All families with children will have transitioned out of the Auburn family shelter, where security was also temporarily enhanced, by June 2014.

Prevention and Rental Assistance

- in 2015, the Department will collaborate with the Department of Social Services (DSS) to launch a multi-pronged homeless housing strategy that will help alleviate homelessness through a more effective use of resources. The approach expands prevention efforts and creates targeted new rental assistance programs for homeless families. Components of the strategy include –
 - \$12.2 million in total funds for an expansion of community-based prevention efforts that will help families at risk of homelessness remain stably housed.
 - consolidating legal services contracts into DSS to ensure a more targeted and effective use of resources to help families threatened with eviction assert their rights in housing court.
 - working with the State to expand the Family Eviction Prevention Supplement (FEPS) program to provide more at risk families with financial assistance to remain in their homes.
 - reinstating the homeless priority for public housing to ensure that affordable apartments are reserved for the neediest families.
 - leveraging new language included in the State 2014-2015 Enacted Budget that enables the City to use federal Temporary Assistance for Needy Families (TANF) and State Safety-Net (SN) funds for

a rental assistance program as long as the program's cost is offset by a reduction in TANF and SN expenditures elsewhere. The Department will generate \$60.1 million in shelter savings by reducing reimbursement rates for payments made to landlords providing shelter in settings with limited social services at rents well above market rate. The Department will work with the State on a strategy to reinvest these funds into a new rental assistance program for vulnerable families in shelter.

- a joint City-State rental assistance program totaling \$80 million over four years that will help working families exit shelter.

Restructuring and Streamlining

- the Department will protect the health and safety of children in shelter by ensuring that all families are housed in the most appropriate shelter settings. In the future, the Department intends to place all families with similar characteristics, including the age of children in the household, in facilities with appropriate levels of privacy. In 2015, \$2.4 million in total funds and \$.9 million in City funds will support enhanced security at the three remaining families with children shelters that do not meet these criteria while they transition to serve only pregnant women and mothers with young children.
- in 2015, DHS will assume responsibility for outreach efforts for homeless individuals living in the City's subway system, a program previously administered by the Metropolitan Transit Authority (MTA). This will ensure that these outreach efforts are conducted by providers with demonstrated experience linking these individuals with case management and other services offered by the Department.

Summary of Agency Financial Data

The following table compares the 2015 Executive Budget with the 2015 Preliminary Budget, the 2014 forecast and actual expenditures for 2013, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2013 Actual	2014 Forecast	2015		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2014 Forecast	2015 Preliminary Budget
			Expenditures			
Salary and Wages.....	\$115,732	\$123,838	\$119,363	\$120,919	(\$2,919)	\$1,556
Fringe Benefits.....	1,172	1,575	1,585	1,575	—	(10)
OTPS.....	867,361	922,518	860,729	831,053	(91,465)	(29,676)
Total.....	\$984,265	\$1,047,931	\$981,677	\$953,547	(\$94,384)	(\$28,130)
Funding						
City.....	\$472,029	\$486,295	\$481,258	\$466,958	(\$19,337)	(\$14,300)
Other Categorical Grants.....	204	—	—	—	—	—
IFA.....	—	—	—	—	—	—
State.....	121,358	128,468	116,091	112,659	(15,809)	(3,432)
Federal CD.....	6,180	4,098	4,098	4,098	—	—
Federal Other.....	383,248	426,089	379,379	368,981	(57,108)	(10,398)
Intra-City Other.....	1,246	2,981	851	851	(2,130)	—
Total.....	\$984,265	\$1,047,931	\$981,677	\$953,547	(\$94,384)	(\$28,130)
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$41,644	\$45,750	\$48,106	\$48,535	\$2,785	\$429
Pensions.....	21,087	20,241	20,474	20,635	394	161
Other Than Personal Service (OTPS)						
Debt Service.....	—	—	—	—	—	—
Total Additional Costs.....	\$62,731	\$65,991	\$68,580	\$69,170	\$3,179	\$590
Funding						
City.....	51,384	62,425	64,996	65,570	3,145	574
Non-City.....	11,347	3,566	3,584	3,600	34	16
Intra-City Additional Costs.....	—	—	—	—	—	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$115,732	\$123,838	\$119,363	\$120,919	(\$2,919)	\$1,556
Fringe Benefits.....	42,816	47,325	49,691	50,110	2,785	419
Pensions.....	21,087	20,241	20,474	20,635	394	161
Total PS.....	\$179,635	\$191,404	\$189,528	\$191,664	\$260	\$2,136
OTPS.....	\$867,361	\$922,518	\$860,729	\$831,053	(\$91,465)	(\$29,676)
Debt Service.....	—	—	—	—	—	—
Total OTPS.....	\$867,361	\$922,518	\$860,729	\$831,053	(\$91,465)	(\$29,676)
Total Agency Costs.....	\$1,046,996	\$1,113,922	\$1,050,257	\$1,022,717	(\$91,205)	(\$27,540)
Less Intra-City.....	\$1,246	\$2,981	\$851	\$851	(\$2,130)	\$—
Net Agency Cost.....	\$1,045,750	\$1,110,941	\$1,049,406	\$1,021,866	(\$89,075)	(\$27,540)
Funding						
City.....	523,413	548,720	546,254	532,528	(16,192)	(13,726)
Non-City.....	522,337	562,221	503,152	489,338	(72,883)	(13,814)
Personnel (includes FTEs at fiscal year-end)						
City.....	1,760	1,983	1,949	1,949	(34)	—
Non-City.....	88	114	—	—	(114)	—
Total.....	1,848	2,097	1,949	1,949	(148)	—

Programmatic Review and Service Impact

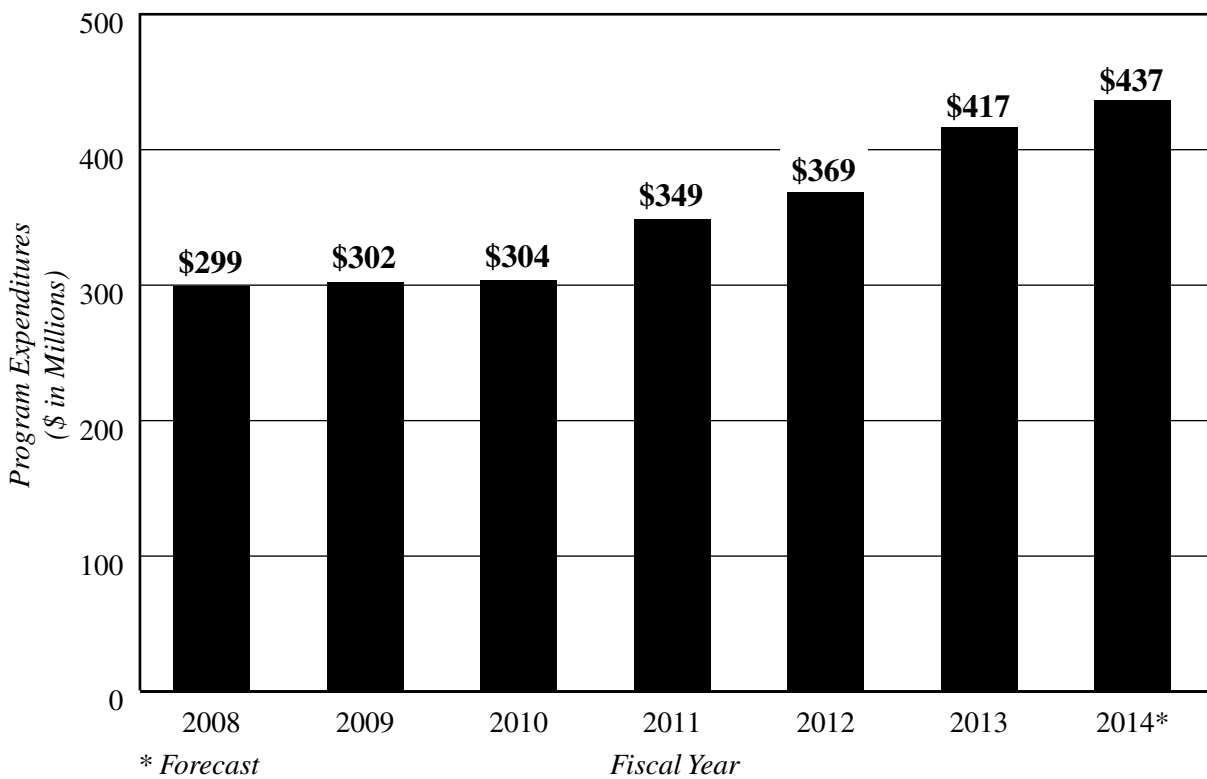
Single Adult Services

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 2014, the average daily census in single adult shelters was 10,303.

In 2015 the Department will implement several initiatives aimed at assisting homeless single adults in finding permanent housing solutions. In 2015 the Department will continue linking clients to employment opportunities, including private market subsidized jobs, and will enhance diversion for single adults to help those seeking shelter remain in the community if stable housing is possible.

The Department also maintains a commitment to low demand housing and other alternative program options for individuals living on the streets. DHS will begin 2015 with 545 safe haven beds and 270 stabilization beds as well as 5 drop-in centers. In March 2014, an average of 537 clients were served each day in safe havens and 517 in drop-in centers.

HOMELESS INDIVIDUALS - PROGRAM EXPENDITURES: 2008-2014

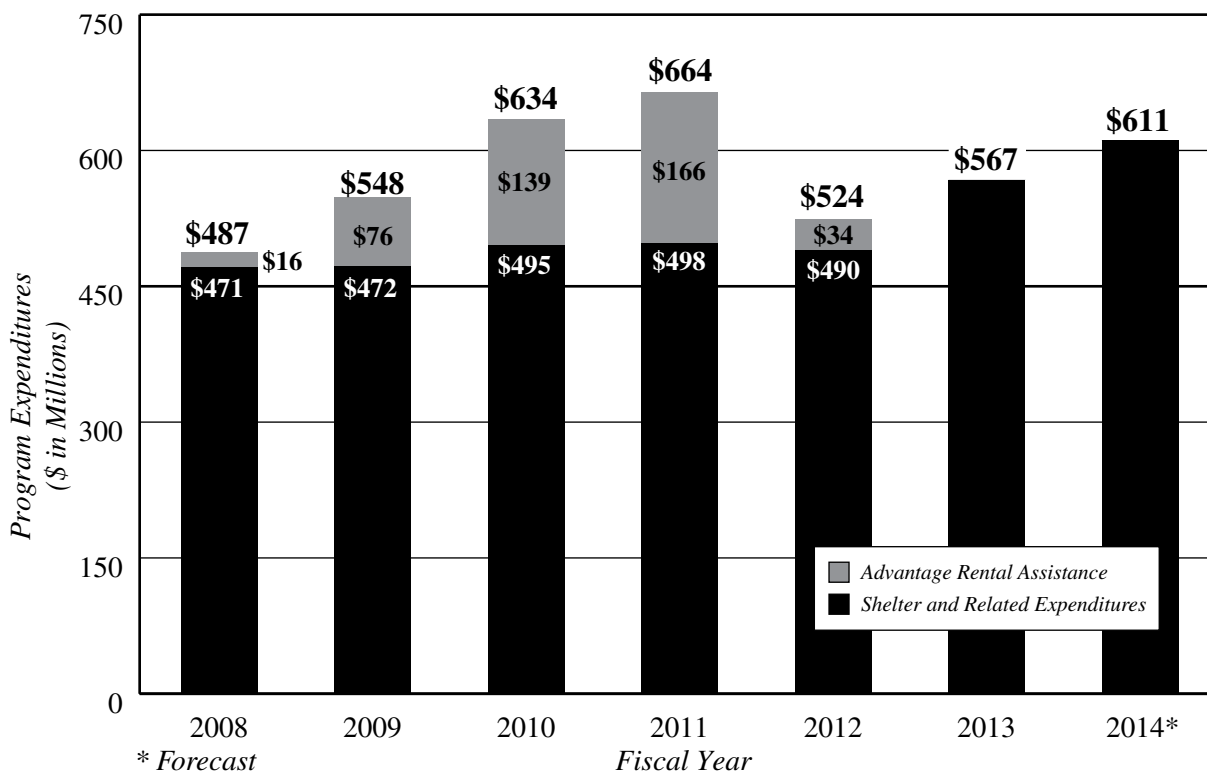


Family Services

The Department serves homeless families through a network of facilities that provide transitional housing and support services designed to maximize family stability and help families move back to the community as quickly as possible. In March 2014, the average daily shelter census of families with children was 10,777, while the average daily shelter census for families without children was 1,881, for a total of 12,658.

The Department continues to ensure that clients access all supports available to help them achieve self-sufficiency. Clients are required to apply for Cash Assistance and, through this process, receive access to a full range of employment and rehabilitative programs to help prepare for and obtain employment. Through its network of providers, the Department also helps families gain access to food stamps, child support, tax credits and work supports. In 2015 the Department will continue its focus on child well-being, including infant safe sleeping initiatives, early childhood education and Universal Pre-Kindergarten (UPK), and school attendance. Additionally, through an Interagency Coordinating Council on Homelessness, DHS will collaborate with citywide stakeholders to better manage our efforts to address the needs of multi-system involved individuals and families.

HOMELESS FAMILIES - PROGRAM EXPENDITURES: 2008-2014



Homelessness Prevention

In 2015, the Department, in collaboration with the Department of Social Services (DSS), will launch a multi-pronged homeless housing strategy that involves expanding and more efficiently targeting prevention efforts.

In 2015, DHS will expand Homebase services to serve more households in need. The Homebase prevention program is an evidence-based program, located at 14 store fronts throughout the five boroughs, serves families and individuals on the brink of homelessness with customized assistance specifically tailored to address their housing crises. Clients are assigned a case manager who, together with the family, develops a stable housing

plan. This includes eviction prevention counseling, free legal assistance, short-term financial assistance, and help in obtaining employment and public benefits. Since its inception in 2004, the program has served over 62,000 families and individuals, and over 90 percent of those served have avoided entering shelter. The Agency will continue to launch its successful public awareness campaign to encourage households at risk of coming into shelter to reach out to Homebase for help.

In 2015, DHS will also collaborate with the State to expand the Family Eviction Prevention Supplement (FEPS) program which provides families in the community at risk of becoming homeless with financial assistance to enable them to remain in their homes. The expansion will also help certain families in shelter attain permanent housing.

Rental Assistance

Recognizing that the needs of each homeless family are unique, the Department will create several targeted new rental assistance programs for homeless families.

Reinstating the homeless priority for public housing will help ensure that affordable apartments are reserved for the neediest families. Many families in shelter are on the public housing waiting list, some of whom have been on the list for years.

A new Working Families Rental Assistance program, a joint City-State pilot, will help working families exit shelter. The program will be available to families with children with at least one adult household member working full-time. Rental assistance will provide the extra support needed for these families to remain housed in the community while they continue their employment and accrue savings that can buffer them against future shocks. The subsidy will be accompanied by aftercare services to help families transition to permanent housing and provide job support.

The Department will also leverage new language included in the State 2014-2015 Enacted Budget that enables the City to reinvest federal Temporary Assistance for Needy Families (TANF) and State Safety-Net (SN) funds from shelter into a new rental assistance program. The Department will help put the most vulnerable homeless families on the path to housing stability by pairing rental assistance with enhanced case management and aftercare. The shelter savings to support this program will be generated by reducing reimbursement rates for payments made to landlords providing shelter in settings with limited social services at rents well above market rates.

Capital Review

The Four-Year Capital Plan for 2015-2018 totals \$76.6 million, including \$31.2 million for homeless family facilities, \$35.6 million for single adult facilities, \$3.9 million allocated for computer systems and equipment purchases, and \$5.9 million in City Council and Borough President items. The table below reflects capital commitments by program area over the 2015-2018 period.

Capital Commitments
(\$ in 000's)

	2013 Actual		2014 Plan		2015 Plan		2016 Plan		2017 Plan		2018 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.....	\$1,725	\$1,725	\$11,286	\$11,792	\$18,591	\$18,591	\$3,430	\$3,430	\$2,291	\$2,291	\$6,881	\$6,881
Homeless Individuals.....	6,483	6,483	16,725	17,161	21,199	21,199	9,892	9,892	3,205	3,205	6,881	6,881
Equipment and Vehicles.....	182	182	522	522	592	592	264	264	211	211	1,087	1,087
Information Technology.....	5,963	5,963	7,287	7,287	1,214	1,214	0	0	0	0	880	880
Total	\$14,353	\$14,353	\$35,820	\$36,762	\$41,596	\$41,596	\$13,586	\$13,586	\$5,707	\$5,707	\$15,729	\$15,729

Highlights of the Four-Year Capital Plan

- exterior and interior building upgrades at shelter facilities for homeless adults, including the design and installation of elevators at Bellevue Men's Shelter (2.3 million), plumbing work at Bellevue Men's Shelter (\$2.0 million), exterior upgrades at the Fort Washington Armory (\$1.1 million), and the conversion of the Powers facility to an adult family shelter (\$6.0 million).
- exterior and interior building upgrades at shelter facilities for homeless families, including \$4.8 million for interior upgrades at the Auburn shelter.

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, caregiver, 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.

Financial Review

The Department's 2015 Executive Budget provides for operating expenses of \$259.7 million, of which \$149.9 million are City funds. Capital commitments of \$17.6 million are also provided.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- in 2015, a total of \$10.6 million in City funds that were previously subject to the annual budget adoption process were baselined in the Department's budget to support and stabilize funding for senior centers.
- in 2014, DFTA released a Request for Proposals (RFP) for additional Innovative Senior Centers (ISCs). \$2.3 million in 2015 and out will support six additional ISCs for a total of 16 throughout the 5 boroughs. ISCs offer a new model of centers for older New Yorkers by providing enhanced programming, including robust wellness programs, additional access to health care services, arts and cultural programs, as well as new technological and volunteer opportunities for seniors.
- \$3.3 million in 2015 and out will address the rising cost of food for DFTA's home-delivered meals and senior center providers, including the increased cost of meeting the specialized dietary needs of some seniors. DFTA providers serve 12 million meals annually: 7.6 million in senior centers and 4.4 million home-delivered meals.
- in 2015, the Department will continue to collaborate with other City agencies and private partners to maximize seniors' access to services.

Summary of Agency Financial Data

The following table compares the 2015 Executive Budget with the 2015 Preliminary Budget, the 2014 forecast and actual expenditures for 2013, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services and debt service.

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

	2013 Actual	2014 Forecast	2015		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2014 Forecast	2015 Preliminary Budget
			Expenditures			
Salary and Wages.....	\$22,659	\$23,390	\$23,706	\$23,610	\$220	(\$96)
Fringe Benefits.....	—	—	—	—	—	—
OTPS.....	239,494	241,231	227,479	236,086	(5,145)	8,607
Total.....	\$262,153	\$264,621	\$251,185	\$259,696	(\$4,925)	\$8,511
Funding						
City.....	\$138,276	\$149,546	\$141,351	\$149,862	\$316	\$8,511
Other Categorical Grants.....	130	—	—	—	—	—
IFA.....	—	—	—	—	—	—
State.....	37,575	36,902	37,164	37,164	262	—
Federal CD.....	2,299	2,235	2,234	2,234	(1)	—
Federal Other.....	80,885	74,117	70,116	70,116	(4,001)	—
Intra-City Other.....	2,988	1,821	320	320	(1,501)	—
Total.....	\$262,153	\$264,621	\$251,185	\$259,696	(\$4,925)	\$8,511
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$6,925	\$7,433	\$8,020	\$7,952	\$519	(\$68)
Pensions.....	4,946	4,341	3,968	4,000	(341)	32
Other Than Personal Service (OTPS)						
Debt Service.....	—	—	—	—	—	—
Total Additional Costs.....	\$11,871	\$11,774	\$11,988	\$11,952	\$178	(\$36)
Funding						
City.....	11,318	11,275	11,453	11,416	141	(37)
Non-City.....	553	499	535	536	37	1
Intra-City Additional Costs.....	—	—	—	—	—	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$22,659	\$23,390	\$23,706	\$23,610	\$220	(\$96)
Fringe Benefits.....	6,925	7,433	8,020	7,952	519	(68)
Pensions.....	4,946	4,341	3,968	4,000	(341)	32
Total PS.....	\$34,530	\$35,164	\$35,694	\$35,562	\$398	(\$132)
OTPS.....	239,494	241,231	227,479	236,086	(5,145)	8,607
Debt Service.....	—	—	—	—	—	—
Total OTPS.....	\$239,494	\$241,231	\$227,479	\$236,086	(\$5,145)	\$8,607
Total Agency Costs.....	\$274,024	\$276,395	\$263,173	\$271,648	(\$4,747)	\$8,475
Less Intra-City.....	\$2,988	\$1,821	\$320	\$320	(\$1,501)	\$—
Net Agency Cost.....	\$271,036	\$274,574	\$262,853	\$271,328	(\$3,246)	\$8,475
Funding						
City.....	149,594	160,821	152,804	161,278	457	8,474
Non-City.....	121,442	113,753	110,049	110,050	(3,703)	1
Personnel (includes FTEs at fiscal year-end)						
City.....	59	75	142	142	67	—
Non-City.....	713	592	400	388	(204)	(12)
Total.....	772	667	542	530	(137)	(12)

Programmatic Review and Service Impact

Senior Centers

The core of DFTA's service portfolio is a citywide network of 247 senior centers. In addition to supporting congregate meals, neighborhood 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. Innovative Senior Centers provide enhanced programming, robust wellness programs, technology education as well as arts and culture activities. Two ISCs focus on special populations - Lesbian, Gay, Bi-sexual and Transgender seniors (LGBT) and visually impaired seniors.

Case Management and Home Delivered Meals Services

Case management services connect older New Yorkers to social service resources in the community. In 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 2015, \$26 million will support case management services for approximately 20,000 clients.

DFTA has 23 contracts citywide for home delivered meals, which offer seniors the option of frozen or hot meal deliveries. DFTA serves approximately 4 million home delivered meals annually. In 2015, an additional \$1.4 million will bring the total budget for home delivered meals to \$29.7 million.

Employment Services

DFTA addresses the employment needs of older New Yorkers through its Senior Community Service Employment Program. In 2015, this \$3.5 million program will provide part-time on-the-job training to over 600 low income participants. 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 approximately 400 seniors each year as mentors and tutors for children and youth with special needs. ReServe is an initiative targeting career professionals, and places retirees at City agencies and non-profit providers 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 allow seniors to remain in their own homes. The Department provides \$6.3 million to NORC supported social services programs for over 15,600 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.

In addition to the classic NORC model, DFTA has expanded to a hybrid NORC model, in which a classic NORC collaborates on program offerings with a senior center located in or near the housing facility. All NORCs will provide NORC case management for homebound and non-homebound seniors, offer assistance with public benefits and provide healthcare management. NORCs also offer a Health Indicators program, with the option to implement the existing program or an alternative model. The Health Indicators program uses baseline measures to collect health data from seniors, followed by assistance and interventions from healthcare providers. Optional group services and activities include recreational trips, exercise classes and arts workshops.

Capital Review

The Department's Four-Year Capital Plan for 2015-2018 totals \$17.6 million. The Four-Year Capital Plan 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 table below reflects capital commitments by program area over the 2014-2018 timeframe.

Capital Commitments

(\$ in 000's)

	2013 Actual		2014 Plan		2015 Plan		2016 Plan		2017 Plan		2018 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	\$1,832	\$1,832	\$11,703	\$11,703	\$2,021	\$2,021	\$1,263	\$1,263	\$2,622	\$2,622	\$2,545	\$2,545
Building Renovations and Vehicles	\$2,645	\$2,645	\$15,838	\$15,838	\$6,469	\$6,469	\$1,741	\$1,741	\$384	\$384	\$523	\$523
Total	\$4,477	\$4,477	\$27,541	\$27,541	\$8,490	\$8,490	\$3,004	\$3,004	\$3,006	\$3,006	\$3,068	\$3,068

Highlights of the Four-Year Capital Plan

- infrastructure improvements to the City's senior center network, including renovations and repairs to existing facilities (\$9.1 million).
- computer network upgrades and equipment purchases (\$8.5 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 developmental delays and 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 and to reduce health inequities between New York City neighborhoods.

The Department will continue to target its public health activities towards those communities that bear a disproportionate share of physical and mental illness and premature death, relying on evidence-based and evidence-informed programs and interventions. The Department will pursue active engagement with communities, their organizations, institutions and members, to continue to tackle the leading causes of death and disability. New initiatives in 2015 include the establishment of a Center for Health Equity; strengthening of the existing District Public Health Offices; and an expansion of reproductive health services in schools and communities.

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 2015 Executive Budget provides for operating expenses of \$1.4 billion, of which \$645 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 \$138 million are also provided to fund agency initiatives.

Revenue Forecast

The Department generates revenue from licenses, permits, inspection and service fees. In 2015, the Department will generate \$33.5 million from these sources.

Expense Budget Highlights

Additional funding was provided to support the following DOHMH needs:

- \$3.3 million to create a new Center for Health Equity to target chronic health issues in neighborhoods with the highest premature mortality rates through collaborations with community-based partners.
- \$3.3 million to expand maternal, infant and reproductive health services in schools and homes.
- \$0.6 million to implement innovative, neighborhood-based strategies to reduce the City's rat population.
- \$0.9 million for child care inspectors to facilitate the Citywide Universal Pre-Kindergarten expansion initiative.
- \$2 million will fund the City's share of health services provided to individuals impacted by the 9/11 attacks.

Summary of Agency Financial Data

The following table compares the 2015 Executive Budget with the 2015 Preliminary Budget, the 2014 forecast and actual expenditures for 2013, including costs budgeted centrally for fringe benefits, pensions and debt service.

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

	2013 Actual	2014 Forecast	2015		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2014 Forecast	2015 Preliminary Budget
			Expenditures			
Salary and Wages.....	\$371,742	\$376,858	\$355,635	\$369,097	(\$7,761)	\$13,462
Fringe Benefits.....	996	1,020	504	490	(530)	(14)
Medical Assistance.....	80	400	72	72	(328)	—
Other OTPS.....	1,133,151	1,077,618	986,937	1,018,612	(59,006)	31,675
Total.....	\$1,505,969	\$1,455,896	\$1,343,148	\$1,388,271	(\$67,625)	\$45,123
Funding						
City.....	\$616,438	\$634,976	\$620,302	\$644,816	\$9,840	\$24,514
Other Categorical Grants.....	3,975	2,694	1,124	1,144	(1,550)	20
IFA.....	—	—	—	—	—	—
State.....	535,873	490,825	450,031	466,884	(23,941)	16,853
Federal CD.....	2,796	—	—	—	—	—
Federal Other.....	329,682	311,833	269,548	272,358	(39,475)	2,810
Intra-City Other.....	17,205	15,568	2,143	3,069	(12,499)	926
Total.....	\$1,505,969	\$1,455,896	\$1,343,148	\$1,388,271	(\$67,625)	\$45,123
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$118,999	\$124,638	\$128,750	\$127,460	\$2,822	(\$1,290)
Pensions.....	70,909	68,272	65,281	65,792	(2,480)	511
Other Than Personal Service (OTPS)						
Debt Service.....	44,538	45,909	53,854	57,353	11,444	3,499
Total Additional Costs.....	\$234,446	\$238,819	\$247,885	\$250,605	\$11,786	\$2,720
Funding						
City.....	200,076	206,791	217,454	220,327	13,536	2,873
Non-City.....	34,370	32,028	30,431	30,278	(1,750)	(153)
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$371,742	\$376,858	\$355,635	\$369,097	(\$7,761)	\$13,462
Fringe Benefits.....	119,995	125,658	129,254	127,950	2,292	(1,304)
Pensions.....	70,909	68,272	65,281	65,792	(2,480)	511
Total PS.....	\$562,646	\$570,788	\$550,170	\$562,839	(\$7,949)	\$12,669
Medical Assistance.....	\$80	\$400	\$72	\$72	(\$328)	\$0
Other OTPS.....	1,133,151	1,077,618	986,937	1,018,612	(59,006)	31,675
Debt Service.....	44,538	45,909	53,854	57,353	11,444	3,499
Total OTPS.....	\$1,177,769	\$1,123,927	\$1,040,863	\$1,076,037	(\$47,890)	\$35,174
Total Agency Costs.....	\$1,740,415	\$1,694,715	\$1,591,033	\$1,638,876	(\$55,839)	\$47,843
Less Intra-City.....	\$17,205	\$15,568	\$2,143	\$3,069	(\$12,499)	\$926
Net Agency Cost.....	\$1,723,210	\$1,679,147	\$1,588,890	\$1,635,807	(\$43,340)	\$46,917
Funding						
City.....	816,514	841,767	837,756	865,143	23,376	27,387
Non-City.....	906,696	837,380	751,134	770,664	(66,716)	19,530
Personnel (includes FTEs at fiscal year-end)						
City.....	4,224	4,407	4,569	4,594	187	25
Non-City.....	1,429	1,752	1,317	1,397	(355)	80
Total.....	5,653	6,159	5,886	5,991	(168)	105

Programmatic Review and Service Impact

Take Care New York (TCNY) is a comprehensive health policy for New York City laying out the Department's plans to address the leading causes of preventable illness and death in New York City, with measurable goals. Take Care New York's overarching goals are to:

- Reduce health disparities and promote health equity.
- Advance health promoting policies and activities.
- Create, sustain, and strengthen collaborations with partners.

The Department first launched TCNY in 2004, and surpassed its 2008 goals in four of the priority areas and made significant progress in three others. In 2009, the Department launched TCNY 2012 to build on those successes. In five years, the Department made progress or surpassed goals in all 10 of its priority areas. The Department is currently developing its new iteration of Take Care New York, which will focus on the reduction of health disparities in the city's highest-need communities, partnership and community engagement, and with particular attention to the health of New York City's children and youth. The Department continues to work strategically with its more than 600 partners to develop and implement initiatives to help address these challenges.

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, 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 coordination for individuals with serious mental illness and children with serious emotional challenges, addressing the emerging problem of prescription opioid misuse, and planning for the transition of Medicaid behavioral health services to managed care.

Mental Health

The Department is responsible for protecting and promoting the mental health of all New Yorkers and for mental health service delivery and planning for New York City residents. Through contracting directly with New York City service providers, the Division manages the development, implementation, and oversight of the delivery of treatment, housing, crisis, advocacy, care coordination, and mental health rehabilitation services. The Department also administers the Assisted Outpatient Treatment program (mandated by Kendra's law). For children and their families, the Division provides oversight to a continuum of mental health services including prevention, mental health promotion, treatment, case management, crisis, family support, and school-based mental health services. Through these contracted programs and through its policy, planning and advocacy work, the Department seeks to facilitate access, improve the quality of care, and promote resilience and recovery for New Yorkers with mental illness.

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 to prevent the problems of opioid addiction and overdose through its naloxone distribution program, expansion of effective treatment of opioid addiction, and educating prescribers and the public. Through its work with contracted programs and stakeholders, and policy and planning work, the Department seeks to improve care and treatment of people with substance use disorders (addiction) in a continuum of settings: community, primary care, specialty (addiction) care, and harm reduction.

Early Intervention Services and Developmental Disabilities

The Department oversees approximately \$9 million in locally contracted services in New York City supporting the needs of children and adults with developmental disabilities and their families. Contracted programs include recreation respite, afterschool, camps and other family support services, as well as clinic and transitional employment programs.

The Early Intervention (EI) program identifies and serves children from birth to age three with developmental delays or disabilities. Services are designed to improve the developmental functioning of children with delays or disabilities and enable families to manage their children's needs and support their development. The Department coordinates the development of each family's individualized service plan and authorizes all EI services to more than 30,000 children and their families annually. It also monitors and promotes the quality of EI services, which are provided by a network of more than 90 contracted agencies operating under agreement with the State Department of Health.

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 disease outbreaks.

HIV/AIDS Prevention and Control remains a critical focus, through increasing HIV testing among New Yorkers, linking and keeping HIV/AIDS patients in care, promoting early antiretroviral treatment to persons living with HIV, surveillance and program planning, and distributing the tools sexually active New Yorkers need to stay safe from disease and unintended pregnancy, including male and female condoms. The Department and its more than 3,500 community partners continue to expand the condom distribution program and have distributed approximately 240 million condoms since 2007. The Department also works to keep HIV-infected New Yorkers in care through direct outreach and by working with contracted agencies, such as providing twice-yearly reports to high volume providers about their success in keeping patients on effective treatment. In addition, the Department continues to focus on populations with disproportionate rates of HIV infection, through a wide range of education, outreach, and prevention strategies. New initiatives in 2015 include expanding availability, awareness, and training for biomedical approaches to preventing HIV infection, including pre- and post-exposure prophylaxis.

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. The Department's clinics also provide alcohol and substance abuse screening that has been shown to reduce the incidence of subsequent sexually transmitted infections. STD clinics will begin offering HIV post-exposure prophylaxis starter packs in spring 2014 to people who have had high risk HIV exposures; patients will be linked to established, high-performing providers to complete their course of medications and to be evaluated for pre-exposure prophylaxis.

The Bureau of Tuberculosis Control provides direct patient care, education, surveillance, and outreach to reduce the incidence of tuberculosis (TB). TB case rates have plateaued due to increases in the number of cases imported into the City; 84 percent of all TB cases are now in people born outside the US. The Department is working with medical providers and local hospitals, community boards, and community-based organizations to raise awareness and reduce the spread of disease in specific foreign-born populations at highest risk, such as those born in China and Latin America.

The Department continues with its plans to renovate the 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. PHL is applying for federal grants and working with academic partners to modernize its technology and staff skills to perform advanced detection of infectious diseases.

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. In 2015, the Bureau will continue campaigns to vaccinate young children against influenza, including implementing a new Health Code requirement that all children in daycare and pre-K receive an annual influenza vaccination. Additionally, the Bureau will be launching campaigns to increase uptake of HPV-vaccine, an important but under-utilized vaccine to prevent cervical cancer.

The Bureau of Communicable Diseases tracks, investigates, and educates the public and healthcare providers on high priority infectious diseases, including those transmitted by contaminated food, contaminated water, contact with animals, contact with infected persons, and other routes. In 2015, a major priority is hepatitis C, which infects an estimated 146,000 New Yorkers. The Bureau is working to improve collection of strategic information, promote testing, educate providers and patients, and promote new models of linking newly diagnosed patients to treatment.

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 2015 include completing data collection for the NYC Health and Nutrition Examination Survey; finishing data extraction for the NYC MacroScope, the City's first electronic health record surveillance system for chronic diseases, in collaboration with the Primary Care Information Project; developing a system to monitor the social determinants of health, including poverty, education and employment; completing data collection for a follow-up study of respiratory health among World Trade Center Health Registry enrollees; building a child health data warehouse to inform policies and programs; developing a scientific writing mentorship program for staff to foster peer-reviewed publication; and advancing the development of eVital, the agency's new electronic vital events reporting system in partnership with the Division of Informatics, Information Technology and Telecommunications.

Health Promotion and Disease Prevention

In 2015, the Department will continue its focus on non-communicable diseases, which comprise the vast majority of the City's 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, particularly the areas served by the District Public Health Offices. The new Center for Health Equity initiative will target the main drivers of excess mortality in the neighborhoods with the greatest health disparities by working with CBOs, community health workers, and volunteers to interact with individuals who have difficulty managing chronic conditions. By putting boots on the ground, the Department will provide individualized case management, hands-on training, and education sessions to help people actively manage their chronic illnesses.

Though smoking rates declined by over 30 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 including educating smokers about the dangers of smoking through hard-hitting campaigns, working with the health system to improve tobacco screening and treatment, and implementing policies to reduce tobacco use in the City.

Increasing physical activity and healthy eating are critical to reducing the burden of chronic disease. The Department will continue efforts in both of these areas by encouraging retailers to offer healthier products through

the Shop Healthy Here program, working with farmers markets and community organizations to distribute Health Bucks, reducing sodium consumption through the National Salt Reduction Initiative, educating New Yorkers on health risks of sugary drinks, and implementing Active Design Guidelines to promote physical activity in our urban landscape.

The Department remains focused on improving maternal, infant and reproductive health. Since 2007, the Department has worked with City hospitals to implement evidence-based principles to increase breastfeeding initiation, duration and exclusivity and help hospitals achieve Baby-Friendly designation. The Department launched Latch On NYC, through which hospitals voluntarily committed to support mothers choosing to breastfeed. Additionally, the Department will continue efforts to reduce infant mortality, especially in high-risk neighborhoods, through programs such as Cribs for Kids. In 2015, the Department will expand on current programs that improve health outcomes for children, including an expansion of the Newborn Home Visiting Program (NHVP) and Connecting Adolescents to Comprehensive Health (CATCH) program.

The Department maintains its multifaceted approach to reduce unintended teen pregnancy, including working with health care facilities to increase the number of adolescents receiving high quality reproductive health services. The Department's Teens in NYC program provides adolescents with the information, skills and resources to make healthy decisions about their sexual and reproductive health. The Department also runs the School-Based Health Center Reproductive Health Project and the Connecting Adolescents to Comprehensive Healthcare program, which provide critical reproductive health services to high school students.

Environmental Health

The Department's Division of Environmental Health Services (EHS) assesses, investigates and acts on a wide range of environmental concerns to protect the health of New Yorkers. EHS conducts surveillance of environmental-related disease; assesses risk from exposure to potential environmental and occupational hazards; inspects child care facilities, restaurants, mobile food carts and other permitted entities to protect the public, children and diners from safety and health hazards. EHS responds to complaints, and provides extensive data and education to stakeholders throughout the City to understand the risks from environmental exposures and promote actions and policies to improve the City's air quality, maintain safe drinking and recreational water, control mosquitoes and rats, and promote housing quality. In 2014, the City had record low numbers of children that were lead poisoned, the highest proportion of restaurants posting A grades yet (88 percent), and dramatic improvements in outdoor air quality – enough to save nearly 800 lives each year. The municipal animal shelters were funded at record levels, contributing to the highest ever live release rate and lowest euthanasia rate since the shelters began collecting statistics.

The 2015 budget reflects continued commitment to these and other initiatives. The Department will complete the City's commitment to increase the budget of Animal Care and Control of NYC to \$12.7 million, with extensive service enhancements across the City. Several improvements to the restaurant grading program will begin, including the offer of consultative, penalty-free inspections to restaurants, and the implementation of fixed penalties that will reduce financial burdens to the industry. EHS will permit and inspect several hundred additional Universal Pre-K classrooms and after school programs as part of the City's commitment to high quality early child education and middle school enrichment. Tanning salons will be permitted, beginning in 2015 and inspected to help protect patrons from excessive ultraviolet radiation exposure. The City will also accept annual certifications of inspection by owners of buildings with roof tanks and post them online (subject to approval of a pending proposal by the Board of Health). An improved Environmental Public Health and Sustainability Tracking Portal will help New Yorkers better understand their neighborhood environments, monitor the City's progress in meeting sustainability goals, and track changes in the disparities between our neighborhoods.

In 2015, the Department will build on the success of its Rat Indexing Initiative with a pilot program that will target rat populations in City parks, sewers, highly-traveled streets and sidewalks.

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, and has resulted in over 3,000 primary care providers with prevention-oriented EHR systems who care for more than two million New Yorkers. PCIP also serves as the federally-designated regional extension center for New York City, providing technical assistance to over 9,000 providers, and helping them achieve Meaningful Use. PCIP has demonstrated significant improvements in the delivery of clinical preventive services across many small and large practices.

The Bureau of Correctional Health Services provides health services to approximately 70,000 people who pass through the City's correctional facilities each year. In 2013, a new community provider took over the care at the Vernon C. Bain Detention Center in the Bronx. In addition, CHS worked collaboratively with the Department of Corrections to reform punitive segregation for the mentally ill.

Emergency Preparedness and Response

The Department seeks to promote its ability, and the City's ability, to prevent, prepare for, respond to, and recover from health emergencies. Funded entirely by Federal grants, the sum of which has been steadily declining since 2006, the Department's Office of Emergency Preparedness and Response continues to engage external stakeholders and pursue corrective actions identified after Superstorm Sandy to build and strengthen the capacity of the healthcare system, including hospitals, nursing homes and adult care facilities, to effectively respond to emergencies in a manner that promotes safety and continuity of care for some of the most vulnerable New Yorkers. Additionally, the Department continues to build its capacity to rapidly distribute lifesaving medication to all New Yorkers as may be necessary in certain public health emergencies. This summer, the Department will lead the largest known full scale exercise of its kind to deliver medication and deploy staff to 30 Points of Dispensing (known as PODs) that would be used to distribute medication in an actual emergency, such as an anthrax attack.

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 1,000 to 2,000 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 and will continue to identify additional victims of the World Trade Center Disaster.

Capital Review

The 2015-2018 Four-Year Plan totals \$272 million. The plan includes allocations for renovating facilities, new construction, information technology improvements, and the purchase of equipment. The focus of the Department's 2015-2018 Four-Year Plan 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. Presuming Federal funding, DOHMH and OCME have included \$2.3 million for Sandy related damage in 2015.

The table below shows capital commitments by program area over the 2013-2018 period.

Capital Commitments (\$ in 000's)

	2013 Actual		2014 Plan		2015 Plan		2016 Plan		2017 Plan		2018 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	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Animal Care	-24	-24	5,047	5,047	6,751	6,751	0	0	0	0	0	0
Information Technology	2,459	3,320	16,348	18,236	11,842	14,542	665	665	1,483	1,723	4,660	6,158
Laboratories	-179	-179	1	1	0	0	0	0	0	0	0	0
OCME	2,837	2,837	5,313	5,428	27,342	27,676	6,452	6,452	5,593	5,593	4,797	4,797
Equipment	6,058	8,652	99,848	101,841	8,812	12,904	0	0	0	0	0	0
Renovation	-7,201	-7,201	71,975	71,975	75,762	75,963	73,842	73,842	17,659	17,659	16,817	16,817
Total	<u>\$3,950</u>	<u>\$7,405</u>	<u>\$198,532</u>	<u>\$202,528</u>	<u>\$130,509</u>	<u>\$137,836</u>	<u>\$80,959</u>	<u>\$80,959</u>	<u>\$24,735</u>	<u>\$24,975</u>	<u>\$26,274</u>	<u>\$27,772</u>

Highlights of the 2014 Capital Commitment Plan:

The Department's 2015-2018 Plan features several important projects, including:

- the design and construction of various DOHMH facility renovations and rehabilitation (\$184.2 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 (\$30 million).
- a new Bronx Mortuary on the Health and Hospitals Corporation's Jacobi Medical Center Campus for the Office of Chief Medical Examiner (\$24.7 million).
- facility upgrades to comply with code standards, network/IT infrastructure and vehicle purchases within the Office of Chief Medical Examiner (\$19.8 million).

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 2015 Executive Budget provides for operating expenses of \$1.8 billion, a decrease of \$199.9 million from the amount forecasted for 2014. This variance is in part the result of \$176.5 million in Federal grant funding that has not been reflected in 2015.

Capital commitments of \$278.1 million are also provided in 2015. This represents an increase of \$151.8 million from the amount forecasted for 2014. The 2015 forecast is greater because it includes funding for the reconstruction of communications infrastructure damaged by Hurricane Sandy.

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 2015, the revenue estimate for the Fire Department is \$86.0 million.

The Department also collects revenue from Emergency Medical Services (EMS) ambulance transports. In 2015, total EMS revenue is projected at \$199.5 million, which is \$26.3 million more than 2014, due to a decline in Medicaid Fee for Service revenue in 2014.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- baseline the restoration of funding for 20 fire companies which were previously proposed for closure, at a cost of \$59.2 million.
- 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 Citywide.
- maintain the Department's public CPR training program through 2015, in partnership with NYC Service.
- provide 16 positions to develop and support the Fire Prevention Information Management System (FPIMS) replacement, at a cost of \$1.4 million.
- provide three positions and additional OTPS funding for radio repair mechanics and increases in maintenance and support contracts for technology, at a cost of \$2.6 million.

- provide five positions and OTPS funding for additional civilian fire inspectors to accommodate increased class locations for universal Pre-K, at a cost of \$0.3 million.
- provide funding for defensive driver training in alignment with Vision Zero, at a cost of \$1.3 million.
- provide 25 positions for Human Resources, Recruitment, Compliance, and EEO, along with OTPS costs for the development of recruitment materials and diversity training, at a cost of \$4.0 million.

Summary of Agency Financial Data

The following table compares the 2015 Executive Budget with the 2015 Preliminary Budget, the 2014 forecast and actual expenditures for 2013, including costs budgeted centrally for fringe benefits, pensions and debt service.

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

	2013 Actual	2014 Forecast	2015		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2014 Forecast	2015 Preliminary Budget
Expenditures						
Salary and Wages.....	\$1,622,682	\$1,661,246	\$1,577,645	\$1,585,658	(\$75,588)	\$8,013
Fringe Benefits.....	17,155	44,994	24,069	22,867	(22,127)	(1,202)
OTPS.....	193,473	272,150	161,997	170,004	(102,146)	8,007
Total.....	<u>\$1,833,310</u>	<u>\$1,978,390</u>	<u>\$1,763,711</u>	<u>\$1,778,529</u>	<u>(\$199,861)</u>	<u>\$14,818</u>
Funding						
City.....	\$1,576,578	\$1,606,071	\$1,542,522	\$1,556,922	(\$49,149)	\$14,400
Other Categorical Grants.....	170,076	173,463	199,504	199,504	26,041	—
IFA.....	268	400	240	400	—	160
State.....	1,879	1,994	1,800	1,800	(194)	—
Federal CD.....	2,875	—	—	—	—	—
Federal Other.....	78,927	194,091	17,616	17,616	(176,475)	—
Intra-City Other.....	2,707	2,371	2,029	2,287	(84)	258
Total.....	<u>\$1,833,310</u>	<u>\$1,978,390</u>	<u>\$1,763,711</u>	<u>\$1,778,529</u>	<u>(\$199,861)</u>	<u>\$14,818</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$593,177	\$617,796	\$643,044	\$641,331	\$23,535	(\$1,713)
Pensions.....	1,054,456	1,074,380	1,059,161	1,071,072	(3,308)	11,911
Other Than Personal Service (OTPS)						
Debt Service.....	124,970	127,443	149,300	145,022	17,579	(4,278)
Total Additional Costs.....	<u>\$1,772,603</u>	<u>\$1,819,619</u>	<u>\$1,851,505</u>	<u>\$1,857,425</u>	<u>\$37,806</u>	<u>\$5,920</u>
Funding						
City.....	1,706,013	1,774,172	1,809,711	1,816,288	42,116	6,577
Non-City.....	66,590	45,447	41,794	41,137	(4,310)	(657)
Intra-City Additional Costs.....	—	—	—	—	—	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$1,622,682	\$1,661,246	\$1,577,645	\$1,585,658	(\$75,588)	\$8,013
Fringe Benefits.....	610,332	662,790	667,113	664,198	1,408	(2,915)
Pensions.....	1,054,456	1,074,380	1,059,161	1,071,072	(3,308)	11,911
Total PS.....	<u>\$3,287,470</u>	<u>\$3,398,416</u>	<u>\$3,303,919</u>	<u>\$3,320,928</u>	<u>(\$77,488)</u>	<u>\$17,009</u>
OTPS.....	\$193,473	\$272,150	\$161,997	\$170,004	(\$102,146)	\$8,007
Debt Service.....	124,970	127,443	149,300	145,022	17,579	(4,278)
Total OTPS.....	<u>\$318,443</u>	<u>\$399,593</u>	<u>\$311,297</u>	<u>\$315,026</u>	<u>(\$84,567)</u>	<u>\$3,729</u>
Total Agency Costs.....	\$3,605,913	\$3,798,009	\$3,615,216	\$3,635,954	(\$162,055)	\$20,738
Less Intra-City.....	\$2,707	\$2,371	\$2,029	\$2,287	(\$84)	\$258
Net Agency Cost.....	<u>\$3,603,206</u>	<u>\$3,795,638</u>	<u>\$3,613,187</u>	<u>\$3,633,667</u>	<u>(\$161,971)</u>	<u>\$20,480</u>
Funding						
City.....	3,282,591	3,380,243	3,352,233	3,373,210	(7,033)	20,977
Non-City.....	320,615	415,395	260,954	260,457	(154,938)	(497)
Personnel (includes FTEs at fiscal year-end)						
City.....	15,471	15,851	15,852	15,930	79	78
Non-City.....	41	49	27	29	(20)	2
Total.....	<u>15,512</u>	<u>15,900</u>	<u>15,879</u>	<u>15,959</u>	<u>59</u>	<u>80</u>

Programmatic Review and Service Impact

In 2015 the Department expects that 87 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 2015. The Department anticipates that its ambulances will respond to over 1.3 million medical incidents in 2015.

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.

Emergency Medical Services

The Department is budgeted for 651 daily ambulance tours. 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 2015.

Emergency Communication

The City continues work on Phase 2 of planned upgrades and enhancements to its 9-1-1 Emergency 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 December 2011, in collaboration with the Police Department and the Fire Department, the Office of Citywide Emergency Communications completed Phase 1, which included significant upgrades to the call-taking systems and telecommunications infrastructure, as well as co-location of the Police, Fire and EMS call taking and dispatch operations into the Public Safety Answering Center in Brooklyn. ECTP's work on Phase 2 continues as the City develops a new, consolidated Fire and EMS dispatch system in a second, fully redundant Public Safety Answering Center (PSAC 2) in the Bronx, expected to be live in December 2015.

Capital Review

The 2015-2018 Four-Year Plan totals \$490.2 million. 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. The table below reflects capital commitments by program area over the 2013-2018 period.

Capital Commitments

(\$000's)

	2013 Actual		2014 Plan		2015 Plan		2016 Plan		2017 Plan		2018 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	\$1,313	\$1,841	\$3,591	\$4,943	\$27,381	\$156,081	\$492	\$492	\$2,177	\$2,177	\$1,475	\$1,475
Electronic Data Processing...	8,988	8,988	14,811	14,932	38,547	38,547	8,486	8,486	8,491	8,491	3,426	3,426
Reconstruction/Modernization of Facilities	44,499	46,796	38,876	40,648	53,887	53,887	58,266	58,266	15,000	15,000	0	0
Vehicles and Equipment	87,792	99,421	54,251	65,777	29,605	29,605	34,072	34,072	12,826	12,826	67,336	67,336
Total	\$142,592	\$157,046	\$111,529	\$126,300	\$149,420	\$278,120	\$101,316	\$101,316	\$38,494	\$38,494	\$72,237	\$72,237

Highlights of the 2015-2018 Four-Year Plan

- the replacement of front-line fire-fighting apparatus according to mandated replacement cycles as well as support vehicles and equipment (\$143.8 million).
- the renovation of firehouse components such as boilers, electrical upgrades, kitchens, roofs, bathrooms, waterproofing, apparatus doors, floors, and windows (\$107.2 million).
- the construction of Rescue 2 in Brooklyn (\$20 million).
- the replacement of the building information and billing system used by Fire Prevention (\$29.2 million).
- the replacement of conduit and wiring in inundation zones for the Department's outside cable plant that was damaged during Hurricane Sandy (\$143 million).
- replacement of end of life information technology equipment and communications equipment (\$47 million).

The 2015 Plan for the Department totals \$278.1 million and highlights include:

- the replacement of front-line fire-fighting apparatus according to mandated replacement cycles as well as support vehicles and equipment (\$29.6 million).
- the renovation of firehouse components such as boilers, electrical upgrades, kitchens, roofs, bathrooms, waterproofing, apparatus doors, floors, and windows (\$53.9 million).
- the replacement of the building information and billing system used by Fire Prevention (\$29.2 million).
- the replacement of conduit and wiring in inundation zones for the Department's outside cable plant that was damaged during Hurricane Sandy (\$143 million).
- replacement of end of life information technology equipment and communications equipment (\$22.4 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 2015 Executive Budget provides for operating expenses of \$1.48 billion, an increase of \$21 million from the 2014 forecast.

Capital commitments of \$423.3 million are also provided in 2015, an increase of \$112.9 million from the 2014 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 2015 revenue estimate is \$19.2 million from these sources.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- continue to provide curbside and containerized refuse and recycling collection service to residential properties and eligible institutions.
- continue maintaining the cleanliness of the City by sweeping approximately 6,300 miles of streets and collecting waste from 25,000 litter baskets located at street corners Citywide.
- respond to winter weather emergencies and keep the City's streets clear of snow and ice. Due to a heavy snow season, the cost of clearing snow and ice was higher than the previous five-year spending average. As a result, the 2014 snow budget has been increased to \$132 million. The Department's 2015 snow removal budget, as required to be set by the City Charter, has been increased by \$21.9 million to \$60.1 million, based on the previous five-year spending average.
- continue pilot residential and school organics collection programs.

Restructuring and Streamlining

- the costs of certain interim and long-term export contracts are lower than previously budgeted. As a result, the waste export budget has been reduced by \$41.8 million in 2015.

Summary of Agency Financial Data

The following table compares the 2015 Executive Budget with the 2015 Preliminary Budget, the 2014 forecast and actual expenditures for 2013, including costs budgeted centrally for fringe benefits, pensions and debt service.

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

	2013 Actual	2014 Forecast	2015		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2014 Forecast	2015 Preliminary Budget
			Expenditures			
Salary and Wages.....	\$825,596	\$852,963	\$801,269	\$826,740	(\$26,223)	\$25,471
Fringe Benefits.....	31,441	31,909	31,916	32,056	147	140
OTPS.....	512,731	578,182	645,710	625,221	47,039	(20,489)
Total.....	<u>\$1,369,768</u>	<u>\$1,463,054</u>	<u>\$1,478,895</u>	<u>\$1,484,017</u>	<u>\$20,963</u>	<u>\$5,122</u>
Funding						
City.....	\$1,242,560	\$1,431,767	\$1,456,317	\$1,461,089	\$29,322	\$4,772
Other Categorical Grants.....	3,963	1,751	750	750	(1,001)	—
IFA.....	5,231	4,916	4,346	4,346	(570)	—
State.....	39	25	25	25	—	—
Federal CD.....	13,355	14,844	14,844	14,844	—	—
Federal Other.....	101,624	6,161	—	—	(6,161)	—
Intra-City Other.....	2,996	3,590	2,613	2,963	(627)	350
Total.....	<u>\$1,369,768</u>	<u>\$1,463,054</u>	<u>\$1,478,895</u>	<u>\$1,484,017</u>	<u>\$20,963</u>	<u>\$5,122</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$361,325	\$346,734	\$368,077	\$363,033	\$16,299	(\$5,044)
Pensions.....	284,566	295,489	291,801	292,193	(3,296)	392
Other Than Personal Service (OTPS)						
Debt Service.....	316,536	290,183	340,402	396,929	106,746	56,527
Total Additional Costs.....	<u>\$962,427</u>	<u>\$932,406</u>	<u>\$1,000,280</u>	<u>\$1,052,155</u>	<u>\$119,749</u>	<u>\$51,875</u>
Funding						
City.....	905,097	909,238	973,208	1,024,868	115,630	51,660
Non-City.....	57,330	23,168	27,072	27,287	4,119	215
Intra-City Additional Costs.....	—	—	—	—	—	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$825,596	\$852,963	\$801,269	\$826,740	(\$26,223)	\$25,471
Fringe Benefits.....	392,766	378,643	399,993	395,089	16,446	(4,904)
Pensions.....	284,566	295,489	291,801	292,193	(3,296)	392
Total PS.....	<u>\$1,502,928</u>	<u>\$1,527,095</u>	<u>\$1,493,063</u>	<u>\$1,514,022</u>	<u>(\$13,073)</u>	<u>\$20,959</u>
OTPS.....	\$512,731	\$578,182	\$645,710	\$625,221	\$47,039	(\$20,489)
Debt Service.....	316,536	290,183	340,402	396,929	106,746	56,527
Total OTPS.....	<u>\$829,267</u>	<u>\$868,365</u>	<u>\$986,112</u>	<u>\$1,022,150</u>	<u>\$153,785</u>	<u>\$36,038</u>
Total Agency Costs.....	\$2,332,195	\$2,395,460	\$2,479,175	\$2,536,172	\$140,712	\$56,997
Less Intra-City.....	\$2,996	\$3,590	\$2,613	\$2,963	(\$627)	\$350
Net Agency Cost.....	<u>\$2,329,199</u>	<u>\$2,391,870</u>	<u>\$2,476,562</u>	<u>\$2,533,209</u>	<u>\$141,339</u>	<u>\$56,647</u>
Funding						
City.....	2,147,657	2,341,005	2,429,525	2,485,957	144,952	56,432
Non-City.....	181,542	50,865	47,037	47,252	(3,613)	215
Personnel (includes FTEs at fiscal year-end)						
City.....	8,887	9,211	9,299	9,411	200	112
Non-City.....	210	238	231	231	(7)	—
Total.....	<u>9,097</u>	<u>9,449</u>	<u>9,530</u>	<u>9,642</u>	<u>193</u>	<u>112</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 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.

The 2015-2018 Four-Year Plan provides \$251.2 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 April 2013, the Department expanded the types of recyclable plastics to include types 3 through 7, making all rigid plastics recyclable. To further support the City's recycling goals, the Department is placing additional recycling baskets at street corners and public spaces throughout the City.

In 2014, the paper recycling program will generate an average of \$10.63 of revenue per ton from various vendors, or \$3.3 million per year. The City is paying \$73.85 per ton for MGP.

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 funded the rehabilitation of the 30th Street Pier in the South Brooklyn Marine Terminal as site preparation for a recycling processing facility built by Sims. The new recycling processing facility began accepting MGP in December 2013.

In 2015, the Department will continue its pilot school organics collection program and pilot curbside organics collection program. The pilot organics collection programs will divert additional waste from landfills and establish a separate waste stream for food scraps, yard waste, and other compostable materials.

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. Through March 2014, the Department's curbside refuse collection program has averaged 9.5 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. As part of the City’s fleet consolidation initiative, BME also maintains heavy-duty vehicles for other City agencies.

The Bureau of Building Management (BBM) provides facility management services. BBM provides maintenance and emergency repair work for the Department’s over 200 facilities. BBM continues to work 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 2015-2018 Four-Year Plan totals \$1 billion. The Four-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 Four-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 2013-2018 period.

Capital Commitments
(\$ in 000’s)

	2013		2014		2015		2016		2017		2018	
	Actual		Plan		Plan		Plan		Plan		Plan	
	City	All	City	All	City	All	City	All	City	All	City	All
	Funds	Funds	Funds	Funds	Funds	Funds	Funds	Funds	Funds	Funds	Funds	Funds
Solid Waste Management.....	\$231,975	\$236,575	\$171,386	\$171,386	\$173,826	\$192,703	\$58,507	\$58,507	\$0	\$0	\$0	\$0
Garages and Facilities.....	46,173	47,290	34,710	35,158	66,629	68,128	25,010	25,010	203,059	203,059	2,000	2,000
Equipment.....	98,843	101,109	77,501	77,501	138,043	142,324	100,000	100,000	100,000	100,000	100,000	100,000
Information Technology and Telecommunications.....	14,612	14,957	26,369	26,369	20,132	20,132	1,000	1,000	1,000	1,000	6,000	6,000
Total	\$391,603	\$399,931	\$309,966	\$310,414	\$398,630	\$423,287	\$184,517	\$184,517	\$304,059	\$304,059	\$108,000	\$108,000

Highlights of the 2015-2018 Four-Year Plan

The 2015-2018 Four-Year Plan includes \$1.0 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 (\$298.2 million), including: component rehabilitation and construction of garages Citywide (\$268.7 million), site acquisition for Department facilities (\$20.0 million), construction of salt storage facilities (\$7.8 million), and rehabilitation of facilities damaged by Hurricane Sandy (\$1.7 million).
- construction and renovation of transfer stations and other facilities in accordance with the City's Long Term Solid Waste Management Plan (\$249.4 million) and flood mitigation design for marine transfer facilities (\$1.8 million).
- replacement of vehicles (\$442.3 million).
- information technology and telecommunications (\$28.1 million).

The 2015 Capital Plan provides \$423.3 million in 2015 including:

- component rehabilitation and construction of garages Citywide (\$58.7 million), construction of salt storage facilities (\$7.8 million), and rehabilitation of facilities damaged by Hurricane Sandy (\$1.7 million).
- construction and renovation of transfer stations and other facilities in accordance with the City's Long Term Solid Waste Management Plan (\$192.7 million), including flood mitigation design for marine transfer stations (\$1.8 million).
- replacement of mechanical brooms, collection trucks, salt spreaders and other vehicles (\$142.3 million).
- information technology and telecommunications projects (\$20.1 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 nearly 5,000 individual properties ranging from Coney Island and Central Park to community gardens and Greenstreets. The Department maintains and operates approximately 800 athletic fields, 1,000 playgrounds, and 700 tennis courts. It also maintains and operates 67 public pools, 52 recreational facilities, 17 nature centers, 14 miles of beaches, 148 miles of waterfront parkland, and 13 golf courses. The Department is also responsible for over 800 monuments, 23 historic house museums and the care and maintenance of street and park trees, including the more than 841,000 new trees planted to date as part of the MillionTreesNYC initiative.

Financial Review

The 2015 Executive Budget for the Department provides for operating expenses of \$392.3 million. This represents a net decrease of \$42.8 million from the amount forecasted for 2014. The 2014 forecast is greater because it includes Federal, State and Private funding not reflected in 2015. Capital commitments of \$537.8 million are also provided in 2015.

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 \$68.9 million from these sources in 2015.

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 and employing lifeguards at pools and beaches during the summer months.
- maintaining street trees, park flora and fauna including 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 budget includes funding 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 2015 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.

Summary of Agency Financial Data

The following table compares the 2015 Executive Budget with the 2015 Preliminary Budget, the 2014 forecast and actual expenditures for 2013, including costs budgeted centrally for fringe benefits, pensions and debt service.

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

	2013 Actual	2014 Forecast	2015		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2014 Forecast	2015 Preliminary Budget
			Expenditures			
Salary and Wages.....	\$305,895	\$309,764	\$289,854	\$294,379	(\$15,385)	\$4,525
Fringe Benefits.....	2,118	6,661	1,763	2,203	(4,458)	440
OTPS.....	118,315	118,638	93,347	95,668	(22,970)	2,321
Total.....	<u>\$426,328</u>	<u>\$435,063</u>	<u>\$384,964</u>	<u>\$392,250</u>	<u>(\$42,813)</u>	<u>\$7,286</u>
Funding						
City.....	\$262,856	\$301,029	\$301,217	\$308,503	\$7,474	\$7,286
Other Categorical Grants.....	9,291	18,652	1,346	1,346	(17,306)	—
IFA.....	34,729	34,885	37,385	37,385	2,500	—
State.....	1,459	4,209	—	—	(4,209)	—
Federal CD.....	8,892	2,378	2,378	2,378	—	—
Federal Other.....	55,829	25,017	—	—	(25,017)	—
Intra-City Other.....	53,272	48,893	42,638	42,638	(6,255)	—
Total.....	<u>\$426,328</u>	<u>\$435,063</u>	<u>\$384,964</u>	<u>\$392,250</u>	<u>(\$42,813)</u>	<u>\$7,286</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$108,257	\$117,069	\$115,859	\$118,440	\$1,371	\$2,581
Pensions.....	52,461	48,653	53,945	54,368	5,715	423
Other Than Personal Service (OTPS)						
Debt Service.....	285,770	329,878	386,967	382,168	52,290	(4,799)
Total Additional Costs.....	<u>\$446,488</u>	<u>\$495,600</u>	<u>\$556,771</u>	<u>\$554,976</u>	<u>\$59,376</u>	<u>(\$1,795)</u>
Funding						
City.....	407,243	468,553	525,915	526,453	57,900	538
Non-City.....	39,245	27,047	30,856	28,523	1,476	(2,333)
Intra-City Additional Costs.....	—	—	—	—	—	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$305,895	\$309,764	\$289,854	\$294,379	(\$15,385)	\$4,525
Fringe Benefits.....	110,375	123,730	117,622	120,643	(3,087)	3,021
Pensions.....	52,461	48,653	53,945	54,368	5,715	423
Total PS.....	<u>\$468,731</u>	<u>\$482,147</u>	<u>\$461,421</u>	<u>\$469,390</u>	<u>(\$12,757)</u>	<u>\$7,969</u>
OTPS.....	\$118,315	\$118,638	\$93,347	\$95,668	(\$22,970)	\$2,321
Debt Service.....	285,770	329,878	386,967	382,168	52,290	(4,799)
Total OTPS.....	<u>\$404,085</u>	<u>\$448,516</u>	<u>\$480,314</u>	<u>\$477,836</u>	<u>\$29,320</u>	<u>(\$2,478)</u>
Total Agency Costs.....	\$872,816	\$930,663	\$941,735	\$947,226	\$16,563	\$5,491
Less Intra-City.....	<u>\$53,272</u>	<u>\$48,893</u>	<u>\$42,638</u>	<u>\$42,638</u>	<u>(\$6,255)</u>	<u>\$—</u>
Net Agency Cost.....	<u>\$819,544</u>	<u>\$881,770</u>	<u>\$899,097</u>	<u>\$904,588</u>	<u>\$22,818</u>	<u>\$5,491</u>
Funding						
City.....	670,099	769,582	827,132	834,956	65,374	7,824
Non-City.....	149,445	112,188	71,965	69,632	(42,556)	(2,333)
Personnel (includes FTEs at fiscal year-end)						
City.....	6,580	6,273	6,172	6,119	(154)	(53)
Non-City.....	1,191	830	570	567	(263)	(3)
Total.....	<u>7,771</u>	<u>7,103</u>	<u>6,742</u>	<u>6,686</u>	<u>(417)</u>	<u>(56)</u>

Programmatic Review and Service Impact

The Department of Parks and Recreation is committed to providing clean, safe, attractive, and functional park and playground facilities for all New Yorkers to use and enjoy, with a range of recreational opportunities for all ages.

Maintaining Parks

The Department of Parks and Recreation monitors the condition of New York City's parks through the Park Inspection Program (PIP) and is focused on improving the efficiency and effectiveness of daily operations. As measured by PIP, park and playground conditions currently stand at 87 percent acceptable for overall condition and 92 percent acceptable for cleanliness, exceeding the targets set in the Mayor's Management Report and the highest level achieved in eight years.

Further integrating use of the asset management system known as AMPS into daily operations with mobile technology and increased analytical capacity across divisions, the Department continues efforts to develop innovative maintenance strategies, including a new Citywide play equipment program that will drive ongoing improvement in the condition, repair and design of play equipment through inspections, trend analysis and repair standardization and multi-disciplinary teams focused on preventative maintenance for boiler mechanical systems in large facilities, extending the life of critical systems and reducing energy costs.

Recreational Services

The Recreation Division operates 35 fee-based recreation centers, 11 field houses, and six centers programmed by Community Based Organizations. With amenities such as indoor pools, weight rooms, gymnasiums, indoor tracks, art and dance studios, game rooms and computer classrooms, the Parks Department's recreation centers offer a wide range of programs, most of which are free or low-cost, for seniors, adults and children. Signature recreation programs, including Shape Up NYC and Kids in Motion, enable New Yorkers to lead active, healthier lifestyles.

As of April 22, 2014, there are 151,891 active members at Parks Department recreation centers, representing a 36 percent increase (40,144 new members) since June 2012, when membership dropped to a low of 111,747. Currently, there are 86,269 youth under the age of 18 with active recreation center memberships, representing an increase of 38 percent (23,867 new youth members) since June 2012. Significantly, 16,763 Young Adult Memberships (ages 18-24, \$25 annually) have been issued since the launch of the new category on July 1st, 2013; representing 11 percent of active recreation center membership.

Shape Up is a long standing partnership with NYC Service and Equinox and garnered new financial support from Empire Blue Cross Blue Shield (through the WellPoint Foundation). Shape Up offers 261 free fitness classes at 134 locations per week. Class offerings are varied and include Yoga, Pilates, Zumba, Kickboxing and Cardio Sculpt. In calendar year 2013, there were 143,839 visits to 8,074 classes.

Kids in Motion is an innovative fitness and sports program designed to encourage play and outdoor activity. For eight weeks during the summer, Playground Associates lead seven hours of free activities for children each day, including organized sports, games, fitness demos, guided walks and special events. In 2014, Kids in Motion received 312,087 visits to 93 sites. Kids in Motion also works with the Department of Education's Free Summer Food Program to offer healthy and delicious lunches to all participants at select sites.

Engaging the Community

The Department of Parks and Recreation works closely with residents, community partners and volunteers across the city to improve the park experience. Through the efforts of Partnerships for Parks and nearly 500 community groups and organizations, the Parks Department fosters community engagement in neighborhood

parks by developing diverse and multifaceted programming in parks and developing local stewardship of green spaces. Each year, thousands of individuals devote around 1,500,000 hours to volunteer to beautify parks, plant trees and flowers and support other park improvement projects.

Capital Review

The 2015-2018 Four-Year Plan totals \$1.11 billion. The table below reflects capital commitments by program area over the 2014-2018 period.

Capital Commitments

(\$000's)

	2013 Actual		2014 Plan		2015 Plan		2016 Plan		2017 Plan		2018 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.....	\$1,549	\$9,580	\$3,438	\$9,121	\$12,324	\$12,324	\$200	\$200	\$3,000	\$3,000	\$1,000	\$1,000
Land Acquisition and Tree Planting.....	47,026	48,143	86,286	100,588	45,186	45,186	30,949	30,949	26,895	26,895	20,000	20,000
Major Recreation Facilities and Facility Reconstruction.....	20,722	190,948	37,813	93,140	23,082	24,189	21,297	21,297	63,250	63,250	12,662	12,662
Neighborhood Parks and Playgrounds.....	48,176	80,589	364,581	677,110	115,339	121,128	76,933	84,974	54,172	54,172	26,674	26,674
Vehicles and Equipment.....	6,898	6,898	19,493	20,828	10,851	10,851	14,681	14,681	16,246	16,246	9,700	9,700
Large, Major and Regional Park Reconstruction.....	183,400	193,964	442,405	604,942	320,287	322,817	119,642	121,187	48,691	48,691	8,250	8,250
Zoos.....	2,691	2,691	9,950	9,950	1,299	1,299	2,000	2,000	2,000	2,000	300	300
Total.....	<u>\$310,462</u>	<u>\$532,812</u>	<u>\$963,966</u>	<u>\$1,515,679</u>	<u>\$528,368</u>	<u>\$537,794</u>	<u>\$265,702</u>	<u>\$275,288</u>	<u>\$214,254</u>	<u>\$214,254</u>	<u>\$78,586</u>	<u>\$78,586</u>

Highlights of the 2015-2018 Four-Year Plan.

- reconstruction of the Department's Citywide core infrastructure, including parks and playgrounds, pools, recreation facilities, building systems (boilers, roofs, etc.), vehicles/equipment, retaining walls and other waterfront infrastructure (\$440.1 million).
- planting of new street trees and park trees Citywide (\$113.8 million).
- rehabilitation of Parks-owned bridges Citywide (\$98.8 million).
- acquisition and development of open space along the Greenpoint and Williamsburg waterfronts in Brooklyn (\$55.8 million).
- construction of a new park at Fresh Kills in Staten Island (\$31.7 million).
- long-term reconstruction of parks, playgrounds, buildings, waterfront property, and other infrastructure damaged by Hurricane Sandy (\$26.5 million). In 2014, an additional \$274.1 million was included for the long-term reconstruction of the Rockaway boardwalk.

The 2015 Plan for the Department totals \$537.8 million and highlights include:

- rehabilitation of Parks-owned bridges Citywide (\$82.0 million).

- reconstruction of Parks-owned waterfront infrastructure, including boardwalks, marinas, and retaining walls (\$53.7 million).
- planting of new street trees and park trees and the construction of Greenstreets Citywide (\$37.4 million).
- reconstruction of Borough Hall Park in Brooklyn (\$12.0 million).
- flood control and conversion of the open-air culvert box to a concrete box storm sewer at the Willowbrook Park Lake in Staten Island (\$2.9 million).
- construction of Melrose Commons Park in the Bronx (\$2.5 million).
- reconstruction of the play area at Bowne Park in Queens (\$1.0 million).

DEPARTMENT OF ENVIRONMENTAL PROTECTION

The primary mission of the Department of Environmental Protection (DEP) is to deliver drinking water, manage stormwater, treat wastewater, regulate air, noise, and asbestos pollution, and 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 that deliver more than one billion gallons of water per day, and seven upstate water pollution control plants. The New York City sewer system comprises a comprehensive network of 7,400 miles of sewers, 14 in-City Wastewater Treatment Plants (WWTPs), and 96 pump stations to convey and treat approximately 1.3 billion gallons per day 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 2015 Executive Budget provides for operating expenses of \$1.2 billion. It also provides capital commitments of \$7.4 billion to be financed by Water Finance Authority Funds and \$200.0 million in non-City funds.

Revenue Forecast

The Department collects revenue from the sale of hydro-energy to upstate power utilities, property rentals, and other fees. The Department also regulates air and noise, performs inspections, issues licenses and permits, and reviews technical plans related to asbestos control, air quality and noise abatement laws, and the storage of hazardous substances. The revenue estimate for 2015 is \$23.8 million.

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 \$3.7 billion in water and sewer revenue for 2015.

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 2,161 personnel and \$481.8 million are dedicated to this function. In addition, there are 295 police and security force personnel (\$30.1 million), including 221 environmental police officers, 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 Wastewater Treatment Plants (WWTPs). Approximately 1,884 personnel and \$390.0 million are dedicated to this function.
- the Department will dedicate \$12.0 million to fund components of projects which are not eligible for capital funding.
- the Catskill/Delaware Ultraviolet Disinfection Facility processes 1.0 billion gallons of water per day. The facility has an annual operating budget of \$11.3 million and a staff of 51 positions.
- the Croton Water Filtration Plant is expected to be fully operational by May 2015. The budget for operational, managerial, and functional expenses is \$21.9 million, and 56 positions are dedicated to this function.

- the Department enforces the City’s air and noise codes in addition to asbestos regulations with 157 positions and \$11.4 million dedicated to this function.
- the Department will continue to roll out a voucher-based toilet replacement program to encourage multi-family property owners to replace inefficient toilets with models that use less water (\$13.1 million). This water conservation effort will complement DEP’s Water for the Future program.
- the Department will continue the implementation of the Municipal Water Efficiency Program, funding water conservation projects in City-owned facilities, including public schools, recreation centers, and City universities (\$11.8 million). These initiatives will also complement DEP’s Water for the Future Program.
- the Department will continue implementation of the City’s Green Infrastructure Plan with 52 positions and \$8.5 million dedicated to the purchase, installation, and maintenance of green infrastructure components. Overall, this plan will result in savings of approximately \$2.4 billion over 20 years.
- the Department will fund a technical assistance contract for the Bureau of Customer Services in order to ensure continued quality assurance and operation of the billing system, which includes updating and maintaining the billing system to current databases and platforms (\$3.1 million).
- the Department will fund a contract to provide software support services and replacement hardware for DEP’s Citywide Automated Meter Reading (AMR) system (\$0.6 million). DEP has installed 816,800 automated meter reading devices. The installation of AMRs has reduced both the number of estimated bills issued and billing disputes. AMR customers may also enroll in the Leak Notification Program.
- the Department continues to meet the terms under the Surface Water Treatment Rule for a Filtration Avoidance Determination (FAD) in the Catskill and Delaware Watersheds (\$33.5 million). The City’s FAD includes programs which focus on agriculture and forestry, land management, flood hazard mitigation, and stormwater, stream, and wastewater management.
- the Department will continue to fund a contract for sampling, analysis, and modeling at the Gowanus Canal and Newtown Creek Superfund Sites (\$12.6 million).
- the Department will begin post-closure operations, maintenance, and monitoring at the Brookfield Avenue landfill remediation site in Staten Island (\$1.7 million).
- the Department will continue to fund software maintenance and technology support in order to provide a more efficient and cost effective way to communicate within the Agency and disseminate information to customers (\$25.0 million).

Restructuring and Streamlining

- the Department will reallocate \$4.2 million within its other than personal services budget. Savings, primarily due to renegotiated sludge disposal contracts, will be used to offset the funding shortfalls in baseline Department operations, such as service and maintenance contracts for wastewater treatment equipment and server hardware and storage systems.
- DEP will reallocate within the Department 32 budgeted positions. Additionally, the Department will realize savings within the Bureau of Wastewater Treatment from the reduction of positions through efficiencies identified by the Operational Excellence initiative.

Summary of Agency Financial Data

The following table compares the 2015 Executive Budget with the 2015 Preliminary Budget, the 2014 forecast and actual expenditures for 2013, including costs budgeted centrally for fringe benefits, pensions and debt service.

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

	2013 Actual	2014 Forecast	2015		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2014 Forecast	2015 Preliminary Budget
			Expenditures			
Salary and Wages.....	\$463,087	\$457,549	\$451,345	\$451,345	(\$6,204)	\$—
Fringe Benefits.....	2,801	4,681	3,276	3,276	(1,405)	—
OTPS.....	1,261,369	1,107,066	650,890	711,441	(395,625)	60,551
Total.....	\$1,727,257	\$1,569,296	\$1,105,511	\$1,166,062	(\$403,234)	\$60,551
Funding						
City.....	\$977,379	\$1,041,625	\$1,042,274	\$1,098,799	\$57,174	\$56,525
Other Categorical Grants.....	10,122	665	—	—	(665)	—
IFA.....	68,347	59,918	61,918	61,918	2,000	—
State.....	1,955	364	—	—	(364)	—
Federal CD.....	102,160	371,562	—	4,015	(367,547)	4,015
Federal Other.....	566,091	92,448	123	123	(92,325)	—
Intra-City Other.....	1,203	2,714	1,196	1,207	(1,507)	11
Total.....	\$1,727,257	\$1,569,296	\$1,105,511	\$1,166,062	(\$403,234)	\$60,551
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$156,235	\$169,674	\$174,419	\$174,635	\$4,961	\$216
Pensions.....	85,577	86,427	81,595	82,235	(4,192)	640
Other Than Personal Service (OTPS)						
Debt Service.....	75,365	69,665	81,722	85,958	16,293	4,236
Total Additional Costs.....	\$317,177	\$325,766	\$337,736	\$342,828	\$17,062	\$5,092
Funding						
City.....	298,518	306,861	319,934	325,311	18,450	5,377
Non-City.....	18,659	18,905	17,802	17,517	(1,388)	(285)
Intra-City Additional Costs.....	—	—	—	—	—	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$463,087	\$457,549	\$451,345	\$451,345	(\$6,204)	\$—
Fringe Benefits.....	159,036	174,355	177,695	177,911	3,556	216
Pensions.....	85,577	86,427	81,595	82,235	(4,192)	640
Total PS.....	\$707,700	\$718,331	\$710,635	\$711,491	(\$6,840)	\$856
OTPS.....	\$1,261,369	\$1,107,066	\$650,890	\$711,441	(\$395,625)	\$60,551
Debt Service.....	75,365	69,665	81,722	85,958	16,293	4,236
Total OTPS.....	\$1,336,734	\$1,176,731	\$732,612	\$797,399	(\$379,332)	\$64,787
Total Agency Costs.....	\$2,044,434	\$1,895,062	\$1,443,247	\$1,508,890	(\$386,172)	\$65,643
Less Intra-City.....	\$1,203	\$2,714	\$1,196	\$1,207	(\$1,507)	\$11
Net Agency Cost.....	\$2,043,231	\$1,892,348	\$1,442,051	\$1,507,683	(\$384,665)	\$65,632
Funding						
City.....	1,275,897	1,348,486	1,362,208	1,424,110	75,624	61,902
Non-City.....	767,334	543,862	79,843	83,573	(460,289)	3,730
Personnel (includes FTEs at fiscal year-end)						
City.....	203	220	217	217	(3)	—
Non-City.....	5,524	5,945	5,845	5,845	(100)	—
Total.....	5,727	6,165	6,062	6,062	(103)	—

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 issued an administrative determination providing the City with a waiver from filtering the Catskill and Delaware water supplies through 2017. The ten-year FAD calls for a midterm assessment of the City's programs and commitments, which DEP submitted in 2011. DEP anticipates that an updated FAD will be issued by June 2014. The current FAD is based on DEP's ongoing long-term watershed protection program. As part of the FAD, and in compliance with revised Federal regulations, DEP commenced full operation of an ultraviolet-light disinfection facility to further purify water from the Catskill and Delaware watersheds and will continue its upstate land acquisition program to protect the water entering the City's reservoirs.

The Department will also continue the Water for the Future Program to address leaks in the Rondout-West Branch Tunnel (RWBT), a 45-mile portion of the Delaware Aqueduct that conveys more than 50 percent of the City's daily water supply. A major component of this program is the construction of a 2.5-mile Bypass Tunnel around the areas of significant leakage, which will be completed in 2021. During the connection of this Bypass Tunnel to the Delaware Aqueduct, the RWBT will need to be shut down for a single six to ten month period. In order to compensate for this shutdown, the Department will continue to pursue several water supply conservation and augmentation projects.

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 water pollution from sewage, continue on 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 at City WWTPs, 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 continues to implement the NYC Green Infrastructure Plan. This mandated program supplements existing Combined Sewer Overflow (CSO) controls with a mix of "green infrastructure" (natural and permeable surfaces) and the optimization of "grey infrastructure" (construction, modification, and cleaning of tanks and tunnels) that will more cost-effectively reduce CSOs into waterways, while also improving air quality.

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 836,500 water and sewer customer accounts, of which 44,700 are billed on a flat-rate system. Currently, more than 821,400 accounts are metered, while just over 15,100 remain un-metered.

Starting in 2013, frontage billing expired for multi-family dwellings. Impacted customers were automatically enrolled in the Multiple-Family Conservation Program with the option of switching to metered charges.

DEP continues to 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 \$1,000 for Tax Class 2 and 4 properties and over \$2,000 for Tax Class 1 two- and three-family properties.

In January of 2013, DEP introduced a Water and Sewer Service Line Protection Program offered by American Water Resources (AWR). The purpose of this program is to protect homeowners from the unexpected high costs of water and sewer service line repairs. In exchange for a relatively small monthly program fee, AWR is

providing DEP customers with unlimited coverage for water and/or sewer service line leaks and breaks due to normal wear and tear. As of April 2014, 139,500 customers have taken advantage of this offering by enrolling in the program and entering into service contracts with AWR. AWR was selected by the Water Board to offer the program, following a competitive Request of Proposal (RFP) process.

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.

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 Department works in conjunction with the Department of Citywide Administrative Services and the Mayor’s Office on coordinating the City’s strategic goals on energy policy. Given that DEP is one of the City’s largest energy users, this policy role is closely linked with a number of objectives in the Department’s strategic plan. This role is in addition to over \$585.3 million in capital projects with some energy components where DEP expects to 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. The DEP Police Department patrols the upstate water supply, with 221 officers dedicated to this function.

Capital Review

Overview

The Four-Year Capital Plan for 2015 through 2018 provides a total of \$7.6 billion from the following sources: \$7.4 billion financed by Water Finance Authority funds and \$200.0 million in non-City funds.

The table below shows capital commitments by program area over the 2013-2018 period.

Capital Commitments

(\$ in 000’s)

	2013 Actual		2014 Plan		2015 Plan		2016 Plan		2017 Plan		2018 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	\$453,573	\$456,460	\$493,967	\$546,065	\$891,367	\$911,367	\$534,925	\$534,925	\$565,809	\$745,809	\$540,817	\$540,817
Water Mains.....	401,648	402,212	502,590	530,169	894,591	894,591	354,819	354,819	336,621	336,621	526,284	526,284
Sewers	278,682	287,796	451,168	458,237	445,018	445,046	337,244	337,244	314,950	314,950	203,479	203,479
Water Supply	316,290	316,290	21,948	21,948	644,409	644,409	22,200	22,200	270,967	270,967	130,475	130,475
Equipment.....	65,384	58,289	102,765	106,365	119,134	119,134	39,623	39,623	53,623	53,623	125,424	125,424
Total	<u>\$1,515,577</u>	<u>\$1,521,047</u>	<u>\$1,572,438</u>	<u>\$1,662,784</u>	<u>\$2,994,519</u>	<u>\$3,014,547</u>	<u>\$1,288,811</u>	<u>\$1,288,811</u>	<u>\$1,541,970</u>	<u>\$1,721,970</u>	<u>\$1,526,479</u>	<u>\$1,526,479</u>

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

- investments to maintain the operational integrity of existing wastewater treatment facilities (\$1.8 billion).
- extending and reconstructing 322.0 miles of sewers (\$1.3 billion). This total includes the emergency replacement of malfunctioning or collapsed cement combined sewers (\$256.3 million).
- replacing and extending approximately 399.0 miles of trunk and distribution water mains and ancillary work (\$1.0 billion).
- continuation of the Water for the Future Program (\$966.6 million). This cost includes \$560.2 million for the construction of the bypass tunnel and \$406.4 million for supplemental water projects necessary during the dewatering and shutdown of the RWBT to provide water augmentation, including the optimization of the Catskill Aqueduct and the rehabilitation of Queens groundwater wells.
- implementation of the NYC Green Infrastructure Plan, a strategy for CSO reduction through the optimization of existing grey infrastructure (\$165.6 million) and the use of green infrastructure (\$359.9 million), such as right-of-way Bioswales and stormwater Greenstreets, porous pavement, constructed wetlands, onsite stormwater management practices, and green roofs, including \$101.8 million in green infrastructure projects managed by other agencies.
- reconstructing upstate dams, roads and bridges (\$432.4 million). Included is \$180.0 million for projects associated with the reconstruction of the Gilboa Dam and Intake/Outlet Chamber.
- continuing small but numerous projects to keep the wastewater system in a state of good repair (\$225.7 million).
- continuing construction of Stage Two of City Water Tunnel No. 3 (\$86.4 million).
- reconstruction of Hillview Reservoir chambers (\$125.5 million, \$80.0 million in 2018).
- ongoing stabilization and upgrade contracts of in-City WWTPs and systems to ensure compliance with State and Federal mandates for: operating permit requirements (\$335.1 million, including \$125.0 million budgeted for the 26th Ward WWTP); the mandated studies and facility upgrades to reduce nitrogen levels in treated wastewater (\$50.3 million); and the enhancement of the existing chlorination system at various WWTPs in order to meet stricter chlorine discharge limits (\$21.8 million).
- continuation of land acquisition for the award-winning Staten Island Bluebelt program (\$210.5 million).
- continuation of various filtration avoidance measures and land acquisition in the upstate watershed (\$193.8 million, \$83.1 million in 2015).
- installation and upgrade of generators at various WWTPs (\$120.0 million).
- continuation of water conservation programs (\$103.5 million). This includes the purchase and installation of large water meters (\$27.7 million) and conservation measures at City owned facilities (\$38.2 million), both of which are components of the City's water augmentation measures.
- completing the construction of the Croton Water Filtration Plant and related projects (\$129.6 million). This includes \$55.9 million budgeted in 2015 for projects related to the Parks Department in the Bronx.
- construction of a new cogeneration plant at the North River WWTP (\$175.3 million).

- connecting City Water Tunnel No. 3 to the distribution system (\$118.0 million, of which \$116.0 is planned for 2015).
- installing new and upgrading existing centrifuges at various WWTPs (\$113.0 million).

Major projects scheduled for 2015 include:

- constructing the Rondout West Branch Tunnel Bypass around the leaking portion of the Delaware Aqueduct (\$560.0 million).
- extending and reconstructing the City's sewer system (\$445.0 million), including sewer augmentation to reduce combined sewer overflow discharge from Pugsley Creek in the Bronx (\$69.5 million).
- extending and reconstructing the City's distribution water mains and ancillary work (\$347.0 million), including (\$94.6 million) for 3rd Water Tunnel Connection projects.
- continued purchase, replacement and installation of water meters Citywide (\$58.6 million).
- continued various filtration avoidance measures and land acquisition in the upstate watershed (\$83.1 million).
- working with multiple City agencies to construct, install, and maintain various green infrastructure projects for stormwater capture Citywide (\$143.0 million), such as bioswales, tree pits, constructed wetlands, and green roofs.
- reconstructing infrastructure related to the Gilboa Dam on the Schoharie Reservoir in the City's Catskill Watershed (\$142.0 million).
- continued stabilization of in-City WWTPs (\$207.6 million), including the 26th Ward WWTP (\$125.0 million).

DEPARTMENT OF TRANSPORTATION

The Department of Transportation (DOT) maintains and reconstructs City bridges, plans and funds street reconstruction, oversees ferry operations, manages traffic signals and street lighting networks, maintains and collects revenue from parking meters, operates parking facilities, and coordinates transportation planning within the five boroughs.

Financial Review

The Department of Transportation's 2015 Executive Budget provides for operating expenses of \$829.8 million. Capital commitments of approximately \$5.3 billion are also provided from 2015-2018, including \$2.1 billion 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 2015 the Department will collect \$355.4 million in revenue.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- funding of \$141.5 million for the resurfacing of 1,000 lane miles of streets and the repair of approximately 314,000 street defects (potholes).
- funding of \$341.3 million for the Traffic program, including \$59.1 million for energy costs associated with all streetlights and traffic signals throughout the City, and \$85.4 million for the maintenance of over 12,763 traffic signalized intersections and over 300,000 streetlights Citywide.
- funding of \$102.5 million for the operation of the Staten Island Ferry and overseeing private ferry service.
- funding of \$29.0 million for preventive maintenance, cleaning, and spot and splash zone painting of City bridges including Federal funding for the maintenance of East River Bridges.
- funding of \$16.8 million for the in-house bridge flag/corrective repair program.
- funding of \$21.3 million and 53 positions to provide for the annual replacement of an additional 15 million linear feet of lane markings; installation of at least 50 speed humps near schools each year; capacity to develop and install eight neighborhood slow zones annually; signal retiming and new signal construction; new street light installations at 1,000 intersections; corridor and intersection redesign; media outreach campaigns and safety education associated with Vision Zero.
- funding of \$7.6 million and 44 positions for the operation and maintenance of an additional 120 speed cameras associated with Vision Zero.
- funding of \$7.1 million and 18 positions for the design of nine new Select Bus Service (SBS) routes.
- funding of \$350.0 thousand for environmental compliance consulting services.
- funding of \$65.5 thousand for one position for the Intercity Bus Stop Permits program.

Summary of Agency Financial Data

The following table compares the 2015 Executive Budget with the 2015 Preliminary Budget, the 2014 forecast and actual expenditures for 2013, including costs budgeted centrally for fringe benefits, pensions, judgments and claims, legal services, and debt service.

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

	2013 Actual	2014 Forecast	2015		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2014 Forecast	2015 Preliminary Budget
			Expenditures			
Salary and Wages.....	\$381,114	\$382,280	\$358,989	\$365,742	(\$16,538)	\$6,753
Fringe Benefits.....	4,018	4,305	4,305	4,305	—	—
OTPS.....	448,208	549,178	428,038	459,730	(89,448)	31,692
Total.....	<u>\$833,340</u>	<u>\$935,763</u>	<u>\$791,332</u>	<u>\$829,777</u>	<u>(\$105,986)</u>	<u>\$38,445</u>
Funding						
City.....	\$413,531	\$459,750	\$454,789	\$493,234	\$33,484	\$38,445
Other Categorical Grants.....	19,135	2,320	1,405	1,405	(915)	—
IFA.....	188,491	198,319	173,110	173,110	(25,209)	—
State.....	84,829	115,299	92,172	92,172	(23,127)	—
Federal CD.....	2,213	—	—	—	—	—
Federal Other.....	123,806	156,090	68,484	68,484	(87,606)	—
Intra-City Other.....	1,335	3,985	1,372	1,372	(2,613)	—
Total.....	<u>\$833,340</u>	<u>\$935,763</u>	<u>\$791,332</u>	<u>\$829,777</u>	<u>(\$105,986)</u>	<u>\$38,445</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$135,951	\$132,349	\$137,789	\$137,023	\$4,674	(\$766)
Pensions.....	69,210	66,850	67,451	67,980	1,130	529
Other Than Personal Service (OTPS)						
Debt Service.....	752,735	687,116	806,029	831,481	144,365	25,452
Total Additional Costs.....	<u>\$957,896</u>	<u>\$886,315</u>	<u>\$1,011,269</u>	<u>\$1,036,484</u>	<u>\$150,169</u>	<u>\$25,215</u>
Funding						
City.....	887,354	825,939	949,780	978,496	152,557	28,716
Non-City.....	70,542	60,376	61,489	57,988	(2,388)	(3,501)
Intra-City Additional Costs.....	—	—	—	—	—	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$381,114	\$382,280	\$358,989	\$365,742	(\$16,538)	\$6,753
Fringe Benefits.....	139,969	136,654	142,094	141,328	4,674	(766)
Pensions.....	69,210	66,850	67,451	67,980	1,130	529
Total PS.....	<u>\$590,293</u>	<u>\$585,784</u>	<u>\$568,534</u>	<u>\$575,050</u>	<u>(\$10,734)</u>	<u>\$6,516</u>
OTPS.....	\$448,208	\$549,178	\$428,038	\$459,730	(\$89,448)	\$31,692
Debt Service.....	752,735	687,116	806,029	831,481	144,365	25,452
Total OTPS.....	<u>\$1,200,943</u>	<u>\$1,236,294</u>	<u>\$1,234,067</u>	<u>\$1,291,211</u>	<u>\$54,917</u>	<u>\$57,144</u>
Total Agency Costs.....	\$1,791,236	\$1,822,078	\$1,802,601	\$1,866,261	\$44,183	\$63,660
Less Intra-City.....	\$1,335	\$3,985	\$1,372	\$1,372	(\$2,613)	\$—
Net Agency Cost.....	<u>\$1,789,901</u>	<u>\$1,818,093</u>	<u>\$1,801,229</u>	<u>\$1,864,889</u>	<u>\$46,796</u>	<u>\$63,660</u>
Funding						
City.....	1,300,885	1,285,689	1,404,569	1,471,730	186,041	67,161
Non-City.....	489,016	532,404	396,660	393,159	(139,245)	(3,501)
Personnel (includes FTEs at fiscal year-end)						
City.....	1,938	2,087	2,106	2,226	139	120
Non-City.....	2,800	2,911	2,638	2,629	(282)	(9)
Total.....	<u>4,738</u>	<u>4,998</u>	<u>4,744</u>	<u>4,855</u>	<u>(143)</u>	<u>111</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 2015, the Bureau of Bridges will be staffed with 790 positions and have an operating budget of \$92.0 million.

The Bridge program in the 2015 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 lane miles of arterial highways within the five boroughs, 73.4 percent of which are in good condition as of 2013. The Permits Management and Construction Control programs are responsible for regulating the excavation and various other uses of City streets and sidewalks. In 2015, Highway Operations will be staffed by approximately 1,237 full-time and approximately 240 seasonal positions with a budget totaling \$207.2 million.

The Department also manages the New York City Plaza program, a community-based program to improve the public realm by creating pedestrian plazas. In total, the Department oversees 65 plazas that are now in various phases of planning, design, and construction. Forty-four permanent and temporary plazas have been completed to date.

Traffic Operations

The Division of Traffic & Planning maintains and collects revenue from approximately 85,159 metered spaces and operates 40 municipal parking facilities. It also installs and maintains an estimated one million traffic signs, approximately 12,763 signalized intersections and over 300,000 streetlights. The 2015 Executive Budget for the Division of Traffic & Planning provides for 1,322 positions and \$341.3 million.

The Division of Traffic & Planning continues to plan and implement projects to further the goals of providing safe, sustainable and attractive transportation options to New Yorkers and ensuring the reliability and high quality of our transportation network. Projects implemented under the Safe Streets for Seniors, Safe Routes to Schools, Neighborhood Slow Zone, Safe Routes to Transit and Bus Stops Under Elevated Lines (Els) programs, as well as redesigns of high-crash corridors as well as Arterial Slow Zones that reduce speed limits on high-crash two-way corridors, improve safety for all street users. Select Bus Service program, carried out in partnership with the Metropolitan Transportation Authority, provides new transit opportunities for travelers in areas underserved by the subway. The Midtown in Motion project reduces congestion and greenhouse gas emissions in Manhattan. Expansion of the bike network increases safety and convenience of cycling and has led to a more than doubling in the number of people who commute by bicycle. Installation of pedestrian plazas throughout the city uses existing streets and sidewalks to provide valuable open space in areas in need of new passive recreation space.

Transit Operations (Ferries)

The Department of Transportation operates and maintains the Staten Island Ferry and its terminals, as well as regulates private ferry operations. The 2015 Executive Budget for Ferries provides for 686 positions and an operating budget of \$102.5 million.

The Staten Island Ferry is expected to carry approximately 22 million passengers and the Department anticipates that the Ferry program will achieve an on-time performance rate of 90 percent in 2015. The Department currently estimates annual ridership on privately operated commuter ferries to be approximately 10 million passengers.

Capital Review

The Department of Transportation’s 2015-2018 Capital Commitment Plan totals \$5.3 billion for the reconstruction of transportation infrastructure, of which approximately 61 percent is City-funded. The table below shows commitments by program area between 2015-2018.

Capital Commitments (\$000’s)

	2013		2014		2015		2016		2017		2018	
	Actual		Plan		Plan		Plan		Plan			
	City	All	City	All	City	All	City	All	City	All	City	All
	Funds	Funds	Funds	Funds	Funds	Funds	Funds	Funds	Funds	Funds	Funds	Funds
Highways and Streets	\$162,251	\$283,258	\$465,784	\$645,086	\$521,632	\$976,298	\$329,713	\$384,856	\$181,314	\$232,226	\$153,182	\$157,682
Highway Bridges	74,994	181,194	194,511	330,995	459,574	896,130	377,736	562,431	399,221	604,260	342,770	342,770
Waterway Bridges.....	174,285	179,484	39,115	41,075	86,541	118,541	30,185	30,185	27,000	127,000	16,999	84,999
Traffic	43,949	83,470	85,493	227,939	54,061	132,000	46,243	154,658	21,092	36,728	54,669	84,169
Vehicles/Equipment.....	537	537	25,326	36,313	21,570	25,394	12,254	13,754	8,309	8,309	2,968	2,968
Ferries	10,896	29,304	41,973	69,459	31,105	45,134	18,211	24,382	21,631	259,837	16,639	28,339
Total	<u>\$466,912</u>	<u>\$757,247</u>	<u>\$852,202</u>	<u>\$1,350,867</u>	<u>\$1,174,483</u>	<u>\$2,193,497</u>	<u>\$814,342</u>	<u>\$1,170,266</u>	<u>\$658,567</u>	<u>\$1,268,360</u>	<u>\$587,227</u>	<u>\$700,927</u>

The highlights of the 2015-2018 Capital Plan include:

- reconstruction of the East River Bridges including the Queensboro Bridge (\$153.8 million), the Manhattan Bridge (\$102.0 million), and the Brooklyn Bridge (\$51.7 million).
- rehabilitation of 27 structures rated “fair,” including Mill Basin (\$278.6 million), Bruckner Expressway over Westchester Creek (\$178.6 million), and Harlem River Drive Viaduct (\$181.5 million).
- bridge life extension for 22 structures, including the Broadway Bridge over Harlem River (\$99.1 million) and Westchester Avenue over Hutchinson River Parkway (\$52.8 million).
- rehabilitation for Hurricane Sandy projects, including the Battery Park underpass (\$40.1 million).
- street reconstruction of 263 lane miles (\$883.6 million), including street reconstruction Citywide due to Hurricane Sandy (\$308.8 million) which includes reconstruction of Beach Channel Drive in Queens (\$58.0 million). Additional street reconstruction projects include West 33rd Street-Hudson Yard Vicinity in Manhattan (\$39.5 million), reconstruction of South Beach Area Phase II in Staten Island (\$30.0 million), reconstruction of Pelham Parkway – Phase A in the Bronx (\$20.2 million), and the reconstruction of DUMBO – Vinegar Hill area in Brooklyn (\$19.6 million).
- street and arterial resurfacing of 2,980 lane miles (\$586.9 million).
- installation of pedestrian ramps at 1,907 corners (\$43.3 million) and replacement of 10.0 million square feet of sidewalks (\$86.0 million).
- expansion of Select Bus Service to include an additional nine routes (\$49.5 million).

- upgrading of multi-space parking meters (\$10.8 million) and installation of new traffic signals (\$120.7 million, which includes Vision Zero initiatives).
- purchase and installation of 120 speed cameras (\$14.7 million).
- replacement of vehicles (\$32.3 million), including the purchase of fleet for DOT's component of the Vision Zero program (\$2.0 million).
- upgrading of computer equipment (\$18.1 million), including the installation of the Intercity Bus Stop Permitting System (\$.5 million).
- upgrades and retrofitting for Molinari Class Ferry upgrades (\$11.0 million) and funding for dry-docking of the ferry boats (\$19.6 million).

The highlights of the 2015 Capital Plan include:

- reconstruction of East River Bridges including the Queensboro Bridge (\$6.0 million), the Manhattan Bridge (\$7.7 million), and the Brooklyn Bridge (\$51.7 million).
- rehabilitation of bridges rated "fair", including Belt Shore over Bayridge Avenue in Brooklyn (\$1.7 million).
- bridge life extension rehabilitation projects which include the rehabilitation of the fender at Macombs Dam Bridge connecting Manhattan and the Bronx (\$42.7 million), and Belt Parkway over Rockaway in Brooklyn (\$1.1 million).
- street reconstruction of 185 lane miles (\$620.2 million), which includes street reconstruction citywide due to Hurricane Sandy (\$308.8 million), reconstruction of Gansevoort Area in Manhattan (\$18.9 million), reconstruction of Tillary Street in Brooklyn (\$13.5 million), and reconstruction of South Jamaica Area in Queens (\$5.4 million).
- street and arterial resurfacing of 1,000 lane miles of streets (\$225.8 million).
- reconstruction of sidewalks and pedestrian ramps at (\$73.4 million).
- traffic signal installation and maintenance (\$50.5 million).
- purchase and installation of 120 speed cameras (\$14.7 million).
- upgrading Central Park street lighting infrastructure (\$14.0 million).
- upgrades to ferry boats (\$7.2 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. The preservation of New York City's existing housing stock is assured through targeted anti-abandonment and conservation activities throughout the City. The agency will continue to focus on strategies to leverage City resources to encourage private investment in the preservation and creation of affordable housing as it implements Housing New York- a five-borough, ten-year plan to create or preserve 200,000 units.

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.

Financial Review

The Department of Housing Preservation and Development's 2015 Executive Budget provides for operating expenses of \$538 million. The budgeted headcount of 2,243, including full-time and full-time equivalent positions, is funded at \$137 million, \$35 million of which is City funds. Funding for other than personal services amounts to \$401 million, \$17 million of which is City funds. HPD also provides for capital commitments of \$482 million in 2015, including \$356 million in City funds and \$126 million in Federal HOME funds. This represents an increase of \$212 million from the amount planned for 2015 during the FY14 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 \$22.1 million in 2015, \$18.7 million less than the amount for 2014. The 2015 decrease is primarily attributable to one-time land sales and the collection of application fees in 2014.

Expense Budget Highlights

Providing Core Services

The agency will maintain its core services in 2015 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 \$334 million worth of subsidy payments, serving over 36,000 households, are planned in 2015.

Summary of Agency Financial Data

The following table compares the 2015 Executive Budget with the 2015 Preliminary Budget, the 2014 forecast and actual expenditures for 2013, including costs budgeted centrally for fringe benefits, pensions and debt service.

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

	2013 Actual	2014 Forecast	2015		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2014 Forecast	2015 Preliminary Budget
			Expenditures			
Salary and Wages.....	\$129,915	\$135,308	\$133,847	\$137,238	\$1,930	\$3,391
Fringe Benefits.....	49	—	—	—	—	—
OTPS.....	545,296	665,810	419,253	401,106	(264,704)	(18,147)
Total.....	<u>\$675,260</u>	<u>\$801,118</u>	<u>\$553,100</u>	<u>\$538,344</u>	<u>(\$262,774)</u>	<u>(\$14,756)</u>
Funding						
City.....	\$45,884	\$67,112	\$49,301	\$52,763	(\$14,349)	\$3,462
Other Categorical Grants.....	6,358	26,088	1,614	1,614	(24,474)	—
IFA.....	14,511	14,673	16,673	16,673	2,000	—
State.....	2,820	1,075	1,075	1,075	—	—
Federal CD.....	107,993	193,533	122,735	122,765	(70,768)	30
Federal Other.....	494,671	496,669	359,734	341,486	(155,183)	(18,248)
Intra-City Other.....	3,023	1,968	1,968	1,968	—	—
Total.....	<u>\$675,260</u>	<u>\$801,118</u>	<u>\$553,100</u>	<u>\$538,344</u>	<u>(\$262,774)</u>	<u>(\$14,756)</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$52,934	\$58,267	\$60,780	\$59,330	\$1,063	(\$1,450)
Pensions.....	25,764	23,964	22,762	22,940	(1,024)	178
Other Than Personal Service (OTPS)						
Debt Service.....	705,182	670,904	787,011	765,891	94,987	(21,120)
Total Additional Costs.....	<u>\$783,880</u>	<u>\$753,135</u>	<u>\$870,553</u>	<u>\$848,161</u>	<u>\$95,026</u>	<u>(\$22,392)</u>
Funding						
City.....	707,900	690,862	800,686	783,630	92,768	(17,056)
Non-City.....	75,980	62,273	69,867	64,531	2,258	(5,336)
Intra-City Additional Costs.....	—	—	—	—	—	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$129,915	\$135,308	\$133,847	\$137,238	\$1,930	\$3,391
Fringe Benefits.....	52,983	58,267	60,780	59,330	1,063	(1,450)
Pensions.....	25,764	23,964	22,762	22,940	(1,024)	178
Total PS.....	<u>\$208,662</u>	<u>\$217,539</u>	<u>\$217,389</u>	<u>\$219,508</u>	<u>\$1,969</u>	<u>\$2,119</u>
OTPS.....	\$545,296	\$665,810	\$419,253	\$401,106	(\$264,704)	(\$18,147)
Debt Service.....	705,182	670,904	787,011	765,891	94,987	(21,120)
Total OTPS.....	<u>\$1,250,478</u>	<u>\$1,336,714</u>	<u>\$1,206,264</u>	<u>\$1,166,997</u>	<u>(\$169,717)</u>	<u>(\$39,267)</u>
Total Agency Costs.....	\$1,459,140	\$1,554,253	\$1,423,653	\$1,386,505	(\$167,748)	(\$37,148)
Less Intra-City.....	3,023	1,968	1,968	1,968	\$—	\$—
Net Agency Cost.....	<u>\$1,456,117</u>	<u>\$1,552,285</u>	<u>\$1,421,685</u>	<u>\$1,384,537</u>	<u>(\$167,748)</u>	<u>(\$37,148)</u>
Funding						
City.....	753,784	757,974	849,987	836,393	78,419	(13,594)
Non-City.....	702,333	794,311	571,698	548,144	(246,167)	(23,554)
Personnel (includes FTEs at fiscal year-end)						
City.....	464	505	504	511	6	7
Non-City.....	1,598	1,795	1,755	1,734	(61)	(21)
Total.....	<u>2,062</u>	<u>2,300</u>	<u>2,259</u>	<u>2,245</u>	<u>(55)</u>	<u>(14)</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 identified 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 the 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 referring owners to existing education, support, and rehabilitation programs.

Development

The Office of Development leads the implementation of Housing New York. 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, 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 is also 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 to stabilize mismanaged assets.

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 Emergency Housing Services (EHS) and the Homeless Rental Unit 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 2015-2018 Capital Plan for HPD totals \$2.5 billion, including \$2.2 billion in City funding and \$275 million in Federal funds. The agency will 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 2013 - 2018 period.

Capital Commitments

(\$ in 000's)

	2013 Actual		2014 Plan		2015 Plan		2016 Plan		2017 Plan		2018 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	\$124,512	\$164,544	\$227,947	\$317,093	\$167,267	\$184,969	\$326,375	\$326,375	\$311,263	\$311,263	\$337,360	\$337,360
Preservation.....	101,600	103,373	191,363	198,350	118,039	127,178	144,700	144,700	148,984	148,984	156,974	156,974
Supportive Housing	2,196	26,455	9,252	11,895	20,022	107,653	109,500	159,000	107,180	157,180	110,424	160,424
Disposition	10,072	11,763	17,105	18,704	14,934	26,176	18,000	18,000	18,480	18,480	19,778	19,778
Other Housing Support.....	69,521	69,521	38,465	38,465	36,125	36,125	17,600	17,600	40,722	40,722	18,320	18,320
Total.....	<u>\$307,901</u>	<u>\$375,656</u>	<u>\$484,132</u>	<u>\$584,507</u>	<u>\$356,387</u>	<u>\$482,101</u>	<u>\$616,175</u>	<u>\$665,675</u>	<u>\$626,629</u>	<u>\$676,629</u>	<u>\$642,856</u>	<u>\$692,856</u>

Ongoing Programs

Under the 2015-2018 Capital Plan, the City will invest a total of \$579 million (\$569.9 million 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 \$1.16 billion (\$1.14 billion 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 \$584 million (\$347.1 million in City funds) to supportive housing initiatives, including those to end chronic homelessness. 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 \$82.4 million (\$71.2 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 20,000 units.
- Through various new construction initiatives, HPD will produce approximately 18,000 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 6,700 housing units to benefit low income households with special needs. This includes permanent housing for the formerly homeless and supportive housing for the elderly.
- HPD will rehabilitate and complete disposition of approximately 700 units through the Multifamily Preservation Loan Program (MPLP) and the Affordable Neighborhood Cooperative Program (ANCP).
- In addition to units financed via the agency budget, approximately 30,000 units are expected to be generated without Capital subsidies through various initiatives with agency partners.

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 and selected services procurement, energy management, and facilities management. These are provided by the following divisions: Human Capital, Diversity and Equal Employment Opportunity, Asset Management, Energy Management, Office of Citywide Purchasing, Office of NYC Fleet, and Fiscal and Business Management.

Financial Review

The 2015 Executive Budget for the Department of Citywide Administrative Services provides \$1.1 billion, a decrease of \$61.5 million over the amount forecasted for 2014. This decrease is primarily attributable to the increase in Hurricane Sandy Federal funds in 2014, as well as projected energy savings beginning in 2015. The \$1.1 billion DCAS Four-Year Capital Plan includes \$582.7 million for Public Buildings, \$283.8 million for energy efficiency and other greenhouse gas reducing efforts, \$21.1 million for Real Property, \$146.7 million for Citywide resiliency measures, and \$78.7 million for Citywide agency facility and operational protective measures.

Revenue Forecast

In 2015, the Department of Citywide Administrative Services will collect \$60.2 million in revenue, approximately \$282.1 million less than the amount forecasted for 2014. This decrease is partially due to the sale of the Civic Center, the Marriott Marquis and other City-owned properties and additional commercial rent collections in 2014. DCAS Asset Management/Real Estate Services will generate \$42.7 million from land sales and rents from commercial properties.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- The 2015 Executive Budget provides total funds of \$1.1 billion for the Department, of which \$773.2 million is for goods and services that agencies purchase from DCAS through intra-city agreements, including the following: utilities (\$667 million), leases (\$71 million), storehouse supplies (\$17.6 million), maintenance and repair of facilities and vehicles (\$5.3 million), personnel training (\$0.4 million), and other services (\$11.8 million).
- The 2015 Executive Budget provides a total of \$993.7 million for DCAS Asset Management. Included in this total is \$777.8 million for utilities, \$96.9 million for leases, and \$34.9 million for building maintenance.
- The 2015 Executive Budget provides a total of \$105.1 million for DCAS Asset Management – Public Facilities (excluding the \$777.8 million for utilities). Included in the \$105.1 million total is \$46.5 million in State funding for court facilities. Asset Management – Public Facilities provides overall facilities management, including maintenance and construction services for 55 public buildings including court facilities.
- The 2015 Executive Budget provides a total of \$13.8 million for DCAS Asset Management – Real Estate Services. Real Estate Services purchases, sells, and leases real property; and locates space for City agencies.
- The 2015 Executive Budget provides a total of \$14.9 million for security services in DCAS-managed buildings.

Restructuring and Streamlining

- In 2015, DCAS will continue to implement its Lease Efficiency Initiative by identifying additional opportunities for Citywide lease savings through consolidation, rent renegotiations, and lease terminations. To date, this initiative reduced City office space by 1.2 million square feet resulting in \$25.4 million in annual recurring savings and \$72.2 million in cumulative savings. The reduction in office space includes the savings from the sale of 49-51 Chambers Street and 346 Broadway.
- Over the past five years DCAS completed 166 energy efficiency retrofits with PlaNYC capital funding, avoiding more than 27,000 metric tons of CO₂e and saving \$9.8 million in Citywide energy costs annually. There are currently 100 additional projects in various stages of design and construction and over 70 energy efficiency reports (including building audits and retro-commissioning reports) of City government buildings underway to continue the aggressive benchmarking and retrofit program in support of PlaNYC. This work includes, but is not limited to, installing energy efficient lighting, implementing heating and cooling system upgrades, and deploying building management systems. DCAS also launched the Accelerated Conservation and Efficiency (“ACE”) Program, which funds Agency identified and implemented capital projects that further the City’s greenhouse gas (GHG) reduction goal and provide energy use reductions, cost savings, and environmental and public health benefits. To date, the ACE Program provided over \$150 million to agencies for cost-effective building improvements that are expected to achieve GHG reductions of approximately 53,000 metric tons of CO₂ which will result in significant cost savings upon completion of the projects. DCAS is also implementing retro-commissioning projects in 59 facilities in 2014 with an additional 20 facilities in the pipeline for 2015.
- In 2015, DCAS will focus on the roll-out of four Citywide fleet initiatives as part of the larger Vision Zero plan. Working with all agencies, DCAS will expand its current Defensive Driving training program to include all City employees that are authorized drivers. Working with the inter-agency specifications team, private industry, and the Volpe Center at US DOT, DCAS will investigate new safety devices and guards for City vehicles and will work to promote safety solutions with other large private fleets that operate in NYC. DCAS will also continue the implementation of the new Fleet Management System, NYC Fleet Focus, by rolling out the Collision Reporting Analysis System (CRASH) initiative for tracking of Citywide collision events. DCAS will also complete the implementation of the EJ Ward Fuel Management System and vehicle Canceiver initiative. Canceivers enable the downloading of a wide variety of safety-related information including speed, location, seatbelt use, hard braking, and hard acceleration to help monitor safe driving practices. DCAS will also continue efforts in shared servicing and fleet sustainability including investments in alternative-fuel vehicles and compliance with Local Laws governing fleet and fuel.
- DCAS will continue to reduce the number of City employees serving in provisional status by: 1) strategically scheduling civil service examinations for titles with large numbers of provisional employees and for titles where agencies require a significant number of eligible candidates to meet their hiring needs, and 2) broad-banding, consolidating, and conducting other reclassifications of existing titles. DCAS will also continue to expand the Online Education and Experience Test (OLEE) and computer-based multiple-choice testing programs. These programs allow candidates to take Education and Experience (E&E) tests online and computer-based multiple-choice tests at the DCAS Computerized Testing and Applications Centers (CTACs).
- DCAS will continue to build upon its established Diversity and Inclusion strategy through Citywide initiatives focused on workforce, workplace, and community. A revised Equal Employment Opportunity policy, reasonable accommodation procedural guidelines, and applicable employee manuals will be issued in 2015. DCAS will continue to lead a Best Practices Group that includes agency EEO Officers from over 40 Mayoral agencies; this group is working on both diversity management and EEO compliance. Citywide Diversity & EEO continues to offer its EEO Computer Based Training (CBT) for employees.

- DCAS continues to expand its Citywide service contract portfolio by identifying commonly used services that can be consolidated into multi-agency requirement contracts. By aggregating and standardizing the needs of all City agencies, DCAS is leveraging the City's buying power to improve services and generate savings. In addition to creating new contracts for standard office and fleet service procurements, DCAS is also exploring opportunities to consolidate professional and other services to reduce the number of agency-specific contracts.
- As part of the City's after action response to Superstorm Sandy, DCAS also is developing a portfolio of emergency preparedness and response contracts that will enhance the City's capacity to manage disaster response needs by providing essential equipment and services to support first responder agencies, including 1) heat, light, and power equipment, 2) operation and maintenance, 3) emergency response vehicles, 4) transportation services, 5) fuel services, 6) shelter and mass feeding services, and 7) other mission-critical preparedness and response services.

Summary of Agency Financial Data

The following table compares the 2015 Executive Budget with the 2015 Preliminary Budget, the 2014 forecast and actual expenditures for 2013, including costs budgeted centrally for fringe benefits, pensions and debt service.

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

	2013 Actual	2014 Forecast	2015		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2014 Forecast	2015 Preliminary Budget
			Expenditures			
Salary and Wages.....	\$140,031	\$142,951	\$142,796	\$145,375	\$2,424	\$2,579
Fringe Benefits.....	1,666	1,701	1,701	1,701	—	—
OTPS.....	1,035,854	1,064,557	993,449	1,000,606	(63,951)	7,157
Total.....	<u>\$1,177,551</u>	<u>\$1,209,209</u>	<u>\$1,137,946</u>	<u>\$1,147,682</u>	<u>(\$61,527)</u>	<u>\$9,736</u>
Funding						
City.....	\$201,078	\$229,540	\$213,228	\$231,766	\$2,226	\$18,538
Other Categorical Grants.....	87,737	95,514	94,233	90,349	(5,165)	(3,884)
IFA.....	5,883	1,549	2,907	1,549	—	(1,358)
State.....	50,246	50,990	46,303	47,102	(3,888)	799
Federal CD.....	11,223	1,287	—	1,705	418	1,705
Federal Other.....	87,928	22,823	2,000	2,000	(20,823)	—
Intra-City Other.....	733,456	807,506	779,275	773,211	(34,295)	(6,064)
Total.....	<u>\$1,177,551</u>	<u>\$1,209,209</u>	<u>\$1,137,946</u>	<u>\$1,147,682</u>	<u>(\$61,527)</u>	<u>\$9,736</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$48,108	\$51,122	\$55,956	\$54,590	\$3,468	(\$1,366)
Pensions.....	25,894	25,015	24,817	25,011	(4)	194
Other Than Personal Service (OTPS)						
Debt Service.....	682,853	659,363	759,882	687,195	27,832	(72,687)
Total Additional Costs.....	<u>\$756,855</u>	<u>\$735,500</u>	<u>\$840,655</u>	<u>\$766,796</u>	<u>\$31,296</u>	<u>(\$73,859)</u>
Funding						
City.....	703,589	698,194	795,457	728,433	30,239	(67,024)
Non-City.....	53,266	37,306	45,198	38,363	1,057	(6,835)
Intra-City Additional Costs.....	—	—	—	—	—	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$140,031	\$142,951	\$142,796	\$145,375	\$2,424	\$2,579
Fringe Benefits.....	49,774	52,823	57,657	56,291	3,468	(1,366)
Pensions.....	25,894	25,015	24,817	25,011	(4)	194
Total PS.....	<u>\$215,699</u>	<u>\$220,789</u>	<u>\$225,270</u>	<u>\$226,677</u>	<u>\$5,888</u>	<u>\$1,407</u>
OTPS.....	\$1,035,854	\$1,064,557	\$993,449	\$1,000,606	(\$63,951)	\$7,157
Debt Service.....	682,853	659,363	759,882	687,195	27,832	(72,687)
Total OTPS.....	<u>\$1,718,707</u>	<u>\$1,723,920</u>	<u>\$1,753,331</u>	<u>\$1,687,801</u>	<u>(\$36,119)</u>	<u>(\$65,530)</u>
Total Agency Costs.....	\$1,934,406	\$1,944,709	\$1,978,601	\$1,914,478	(\$30,231)	(\$64,123)
Less Intra-City.....	<u>\$733,456</u>	<u>\$807,506</u>	<u>\$779,275</u>	<u>\$773,211</u>	<u>(\$34,295)</u>	<u>(\$6,064)</u>
Net Agency Cost.....	<u>\$1,200,950</u>	<u>\$1,137,203</u>	<u>\$1,199,326</u>	<u>\$1,141,267</u>	<u>\$4,064</u>	<u>(\$58,059)</u>
Funding						
City.....	904,667	927,734	1,008,685	960,199	32,465	(48,486)
Non-City.....	296,283	209,469	190,641	181,068	(28,401)	(9,573)
Personnel (includes FTEs at fiscal year-end)						
City.....	1,338	1,506	1,529	1,583	77	54
Non-City.....	730	759	721	704	(55)	(17)
Total.....	<u>2,068</u>	<u>2,265</u>	<u>2,250</u>	<u>2,287</u>	<u>22</u>	<u>37</u>

Programmatic Review and Service Impact

DCAS provides an array of support services to City agencies through the divisions described below.

Human Capital

Human Capital is responsible for Citywide civil service administration including the classification of positions and salaries, developing, validating, 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, the Urban Fellows Program, Public Service Corps, and the Leadership Institute. This office also provides learning opportunities to employees at all levels across the City. An estimated 18,000 employees, from 100 agencies and offices, will have participated in a broad portfolio of instructor-led training by the close of this fiscal year. Human Capital will move toward a blended learning platform, where select training opportunities will be available 24x7 via desktop or mobile device. Instructor-led web-based courses and social media tools will be utilized to reach employees more efficiently and economically. Human Capital also manages the New York City Automated Personnel System (NYCAPS), which is used by 82 City agencies for human resources and 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 123 civil service examinations for more than 100,000 applicants in 2014. In 2015, 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.

Through the Office of Workforce Planning, Human Capital publishes the New York City Government Workforce Profile Report, and provides data reporting, analysis, and consulting services to City agencies as they address succession planning and workforce development issues.

Citywide Diversity and EEO

Citywide Diversity & EEO (CDEEO) 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 agency EEO efforts, including resolving complaints and monitoring employment actions, through quarterly compliance reports and providing statistical reports on the City workforce, its demographic composition, and trends in hiring, promotions, and separations.

Asset Management

DCAS Asset Management is the real estate arm of the City of New York, which oversees City-owned office buildings, court buildings and commercial rental properties. In addition, Asset Management negotiates and administers City leases of private property and acts as the real estate advisor for City agencies, assisting them to find suitable and cost effective space for their operations. Through its authority to acquire real estate, Asset Management regularly works with agencies to acquire specific properties needed for City agency uses, either through purchase or lease.

Asset Management actively manages and operates 55 City-owned court and office buildings totaling 15 million square feet, providing all necessary building services to keep these buildings fully functional and operational, including maintenance, custodial services, interior and exterior design, minor construction, renovation, and repairs and upgrades of building systems and equipment. In addition, Asset Management is responsible for the City's approximately 22 million square foot leased portfolio. Services provided for leased space include negotiating lease terms, executing legal documents, construction coordination, renovation and relocation efforts, and auditing operating expenses.

Asset Management also actively administers a public auction program to dispose of surplus properties with no City use to the highest bidder through sale or lease auction. When agencies consolidate or downsize, certain properties are declared surplus and are relinquished to DCAS. Asset Management oversees these properties until either a new City use can be identified or, if no uses are found, they are deemed suitable for disposition. This division manages a rental property portfolio of over 470 long- and short-term leases and licenses and conducts audits of leases to ensure proper billing.

Energy Management

DCAS Energy Management (DEM) serves as the hub of energy management for City government and holds two primary functions. First, it manages the City's energy supply, which includes utility purchases budgeting and reporting on each City agency's Heat, Light, and Power budget. Second, it aims to meet the City's goals to reduce greenhouse gas emissions from government operations 30 percent by 2017 with the use of cleaner resources and by enabling utility resiliency through efficiency and renewables projects, performance tracking, and various energy training programs.

Office of Citywide Purchasing

The Office of Citywide Purchasing (OCP) is the City's chief goods procurement entity, responsible for procuring a wide range of goods and services, and providing logistics services including warehousing and goods distribution services to support City agencies in their efforts to fulfill their missions. OCP is also responsible for ensuring the quality of goods received, and salvaging and selling City surplus goods. By combining and coordinating these services, OCP offers City agencies a comprehensive menu of integrated Citywide supply chain management services.

OCP is transforming DCAS and Citywide procurement by employing customer-centric strategies focused on enhancing and broadening the DCAS contract portfolio, re-engineering procurement and logistics processes, improving communications, and updating and standardizing the City's procurement technology platform. OCP has implemented strategic sourcing and contract consolidation best practices to achieve savings and improve Citywide service levels.

NYC Fleet

NYC Fleet oversees the management of the City's 26,000 vehicles and the garage facilities at eight agencies. NYC Fleet will continue to service 2,500 vehicles at 40 client agencies directly through vehicle maintenance contracts while managing the City's fuel, vehicle crashes, Defensive Driver training and alternative energy programs. NYC Fleet also leads initiatives in vehicle safety, shared servicing, acquisitions, enterprise fleet management, emergency coordination, and sustainability impacting all fleet agencies.

NYC Fleet also oversees the auctions that are conducted to sell surplus vehicles relinquished by City agencies.

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 division includes the Capital Budget Office, and the Office of Financial Services, which includes budget control, audits and accounts, and State Court reimbursement.

Capital Review

The 2015-2018 Capital Commitment Plan for the Department is \$1.11 billion, with \$624.4 million provided in 2014.

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 2013-2018 period.

Capital Commitments

(\$ in 000's)

	2013 Actual		2014 Plan		2015 Plan		2016 Plan		2017 Plan		2018 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 Space.....	\$101,398	\$101,398	\$112,957	\$113,057	\$130,463	\$130,922	\$65,386	\$65,386	\$50,509	\$50,509	\$42,616	\$42,616
Renovation of Other City-Owned Facilities.....	(131)	(131)	2,715	2,715	8,857	8,857	30,000	30,000	3,000	3,000	0	0
Rehabilitation of Court Buildings.....	0	0	0	0	310	310	0	0	0	0	0	0
Legal Mandates and Correction of Unsafe Conditions.....	18,855	18,855	31,901	31,901	26,524	26,524	15,680	15,680	34,163	34,163	33,511	33,511
Renovation of Leased Space.....	36,092	36,092	82,474	82,474	32,404	32,404	3,840	3,840	12,341	12,341	17,708	17,708
Equipment and Interagency Services.....	21,281	21,377	57,141	57,141	14,443	14,443	23,224	23,224	3,284	3,284	3,203	3,203
Communications Equipment	0	0	4,933	4,933	475	475	175	175	175	175	175	175
Board of Elections	398	398	549	549	4,445	4,445	4,897	4,897	0	0	0	0
Miscellaneous Construction.....	12,040	12,040	55,668	55,668	19,399	19,399	1,000	1,000	0	0	0	0
Acquisition of Real Property	0	0	500	500	0	0	0	0	0	0	0	0
Energy Efficiency and Sustainability	39,729	39,668	259,689	259,689	103,839	103,839	54,723	54,723	63,840	63,840	61,443	61,443
Resiliency and Protective Measures.....	0	0	7,592	7,592	225,425	225,425	0	0	0	0	0	0
Rehabilitation of Waterfront & Non-Waterfront Properties..	12	12	8,301	8,301	5,764	5,764	5,070	5,070	5,116	5,116	5,237	5,237
Total	\$229,673	\$229,708	\$624,420	\$624,520	\$572,348	\$572,807	\$203,995	\$203,995	\$172,428	\$172,428	\$163,893	\$163,893

The 2015-2018 Capital Commitment Plan provides a total of \$1.1 billion, including \$582.7 million for the renovation, reconstruction, and outfitting of Public Buildings, \$283.8 million for energy efficiency initiatives, \$21.1 million for Real Property, \$146.7 million for Citywide resiliency measures, and \$78.7 million for Citywide agency facility and operational protective measures.

Highlights of the Four-Year Plan include:

- reconstruction and rehabilitation of public buildings and City-owned facilities (\$289.4 million), including 21st Century Civic Center Plan projects (\$63 million), 253 Broadway – the Home Life Building (\$39.6 million), the Brooklyn Municipal Building (\$36.7 million), the Manhattan Municipal Building (\$25.5 million, not including Civic Center projects), 100 Gold Street in Manhattan (\$18.1 million), Queens Borough Hall (\$13.8 million), and 1932 Arthur Avenue in the Bronx (\$5.1 million).
- renovation of leased space (\$66.3 million), including TLC space at 32-02 Queens Blvd. (\$12.3 million), 21st Century Civic Center Plan projects (\$7.3 million), and the establishment of Computerized Testing and Applications Centers in Queens and Staten Island (\$4.3 million).

- energy efficiency measures and building retrofits, Citywide (\$283.8 million), including funding for the Accelerated Conservation and Efficiency (“ACE”) Program (\$136 million) and a comprehensive energy upgrade at the Bronx County Courthouse (\$6.2 million).
- legal mandates (\$109.9 million), including fire/life safety upgrades to ensure Local Law 5 compliance (\$46.0 million), and façade upgrades to ensure Local Law 11 compliance (\$15.5 million).
- equipment and interagency services (\$44.1 million), including the development of a municipal supplies inventory management system (\$13.8 million) and a computerized maintenance management system for City-owned buildings (\$5.3 million).
- miscellaneous construction in other facilities (\$20.4 million).
- renovation of other City-owned facilities (\$41.9 million), including space for TLC at its Woodside, Queens facility (\$36 million).
- modernization of the Board of Elections (\$9.3 million).
- rehabilitation of waterfront property (\$20.5 million).
- rehabilitation of non-waterfront property (\$0.7 million).
- rehabilitation of court buildings (\$0.3 million).
- communications equipment (\$1.0 million).
- Citywide resiliency measures (\$146.7 million).
- Citywide agency facility and operational protective measures (\$78.7 million).

The 2015 Plan provides \$572.8 million and includes:

- reconstruction and rehabilitation of public buildings and City-owned facilities (\$131 million), including 21st Century Civic Center Plan projects (\$41.4 million), the Brooklyn Municipal Building (\$22.4 million), 253 Broadway – the Home Life Building (\$12.2 million), 100 Gold Street in Manhattan (\$7.6 million), the Manhattan Municipal Building (\$5 million, not including Civic Center projects), and Staten Island Borough Hall (\$2.8 million).
- renovation of leased space (\$32.4 million), including TLC space at 32-02 Queens Blvd. (\$12.3 million), Department of Finance at 144-06 94th Ave in Queens (\$5 million), the Office of Payroll Administration at 450 West 33rd Street in Manhattan (\$4.6 million), and the Staten Island Computerized Testing and Applications Center (\$2.1 million).
- energy efficiency measures and building retrofits, Citywide (\$103.8 million), including funding for the Accelerated Conservation and Efficiency (“ACE”) Program (\$50 million).
- legal mandates (\$26.5 million), including Citywide underground storage tank replacement (\$4.6 million), and roof/exterior work at the Home Life Building (\$2.4 million).
- equipment and interagency services (\$14.4 million), including a computerized maintenance management system for City-owned buildings (\$3.0 million), and the development of a municipal supplies inventory management system (\$2.0 million).

- miscellaneous construction in other facilities (\$19.4 million).
- renovation of other City-owned facilities (\$8.9 million).
- modernization of the Board of Elections (\$4.4 million).
- rehabilitation of waterfront property (\$5.1 million).
- rehabilitation of non-waterfront property (\$0.7 million).
- rehabilitation of court buildings (\$0.3 million).
- communications equipment (\$0.5 million).
- Citywide resiliency measures (\$146.7 million).
- Citywide agency facility and operational protective measures (\$78.7 million).

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. 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 NYC311 and the City's broadcast/cable television and radio stations, and maintains NYC.gov, the City's official website.

Financial Review

DoITT's 2015 Executive Budget provides for an operating budget of \$481.1 million, a decrease of \$26.3 million over the amount forecasted for 2014. This change is largely attributable to the fact that much of the Federal, State and private grant funding in 2014 has not yet been reflected in 2015. In addition, the Department's IFA and Intra-City funding is reduced due to ongoing changes in operations, such as the transfer of HHS-Connect to the Human Resources Administration (HRA).

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 \$161 million in revenue for 2015.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- the Department's 2015 Executive Budget includes \$118.6 million for services that DoITT purchases on behalf of client agencies, including telecommunications, data, and consultant services.
- the Department's 2015 Executive Budget provides \$68.6 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 2015 Executive Budget provides \$46.8 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 2015 Executive Budget provides \$29.8 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.

Summary of Agency Financial Data

The following table compares the 2015 Executive Budget with the 2015 Preliminary Budget, the 2014 forecast and actual expenditures for 2013, including costs budgeted centrally for fringe benefits, pensions and debt service.

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

	2013 Actual	2014 Forecast	2015		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2014 Forecast	2015 Preliminary Budget
			Expenditures			
Salary and Wages.....	\$85,350	\$96,385	\$93,135	\$101,620	\$5,235	\$8,485
Fringe Benefits.....	—	252	383	383	131	—
OTPS.....	346,274	416,074	363,918	379,144	(36,930)	15,226
Total.....	\$431,624	\$512,711	\$457,436	\$481,147	(\$31,564)	\$23,711
Funding						
City.....	\$259,150	\$341,026	\$335,480	\$353,244	\$12,218	\$17,764
Other Categorical Grants.....	5,619	14,721	3,160	3,132	(11,589)	(28)
IFA.....	10,325	7,634	—	4,704	(2,930)	4,704
State.....	4,181	27	—	—	(27)	—
Federal CD.....	2,043	8,712	2,367	2,367	(6,345)	—
Federal Other.....	21,114	10,800	—	—	(10,800)	—
Intra-City Other.....	129,192	129,791	116,429	117,700	(12,091)	1,271
Total.....	\$431,624	\$512,711	\$457,436	\$481,147	(\$31,564)	\$23,711
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$23,542	\$27,354	\$28,335	\$29,003	\$1,649	\$668
Pensions.....	15,685	15,272	14,948	15,065	(207)	117
Other Than Personal Service (OTPS)						
Debt Service.....	—	—	—	—	—	—
Total Additional Costs.....	\$39,227	\$42,626	\$43,283	\$44,068	\$1,442	\$785
Funding						
City.....	30,560	37,773	40,704	39,045	1,272	(1,659)
Non-City.....	8,667	4,853	2,579	5,023	170	2,444
Intra-City Additional Costs.....	—	—	—	—	—	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$85,350	\$96,385	\$93,135	\$101,620	\$5,235	\$8,485
Fringe Benefits.....	23,542	27,606	28,718	29,386	1,780	668
Pensions.....	15,685	15,272	14,948	15,065	(207)	117
Total PS.....	\$124,577	\$139,263	\$136,801	\$146,071	\$6,808	\$9,270
OTPS.....	\$346,274	\$416,074	\$363,918	\$379,144	(\$36,930)	\$15,226
Debt Service.....	—	—	—	—	—	—
Total OTPS.....	\$346,274	\$416,074	\$363,918	\$379,144	(\$36,930)	\$15,226
Total Agency Costs.....	\$470,851	\$555,337	\$500,719	\$525,215	(\$30,122)	\$24,496
Less Intra-City.....	\$129,192	\$129,791	\$116,429	\$117,700	(\$12,091)	\$1,271
Net Agency Cost.....	\$341,659	\$425,546	\$384,290	\$407,515	(\$18,031)	\$23,225
Funding						
City.....	289,710	378,799	376,184	392,289	13,490	16,105
Non-City.....	51,949	46,747	8,106	15,226	(31,521)	7,120
Personnel (includes FTEs at fiscal year-end)						
City.....	1,007	1,190	1,229	1,266	76	37
Non-City.....	123	124	38	80	(44)	42
Total.....	1,130	1,314	1,267	1,346	32	79

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. DoITT developed the Citywide IT Infrastructure Services (CITIServ) initiative, allowing the City to leverage expertise, personnel, and enterprise architecture practice to avoid duplicative efforts across agencies and improve efficiency. DoITT also manages Citynet, the City's institutional fiber network, *NYC.gov*, the City's official website, the New York City Wireless Network (NYCWIn), the Citywide Radio Network (Channel 16), the 800 MHz Radio Network, the Citywide Geographic Information Systems Unit, and provides administrative support to the Mayor's Office of Media and Entertainment (MOME), NYC311, and various other initiatives to help streamline agency operations and provide service to New Yorkers.

Citywide IT Infrastructure Services

The Citywide IT Infrastructure Services (CITIServ) initiative established a standardized infrastructure environment comparable in scope and features to those of leading industry IT providers. Initiated in 2010 as part of a broader effort to make City government more efficient and customer-focused, CITIServ was developed to 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. CITIServ as a program concluded in March 2014, having successfully migrated 29 agencies to the centralized CITIServ environment.

Emergency Communications Transformation Program

The City continues work on Stage 2 of planned upgrades and enhancements to its 9-1-1 Emergency 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 December 2011, in collaboration with the Police Department and the Fire Department, the Office of Citywide Emergency Communications completed Stage 1, which included significant upgrades to the call-taking systems and telecommunications infrastructure, as well as co-location of the Police, Fire and EMS call taking and dispatch operations into the Public Safety Answering Center in Brooklyn. ECTP's work on Stage 2 continues as the City develops a new, consolidated Fire and EMS dispatch system in a second, fully redundant Public Safety Answering Center (PSAC 2) in the Bronx, expected to be live in December 2015.

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. Today, NYCWiN supports more than 300 applications and approximately 850,000 devices spanning dozens of agencies.

Citywide Radio Network & 800 MHz Radio Network

DoITT maintains two distinct mission critical radio systems – 800 MHz and the Citywide Radio Network – supporting more than 40 City agencies and some 25,000 radios with internal and interoperable communications among various jurisdictions. There was heavy reliance on these systems during and after Hurricane Sandy, as they were among the only reliable means of voice communications for critical response efforts in and around the impact zones. All told, DoITT deployed more than 900 radios to approximately two dozen agencies. These radio systems

maintained 100% uptime and reliability throughout the emergency, which can be attributed to backup generators and digital microwave technology that lessened dependency on power and telecommunications providers.

Geographic Information Systems

DoITT's Citywide Geographic Information Systems (GIS) Unit provides enterprise-wide support for geospatial applications by developing and hosting interactive maps and geo-referenced data along with associated tools and applications. This includes NYCityMap, a physical base map and planimetrics of the City derived from aerial photography. Leveraging NYCityMap and similar technologies, DoITT has worked with agencies across the City to launch many interactive websites and applications serving a range of audiences and needs, including:

- *Hurricane Evacuation Zone Finder* – the updated application includes mobile browser support, address search enhancements, multi-modal transit directions and enhanced messaging. Additionally, the transparency of the hurricane zones can be adjusted to clearly display street names and landmarks for better orientation.
- *NYC Crime Map* – enables the public to search and access basic data on felony crime occurrences by location. Accessible at maps.nyc.gov/crime, the website provides felony crime information for the prior calendar year, current year and by month within the current year. Its launch fulfills Local Law 39 of 2013, which mandates the publication of an interactive crime mapping website.
- *NYC Census FactFinder* – provides greater flexibility in searching for the most up-to-date population profiles for specific locations across the five boroughs. Users can now quickly examine 2010 Census data, such as how many people rent versus own homes in their community, the number of housing units in their neighborhoods, etc.

NYC311

NYC311 is the nation's largest and most comprehensive government information and services center. It is available 24 hours a day, 7 days a week in nearly 180 languages and now serves more than 50,000 customers filing 7,700 daily requests via telephone, smart phone, online and text message. Since its launch, NYC311 has received more than 178 million calls and has been a clearinghouse for all things New York City government, providing information on more than 4,000 topics, routing details to the appropriate City agencies and providing customers with service request numbers for use in tracking the progress of their inquiry. In doing so, NYC311 has helped increase the accessibility and responsiveness of City agencies, allowing them to better focus on the key public services they provide. In addition, NYC311 has served as a model for non-emergency government service delivery operations, hosting hundreds of delegations from dozens of countries and many major cities in the United States while they designed their own 311 operations.

Reinvent NYC.gov

NYC.gov was re-launched in September 2013 making it more usable, intuitive and accessible than ever before. Major improvements were made both to the site's design and to its back-end technology infrastructure. The new site design is user-centric and easily navigated via an intuitive, data-informed interface. From the new homepage, users can find important alerts, watch a Mayoral announcement live, make a 311 service request, get customized information about their neighborhood, and discover new events and programs. The site, which serves more than 35 million unique visitors per year and gets more than 250 million page views annually, had not been redesigned since 2003.

Sustainable Broadband Adoption

DoITT leads the City's comprehensive efforts to enhance broadband adoption in underserved communities across the City. By tapping the City's regulatory authority over cable franchise providers, the agency helps to bring free and low-cost Wi-Fi and other technological improvements to public parks, community centers,

and commercial sectors across the City valued at more than \$60 million. Anticipating the expiration of the federal Broadband Training Opportunity Program's NYC Connected Communities grant in June 2014, DoITT is coordinating a six-agency program that sustains the benefits achieved under the federal grant. The City has earmarked over \$15 million to continue these services for the next five years and the program is expected to garner approximately 1.9 million user sessions per year, sustaining the equivalent of more than 50 full-time jobs. Almost 250 different courses in digital literacy and job readiness are projected to benefit about 110,000 New Yorkers each year.

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 to enhance government communications by making information more accessible to the public and to leverage technology to aid in transparency. MOME aims to develop the City's diverse media functions, encourage local economic activity in the entertainment industry as well as spur the development of new media. MOME consists of the Office of Film, Theatre and Broadcasting; NYC Media, the official network of the City of New York; and NYC Digital.

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 2015-2018 includes \$114.5 million for infrastructure improvements associated with these Citywide initiatives.

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 goals and objectives. SBS also administers the City's adult workforce development programs.

SBS provides services primarily to small businesses in New York City by providing technical assistance in procurement and local commercial development opportunities, increasing opportunities for minority- and women-owned businesses, and overseeing the City's Business Improvement Districts. 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 means of promoting economic growth in each of the five boroughs, and the organization works with diverse industries and business sectors to help companies locate and expand in the City. To improve the distribution of goods within and outside the five boroughs, EDC manages the redevelopment of rail freight lines, food markets, and maritime and aviation facilities owned by the City. 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 rehabilitation of City-owned assets.

Financial Review

The 2015 Executive Budget provides \$119.4 million in operating expenses at SBS, with Federal funds of \$52 million, including Workforce Investment Act (WIA) funds, and City funds of \$66.8 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 \$824.1 million are forecast in the 2015-2018 capital plan. Of this amount, \$812.7 million reflect Mayoral commitments. The remaining \$11.4 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 2015 revenue estimate is \$80 million.

Expense Budget Highlights

- the Workforce Development Division runs the City's job training and placement programs through 17 Workforce1 Career Centers in all five boroughs, including Workforce Expansion Centers (some of which are located at public libraries) and two sector-specific Career Centers. 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 (\$23.3 million) and Dislocated Worker (\$19.6 million) job training and placement programs are currently budgeted at \$42.9 million in 2015, 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 69 Business Improvement Districts, Business Incentives programs, the Energy Cost Savings Program, and Avenue NYC. The 2015 Executive Budget provides \$6.2 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. Local Law 1 of Calendar Year 2013 was implemented to expand the M/WBE program to enable more firms to become certified and work with higher-value contracts. The 2015 Executive Budget provides \$3.5 million in City and Federal funds.
- through a contract with SBS, NYC & Company will receive \$12.3 million in City funding in 2015 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 \$11.9 million towards the management and operations of the island in 2015, and will provide capital funds for investments in infrastructure and the construction of public open space and recreational facilities.

Summary of Agency Financial Data

The following table compares the 2015 Executive Budget with the 2015 Preliminary Budget, the 2014 forecast and actual expenditures for 2013, including costs budgeted centrally for fringe benefits, pensions and debt service.

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

	2013 Actual	2014 Forecast	2015		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2014 Forecast	2015 Preliminary Budget
			Expenditures			
Salary and Wages.....	\$18,017	\$19,888	\$17,033	\$18,061	(\$1,827)	\$1,028
Fringe Benefits.....	—	—	—	—	—	—
OTPS.....	132,324	507,224	81,637	101,375	(405,849)	19,738
Total.....	\$150,341	\$527,112	\$98,670	\$119,436	(\$407,676)	\$20,766
Funding						
City.....	\$47,081	\$71,397	\$46,028	\$66,812	(\$4,585)	\$20,784
Other Categorical Grants.....	13,911	8,656	56	56	(8,600)	—
IFA.....	—	—	—	—	—	—
State.....	602	394	—	—	(394)	—
Federal CD.....	13,482	372,949	13,055	13,055	(359,894)	—
Federal Other.....	70,229	68,511	39,021	39,003	(29,508)	(18)
Intra-City Other.....	5,036	5,205	510	510	(4,695)	—
Total.....	\$150,341	\$527,112	\$98,670	\$119,436	(\$407,676)	\$20,766
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$8,947	\$6,831	\$6,142	\$6,499	(\$332)	\$357
Pensions.....	3,399	2,983	3,155	3,180	197	25
Other Than Personal Service (OTPS)						
Debt Service.....	277,396	254,853	324,885	332,791	77,938	7,906
Total Additional Costs.....	\$289,742	\$264,667	\$334,182	\$342,470	\$77,803	\$8,288
Funding						
City.....	276,029	254,172	322,385	331,286	77,114	8,901
Non-City.....	13,713	10,495	11,797	11,184	689	(613)
Intra-City Additional Costs.....	—	—	—	—	—	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$18,017	\$19,888	\$17,033	\$18,061	(\$1,827)	\$1,028
Fringe Benefits.....	8,947	6,831	6,142	6,499	(332)	357
Pensions.....	3,399	2,983	3,155	3,180	197	25
Total PS.....	\$30,363	\$29,702	\$26,330	\$27,740	(\$1,962)	\$1,410
OTPS.....	\$132,324	\$507,224	\$81,637	\$101,375	(\$405,849)	\$19,738
Debt Service.....	277,396	254,853	324,885	332,791	77,938	7,906
Total OTPS.....	\$409,720	\$762,077	\$406,522	\$434,166	(\$327,911)	\$27,644
Total Agency Costs.....	\$440,083	\$791,779	\$432,852	\$461,906	(\$329,873)	\$29,054
Less Intra-City.....	\$5,036	\$5,205	\$510	\$510	(\$4,695)	\$—
Net Agency Cost.....	\$435,047	\$786,574	\$432,342	\$461,396	(\$325,178)	\$29,054
Funding						
City.....	323,110	325,569	368,413	398,098	72,529	29,685
Non-City.....	111,937	461,005	63,929	63,298	(397,707)	(631)
Personnel (includes FTEs at fiscal year-end)						
City.....	121	144	133	149	5	16
Non-City.....	152	168	110	110	(58)	—
Total.....	273	312	243	259	(53)	16

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 69 Business Improvement Districts (BIDs), SBS' District Development unit oversees contracts with BIDs that led to the provision of more than \$112 million in supplemental services across 1,468 City blocks in 2013. District Development also partners with dozens of local development corporations, merchants' associations and other neighborhood 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 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 2013, NYC Business Solutions Centers facilitated over \$45 million in loans for 900 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 2013, outreach staff provided assistance for 1,721 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.
- 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 different languages across the Centers and cover topics such as business basics, computer applications, financing, and marketing. In 2013, free business education courses were provided to over 6,000 entrepreneurs.

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 2011, over 50 office towers with 1,095 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, generated approximately \$760,000 in annual savings in 2013.

New Business Acceleration Team and NYC Business Express

- the New Business Acceleration Team (NBAT) and NYC Business Express help businesses to obtain the City licenses, permits, and certifications they need to open and operate in New York City. NBAT assists customers by navigating many City agency processes on their behalf, accelerating plan reviews, and coordinating plan review appointments and inspections with City agencies. NYC Business Express assists customers via a website that provides a single source of customized information and instructions on City, State, and Federal government requirements required to start, operate or expand a business in New York City. In Calendar Year 2013, NBAT enabled 740 establishments to open; NYC Business Express was accessed by 227,258 unique users who applied for 6,968 licenses and certifications online.

In 2015, NBAT will continue to offer services to all new restaurants in New York City, acceptance of payments on behalf of multiple City agencies, and the ability to file plans electronically. NYC Business Express will continue to provide a single source of comprehensive, accurate, and up-to-date information encompassing nearly all business sectors in New York City.

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 current 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 opportunity employment laws. In 2013, 3,700 companies were 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 with agency and corporate buyers. In Calendar Year 2013, Local Law 1 was implemented to expand the M/WBE program to enable more firms to become certified and work with higher-value contracts.

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 2013, the 17 Career Centers registered 84,515 new jobseekers, providing workshops, pre-vocational skills training, on-site recruitments and job referral services. Additionally, New Yorkers were placed in 33,274 jobs in 2013 through the Workforce1 system (including Career Centers, Sector Centers, Expansion Centers, Training Fund, and Employment Works programs).
- through partnerships with private employers, SBS provides NYC Business Solutions Training Funds to upgrade the skill sets of employees in growth industries. In 2013, SBS served 27 companies through this program, in sectors such as manufacturing, healthcare, and information technology. Since the program's inception, SBS has awarded more than \$9.6 million in training funds to over 163 companies to train over 6,292 workers, matched by over \$7.5 million in employer contributions.
- since 2007, SBS has partnered with the Center for Economic Opportunity (CEO) to implement employment programs. With \$3.5 million in the 2015 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 Business Solutions Training program, which provides subsidies to support training and skill development for the working poor.

New York City Economic Development Corporation

EDC coordinates with both the private and public sectors to promote economic development activities 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 oversees the New York City Industrial Development Agency (IDA) and the Build NYC Resource Corporation (Build NYC) to provide financing for capital expansion projects for industrial and commercial companies and not-for-profit organizations.

- IDA closed 20 projects in 2013.
- the Build NYC Resource Corporation was created in December 2011 to facilitate the ability of not-for-profit institutions to access the private credit market in order to finance their capital projects. These institutions will be able to use triple tax-exempt bonds to finance their capital needs. These bonds can be repaid over a 20-30 year term. The Build NYC Resource Corporation closed 23 projects in 2013.

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 Four 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 2015-2018 Four Year Capital Plan totals \$851 million.

The following chart shows Capital plan commitments by major function over the 2015-2018 period. Actual commitments are provided for 2013.

**Capital Commitments
(\$ in 000’s)**

	2013 Actual		2014 Plan		2015 Plan		2016 Plan		2017 Plan		2018 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	\$23,964	\$29,119	\$303,224	\$361,134	\$26,945	\$26,945	\$19,477	\$19,477	\$861	\$861	\$899	\$899
Industrial Development.....	37,056	37,056	121,107	121,427	56,630	56,630	108,112	108,112	50,892	50,892	15,205	15,205
Market Development	1,754	1,754	3,174	3,174	0	0	0	0	0	0	1,155	1,155
Neighborhood Revitaliz’n.....	56,218	56,929	30,240	66,867	2,000	2,000	15,969	15,969	7,231	7,231	10,097	10,097
Port Development	2,185	2,421	12,283	15,011	0	0	4,657	4,657	0	0	151	151
Rail Development	0	0	4,200	4,200	0	0	0	0	0	0	193	193
Waterfront Development	4,013	4,190	38,064	57,563	4,231	4,231	19,667	19,667	10,102	10,102	7,070	7,070
Cultural Development.....	1,461	1,461	11,344	11,344	0	0	0	0	0	0	1,929	1,929
Community Development.....	5,677	8,466	16,504	20,085	0	0	3,000	3,000	0	0	0	0
Miscellaneous	140,086	140,196	179,521	231,037	117,241	144,146	114,930	114,930	197,034	197,034	28,434	28,434
Total	\$272,414	\$281,592	\$719,661	\$891,842	\$207,047	\$233,952	\$285,812	\$285,812	\$266,120	\$266,120	\$65,133	\$65,133

Highlights of the 2015-2018 Four Year Capital Plan:

- a total of \$373 million for infrastructure work related to planned large-scale housing development projects in Coney Island West in Brooklyn, Hunter's Point South in Queens and Stapleton in Staten Island.
- various development and infrastructure improvements at the Brooklyn Navy Yard, including the rehabilitation of Building 77 to create new spaces for manufacturing and industrial tenants (\$118.1 million).
- funding for creation of new commercial space at the Brooklyn Army Terminal (\$100 million).
- rehabilitation of existing structures, public access improvements, and infrastructure upgrades to support public open space and future redevelopment at Governors Island (\$59 million).
- development, management and rehabilitation of the City's waterfront properties in all five boroughs (\$51.4 million).
- funding for the rebuilding and redevelopment of multiple properties damaged by Hurricane Sandy, including City-owned properties managed by the New York City Economic Development Corporation and facilities at Governors Island and the Brooklyn Navy Yard (\$48 million).
- infrastructure development and environmental services at Willets Point (\$20.5 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, 39 branches in Manhattan, and 13 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 61 community libraries, seven Adult Learning Centers, two Family Literacy Centers, and a Central Library.

Financial Review

The 2015 Executive Budget for Libraries provides total operating funds of \$301.4 million. The Executive Budget also provides for City funded capital commitments of \$177.4 million in 2015.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- in 2015, the operating subsidy for BPL will be \$83.2 million.
- in 2015, the operating subsidy for NYPL will be \$112.2 million.
- in 2015, the operating subsidy for the NYPL Research Libraries will be \$22.7 million.
- in 2015, the operating subsidy for QBPL will be \$83.4 million.

Summary of Agency Financial Data

The following table compares the 2015 Executive Budget with the 2015 Preliminary Budget, the 2014 forecast and actual expenditures for 2013, including costs budgeted centrally for fringe benefits, pensions and debt service.

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

	2013 Actual	2014 Forecast	2015		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2014 Forecast	2015 Preliminary Budget
			Expenditures			
Salary and Wages.....	\$—	\$—	\$—	\$—	\$—	\$—
Fringe Benefits.....	—	—	—	—	—	—
OTPS.....	304,329	240,321	301,156	301,390	61,069	234
Total.....	\$304,329	\$240,321	\$301,156	\$301,390	\$61,069	\$234
Funding						
City.....	\$297,872	\$238,105	\$301,156	\$301,390	\$63,285	\$234
Other Categorical Grants.....	597	—	—	—	—	—
IFA.....	—	—	—	—	—	—
State.....	—	—	—	—	—	—
Federal CD.....	—	—	—	—	—	—
Federal Other.....	156	—	—	—	—	—
Intra-City Other.....	5,704	2,216	—	—	(2,216)	—
Total.....	\$304,329	\$240,321	\$301,156	\$301,390	\$61,069	\$234
Additional Costs Centrally Funded						
Other Than Personal Services (OTPS)						
Fringe Benefits.....	\$1,775	\$1,836	\$2,191	\$1,989	\$153	(\$202)
Pensions.....	20,302	26,757	33,389	33,389	6,632	—
Debt Service.....	66,260	51,833	60,803	62,773	10,940	1,970
Total Additional Costs.....	\$88,337	\$80,426	\$96,383	\$98,151	\$17,725	\$1,768
Funding						
City.....	84,208	78,420	93,707	95,742	17,322	2,035
Non-City.....	4,129	2,006	2,676	2,409	403	(267)
Full Agency Costs (including Central Accounts)						
Fringe Benefits.....	\$1,775	\$1,836	\$2,191	\$1,989	\$153	(\$202)
OTPS.....	304,329	240,321	301,156	301,390	61,069	234
Pensions.....	20,302	26,757	33,389	33,389	6,632	—
Debt Service.....	66,260	51,833	60,803	62,773	10,940	1,970
Total OTPS.....	\$392,666	\$320,747	\$397,539	\$399,541	\$78,794	\$2,002
Total Agency Costs.....	\$392,666	\$320,747	\$397,539	\$399,541	\$78,794	\$2,002
Less Intra-City.....	\$5,704	\$2,216	\$—	\$—	(\$2,216)	\$—
Net Agency Cost.....	\$386,962	\$318,531	\$397,539	\$399,541	\$81,010	\$2,002
Funding						
City.....	382,080	316,525	394,863	397,132	80,607	2,269
Non-City.....	4,882	2,006	2,676	2,409	403	(267)
Personnel (includes FTEs at fiscal year-end)						
City.....	—	—	—	—	—	—
Non-City.....	—	—	—	—	—	—
Total.....	—	—	—	—	—	—

* The 2015 Executive budget provides an estimated 3,857 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 Stapleton Library in Staten Island which re-opened to the public in June of 2013 after a major expansion and renovation project.
- the new Mariners Harbor Branch Library in Staten Island which opened to the public in December of 2013.
- the renovated Washington Heights Branch Library in Manhattan which re-opened to the public in March of 2014.
- the new Glen Oaks Library in Queens, replacing a library half its size, which opened in September of 2013 and is experiencing record gate count and a surge in circulation.
- the new Mitchell Linden Community Library in Queens which opened in September of 2013, replacing a smaller rental facility.
- renovated libraries which opened in Bayside, Fresh Meadows and Queensboro Hill, Queens.
- reconstructed libraries which re-opened following severe damage from Superstorm Sandy at Broad Channel, Seaside and Arverne in the Rockaways.
- the rehabilitation and reopening of the Coney Island and Gerritsen Beach branches in Brooklyn, which had been closed due to damages sustained during Superstorm Sandy.
- various critical infrastructure improvements throughout Brooklyn branches, including five roof replacements, two boiler replacements, two fire safety upgrades, and one HVAC replacement.

The three library systems continue to provide a variety of community programming throughout the five boroughs:

- the Brooklyn Public Library offered an extensive variety of programs and services to its over 10 million annual visitors in 2013. Overall attendance to all programs, including afterschool programs for school-age children, financial and health literacy programs, workforce development and small business support, and technology training exceeded 664,000 in 2013. In addition to the robust programming, Brooklyn Public Library created a new Department of Outreach Services to plan and implement an inclusion strategy that targets Brooklyn's immigrant, older adult and transitional populations, including people experiencing homelessness, and incarcerated and formerly incarcerated individuals.
- the New York Public Library offered nearly 61,000 programs and classes throughout its 92 locations in 2013, with a combined attendance of more than 1.2 million. Among these programs, the Library offered a full range of services for patrons of all ages, from early childhood literacy to programs for teens, job seekers, entrepreneurs, and seniors. In particular, NYPL launched a series of educational after-school programs for kids and teens, while continuing to increase its free computer training programs for patrons of all ages and English classes for Speakers of Other Languages. In addition, the Library expanded its groundbreaking pilot program, MyLibraryNYC, which brings library books directly to New York City public schools.
- the Queens Borough Public Library continued to expand its diverse offering of programs and services to its nearly 12 million annual visitors in 2013. Some 664,000 people attended more than 38,000 free programs ranging from youth programs and workforce development and small business support, to financial and health literacy programs and technology training. More than 17,500 sessions related to job seeking or

computer training were offered; afterschool programs served nearly 470,000 students from libraries that are open every day after school. The library continued to grow its Adult Learner Program, providing basic adult education and English language instruction at multiple locations including its seven Adult Learning Centers and two Literacy Zones. In addition, the library expanded its program offerings in the Rockaways through grant funded programs.

Days and hours of library branch service remain a priority for all three library systems. In 2014, on average, each branch provides at least 5.7 days of service per week (approximately 43 hours per week).

Capital Review

The 2015-2018 Capital Commitment Plan for the Libraries totals \$208.7 million, of which 92 percent is City funded. The table below reflects capital commitments by system over the 2013-2018 period.

Capital Commitments (\$ in 000's)

	2013 Actual		2014 Plan		2015 Plan		2016 Plan		2017 Plan		2018 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.....	\$3,642	\$3,642	\$44,594	\$50,852	\$26,896	\$26,896	\$5,261	\$5,261	\$5,142	\$5,142	\$5,164	\$5,164
New York Public Library.....	10,665	11,060	244,081	244,276	41,363	41,363	794	794	817	817	846	846
NYPL Research Libraries.....	894	894	19,509	23,377	0	0	221	221	215	215	214	214
Queens Borough Public Library.	11,056	11,015	40,515	45,916	93,139	109,139	4,259	4,259	4,162	4,162	4,186	4,186
Total	<u>\$26,257</u>	<u>\$26,611</u>	<u>\$348,699</u>	<u>\$364,421</u>	<u>\$161,398</u>	<u>\$177,398</u>	<u>\$10,535</u>	<u>\$10,535</u>	<u>\$10,336</u>	<u>\$10,336</u>	<u>\$10,410</u>	<u>\$10,410</u>

Several major renovations took place in 2014. Other major projects will be undertaken in 2015. Highlights of the 2015-2018 Capital Commitment Plan include:

Brooklyn Public Library:

- renovation of the East Flatbush Branch Library (\$2.8 million in 2015-2018, in addition to \$.4 million in 2014).
- renovation of the roof and façade of the New Utrecht Branch Library (\$1.9 million in 2015, in addition to \$.9 million in 2014).
- various critical borough-wide infrastructure improvement projects (\$5.7 million in 2015-2018, in addition to \$14.3 million in 2014).

New York Public Library, which includes projects in the Bronx, Manhattan, and Staten Island:

- the Central Library Master Plan project at the Stephen A. Schwarzman Building in Manhattan (\$151.2 million).
- a new replacement Westchester Square Branch Library in the Bronx (\$2.0 million in 2015, in addition to \$12.4 million in 2014).
- renovation of the Jefferson Market Branch Library in Manhattan for Americans with Disability Act accessibility (\$1.0 million in 2015, in addition to \$3.8 million in 2014).
- a system-wide server virtualization system (\$.7 million in 2015, in addition to \$.7 million in 2014).

Queens Borough Public Library:

- a new replacement facility for the Far Rockaway Community Library (\$17.6 million in 2015, in addition to \$.7 million in 2014).
- a new Queens West (Hunters Point) facility (\$16.0 million in 2015, in addition to \$8.0 million in 2014).
- initial outfitting of furniture, equipment, and library materials for the new Elmhurst Library (\$4.1 million in 2015).

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 1,200 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 American Museum of Natural History, the Bronx Museum of the Arts, the Queens Museum, the Brooklyn Academy of Music and the Staten Island Historical Society.

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. In 2014, DCLA also provided program grants and support services to approximately 883 cultural organizations Citywide, which included groups like ArtsConnection, St. Ann's Warehouse in Brooklyn, Mind Builders Creative Arts Center in the Bronx, Rajkumari Cultural Center in Queens and Sandy Ground Historical Society on Staten Island.

Financial Review

The Department of Cultural Affairs' 2015 Executive Budget provides for operating expenses of \$148.6 million. It also provides for City funded capital commitments of \$125.6 million in 2015.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- the City's 33 Cultural Institutions will receive operating support of \$108.5 million, including \$45.1 million in energy subsidies.
- in the 2015 Executive Budget, various cultural organizations Citywide will receive program grants totaling \$34.4 million.
- the 2015 Executive Budget contains \$5.7 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 2015 Executive Budget with the 2015 Preliminary Budget, the 2014 forecast and actual expenditures for 2013, including costs budgeted centrally for fringe benefits, pensions and debt service.

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

	2013 Actual	2014 Forecast	2015		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2014 Forecast	2015 Preliminary Budget
Expenditures						
Salary and Wages.....	\$3,943	\$4,496	\$4,213	\$4,213	(\$283)	\$—
Fringe Benefits.....	—	—	—	—	—	—
OTPS.....	142,540	152,067	144,937	144,414	(7,653)	(523)
Total.....	<u>\$146,483</u>	<u>\$156,563</u>	<u>\$149,150</u>	<u>\$148,627</u>	<u>(\$7,936)</u>	<u>(\$523)</u>
Funding						
City.....	\$142,424	\$150,682	\$148,496	\$147,973	(\$2,709)	(\$523)
Other Categorical Grants.....	217	14	—	—	(14)	—
IFA.....	209	237	237	237	—	—
State.....	82	186	—	—	(186)	—
Federal CD.....	256	590	237	237	(353)	—
Federal Other.....	542	1,871	—	—	(1,871)	—
Intra-City Other.....	2,753	2,983	180	180	(2,803)	—
Total.....	<u>\$146,483</u>	<u>\$156,563</u>	<u>\$149,150</u>	<u>\$148,627</u>	<u>(\$7,936)</u>	<u>(\$523)</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$1,067	\$1,212	\$1,266	\$1,274	\$62	\$8
Pensions.....	5,619	7,517	9,741	9,746	2,229	5
Other Than Personal Service (OTPS)						
Debt Service.....	142,740	198,047	232,322	160,895	(37,152)	(71,427)
Total Additional Costs.....	<u>\$149,426</u>	<u>\$206,776</u>	<u>\$243,329</u>	<u>\$171,915</u>	<u>(\$34,861)</u>	<u>(\$71,414)</u>
Funding						
City.....	140,467	199,031	233,019	165,656	(33,375)	(67,363)
Non-City.....	8,959	7,745	10,310	6,259	(1,486)	(4,051)
Intra-City Additional Costs.....	—	—	—	—	—	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$3,943	\$4,496	\$4,213	\$4,213	(\$283)	\$—
Fringe Benefits.....	1,067	1,212	1,266	1,274	62	8
Pensions.....	5,619	7,517	9,741	9,746	2,229	5
Total PS.....	<u>\$10,629</u>	<u>\$13,225</u>	<u>\$15,220</u>	<u>\$15,233</u>	<u>\$2,008</u>	<u>\$13</u>
OTPS.....	\$142,540	\$152,067	\$144,937	\$144,414	(\$7,653)	(\$523)
Debt Service.....	142,740	198,047	232,322	160,895	(37,152)	(71,427)
Total OTPS.....	<u>\$285,280</u>	<u>\$350,114</u>	<u>\$377,259</u>	<u>\$305,309</u>	<u>(\$44,805)</u>	<u>(\$71,950)</u>
Total Agency Costs.....	\$295,909	\$363,339	\$392,479	\$320,542	(\$42,797)	(\$71,937)
Less Intra-City.....	\$2,753	\$2,983	\$180	\$180	(\$2,803)	\$—
Net Agency Cost.....	<u>\$293,156</u>	<u>\$360,356</u>	<u>\$392,299</u>	<u>\$320,362</u>	<u>(\$39,994)</u>	<u>(\$71,937)</u>
Funding						
City.....	282,891	349,713	381,515	313,629	(36,084)	(67,886)
Non-City.....	10,265	10,643	10,784	6,733	(3,910)	(4,051)
Personnel (includes FTEs at fiscal year-end)						
City.....	54	60	55	55	(5)	—
Non-City.....	5	5	5	5	—	—
Total.....	<u>59</u>	<u>65</u>	<u>60</u>	<u>60</u>	<u>(5)</u>	<u>—</u>

* The 2015 Executive budget provides an estimated 1,320 full-time and full-time equivalent positions, which are funded with City subsidies.

Programmatic Review and Service Impact

- in 2014, 13 Percent for Art commissions are slated for installation, including Brian Tolle's lighting installation for Flatbush Avenue Streetscape, and Mary Miss' The Passage at the Staten Island Courthouse. In 2014, Percent for Art also selected six artists for new commissions, and by the end of June expects to select five more artists for new City construction projects, including Jackson Avenue Streetscape in Queens and IS323 in Manhattan.
- since launching new online promotional tools, including a mobile website and tumblr, the Percent for Art program published 42 blog posts that highlighted recently-completed commissions as well as accomplishments by artists involved in the Percent for Art program past and present. So far in 2014, Percent for Art's posts have attracted close to 200 followers, with documentation of Natasha Johns-Messenger's architectural intervention Alterview at IS/HS404 in Queens, the inauguration of Ellen Harvey's Mathematical Star for Marcy Plaza in Bed-Stuy, Brooklyn, and an interview with Alison Saar about the creation of Swing Low, a memorial to Harriet Tubman completed in 2008, posted this past February in recognition of Black History Month.
- Seniors Partnering with Artists Citywide (SPARC) is a community arts engagement program developed in partnership with the New York City Department for the Aging (DFTA) that places artists in senior centers across the five boroughs. Developed as part of Age-Friendly NYC, a public-private initiative to make the City more livable for older adults, the program began in 2009 as a pilot with 12 artists and nine centers. In 2012, with support from the National Endowment for the Arts, the program expanded to 50 artist residencies at 44 senior centers Citywide. In 2013 and 2014, the SPARC program has continued, placing 50 artists in 2013 and 51 artists in 2014 in senior centers Citywide with funding support from DFTA. In addition to providing seniors with interactive arts activities, each artist residency includes a public program at the center to share the seniors' work with the surrounding community.
- Materials for the Arts (MFTA) continues to provide free materials through its Long Island City warehouse and online donations system to 4,646 nonprofit organizations, government agencies and public schools throughout the five boroughs. In 2014, MFTA has already collected 473 tons of reusable materials valued at \$5.5 million from 1,360 businesses and individual donors and made them available to 1,854 recipients.
- under the guidance of Friends of Materials for the Arts, MFTA's Education Center offers professional development classes for educators, in-school residences and field trips for students, public workshops and events, and an artist-in-residence program, as well as corporate volunteer and team-building opportunities.
- through a multichannel social media strategy, MFTA engages recipients, donors and volunteers by highlighting constituents' creativity and generosity. In partnership with Friends of Materials for the Arts, MFTA launched a newly-designed website to make it easier for recipients to create warehouse appointments, access the online donations system, and manage accounts. In addition, www.materialsforthearts.org was also created to manage offerings from the education department, learn more about creative reuse and sign up for upcoming art and education programs.

Capital Review

The 2015-2018 Capital Commitment Plan for the Department of Cultural Affairs totals \$218.4 million, of which 96.4 percent is City funded, for approximately 200 different cultural organizations in all five boroughs. The table below reflects capital commitments over the 2013-2018 period.

Capital Commitments

(\$ in 000's)

	2013 Actual		2014 Plan		2015 Plan		2016 Plan		2017 Plan		2018 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	\$172,415	\$176,264	\$618,748	\$713,310	\$117,742	\$125,648	\$16,586	\$16,586	\$26,532	\$26,532	\$49,616	\$49,616
Total	<u>\$172,415</u>	<u>\$176,264</u>	<u>\$618,748</u>	<u>\$713,310</u>	<u>\$117,742</u>	<u>\$125,648</u>	<u>\$16,586</u>	<u>\$16,586</u>	<u>\$26,532</u>	<u>\$26,532</u>	<u>\$49,616</u>	<u>\$49,616</u>

Highlights of the 2015-2018 Capital Commitment Plan include:

- various upgrades and improvements at the Snug Harbor Cultural Center (\$7.1 million, in addition to \$7.1 million in 2014).
- various improvements to the Brooklyn Children’s Museum (\$6.5 million, in addition to \$10.3 million in 2014).
- renovation of the Nuyorican Poets Café (\$6.2 million).
- upgrade to the Con Edison switchgear at the Bronx Zoo (\$4.5 million, in addition to \$.7 million in 2014)
- reconstruction of the Staten Island Zoo aquarium (\$4.2 million, in addition to \$.4 million in 2014).
- renovation of the Tobacco Warehouse in Brooklyn Bridge Park for St. Ann’s Warehouse (\$2.0 million, in addition to \$10.0 million in 2014).
- construction of a new Shark Exhibit at the New York Aquarium in Brooklyn (\$2.9 million, in addition to \$94.7 million in 2014).
- phase one capital improvements at the St. George Theater (\$2.5 million).
- renovation of the office and studio facility at the Pregones Theater (\$1.8 million, in addition to \$.1 million in 2014).

The 2015 Plan for the Department totals \$125.6 million and highlights include:

- initial outfitting of the new Manhattan Class Company Third Theater Group at Clinton Green (\$17.0 million).
- climate control at the Brooklyn Museum (\$2.0 million).
- phase two building upgrades at the Harlem School of the Arts (\$1.4 million).

CITY UNIVERSITY OF NEW YORK

The City University of New York (CUNY) includes eleven senior colleges, seven 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 2014 CUNY's enrollment was flat over the last academic year. In 2015, CUNY will serve approximately 267,000 students in degree programs with approximately 169,000 in the senior colleges and 98,000 in the community colleges. In addition, CUNY will serve approximately 258,000 non-degree students. Sustained levels of enrollment are anticipated in 2015.

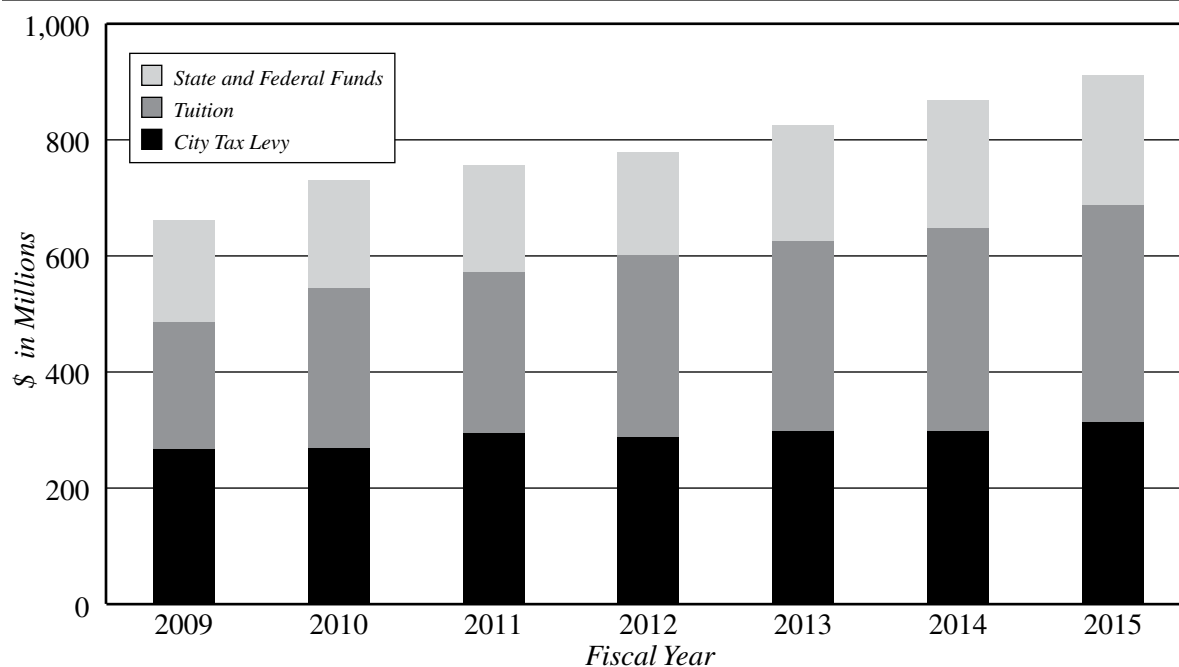
Financial Review

The City University of New York's 2015 Executive Budget totals \$926.1 million, a net increase of \$11.0 million from the 2014 forecast of \$915.2 million. This increase reflects additions in City funds of \$28.6 million from \$608.1 million in 2014 to \$636.7 million in 2015, and in State aid, an increase of \$3.7 million from \$256.0 million in 2014 to \$259.7 million in 2015, and a decline of \$21.7 million in Intra-City funds, from \$37.3 million in 2014 to \$15.6 million in 2015. The total budget increase of \$11.0 million consists of a \$10.9 million increase in the CUNY community college budget, from \$864.1 million in 2014 to \$875.1 million in 2015, and a slight increase in funding for Hunter Campus Schools, from \$16.0 million in 2014 to \$16.1 million in 2015. The Senior College lump sum appropriation of \$35 million remains unchanged for both 2014 and 2015.

Revenue Forecast

In 2015, State and Federal funds for two-year colleges increase by \$3.7 million from \$219.2 million in 2014 to \$222.9 million. Also in 2015, increased tuition rates result in additional tuition, fees and miscellaneous revenue, bringing the budget to \$375.6 million.

COMMUNITY COLLEGE EXPENDITURES BY SOURCE 2009-2015



* 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. State and Federal dollars are combined and include Community Development funds. The 2014 and 2015 amounts are as per the Executive forecast.

Expense Budget Highlights

Budgetary Priorities: Providing Core Services

- Aligned with the Mayor's commitment for expanding support to Higher Education, this budget funds \$18.9 million in FY15 for a major new initiative that will recruit, prepare and support students for Science, Technology, Engineering and Mathematics (STEM) fields. Efforts will focus on specialized instruction, advisement and support; fellowship opportunities; as well as significantly improving college preparation, retention and graduation rates. Support for the initiative grows to \$29.2 million in FY16 and \$50.9 million in FY17.
- An additional \$4.0 million is funded for leases, energy adjustments and CEO allocations.

Center for Economic Opportunities and Young Men's Initiative

- An additional \$20.0 thousand is baselined for Peer Monitoring in Adult Literacy.

Summary of Agency Financial Data

The following table compares the 2015 Executive Budget with the 2015 Preliminary Budget, the 2014 forecast and actual expenditures for 2013, including costs budgeted centrally for fringe benefits, pensions, and debt service.

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

	2013 Actual	2014 Forecast	2015		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2014 Forecast	2015 Preliminary Budget
			Expenditures			
Salary and Wages.....	\$491,526	\$512,688	\$519,095	\$529,915	\$17,227	\$10,820
Fringe Benefits.....	130,536	102,680	151,900	157,732	55,052	5,832
OTPS.....	216,648	299,794	225,917	238,472	(61,322)	12,555
Total.....	<u>\$838,710</u>	<u>\$915,162</u>	<u>\$896,912</u>	<u>\$926,119</u>	<u>\$10,957</u>	<u>\$29,207</u>
Funding						
City.....	\$589,995	\$608,083	\$613,639	\$636,706	\$28,623	\$23,067
Other Categorical Grants.....	8,944	13,508	14,041	14,041	533	—
IFA.....	—	—	—	—	—	—
State.....	200,461	256,004	253,703	259,746	3,742	6,043
Federal CD.....	543	—	—	—	—	—
Federal Other.....	2,306	293	—	—	(293)	—
Intra-City Other.....	36,461	37,274	15,529	15,626	(21,648)	97
Total.....	<u>\$838,710</u>	<u>\$915,162</u>	<u>\$896,912</u>	<u>\$926,119</u>	<u>\$10,957</u>	<u>\$29,207</u>
Additional Costs Centrally Funded						
Personal Services (PS).....						
Fringe Benefits.....	\$2,720	\$2,803	\$3,253	\$3,027	\$224	(\$226)
Pensions.....	60,426	67,081	69,600	69,418	2,337	(182)
Other Than Personal Service (OTPS)						
Debt Service.....	51,328	59,596	61,270	62,127	2,531	857
Total Additional Costs.....	<u>\$114,474</u>	<u>\$129,480</u>	<u>\$134,123</u>	<u>\$134,572</u>	<u>\$5,092</u>	<u>\$449</u>
Funding						
City.....	112,576	128,227	132,451	133,082	4,855	631
Non-City.....	1,898	1,253	1,672	1,490	237	(182)
Intra-City Additional Costs.....	—	—	—	—	—	—
Full Agency Costs (including Central Accounts)						
Salary and Wages.....	\$491,526	\$512,688	\$519,095	\$529,915	\$17,227	\$10,820
Fringe Benefits.....	133,256	105,483	155,153	160,759	55,276	5,606
Pensions.....	60,426	67,081	69,600	69,418	2,337	(182)
Total PS.....	<u>\$685,208</u>	<u>\$685,252</u>	<u>\$743,848</u>	<u>\$760,092</u>	<u>\$74,840</u>	<u>\$16,244</u>
OTPS.....	\$216,648	\$299,794	\$225,917	\$238,472	(\$61,322)	\$12,555
Debt Service.....	51,328	59,596	61,270	62,127	2,531	857
Total OTPS.....	<u>\$267,976</u>	<u>\$359,390</u>	<u>\$287,187</u>	<u>\$300,599</u>	<u>(\$58,791)</u>	<u>\$13,412</u>
Total Agency Costs.....	\$953,184	\$1,044,642	\$1,031,035	\$1,060,691	\$16,049	\$29,656
Less Intra-City.....	<u>\$36,461</u>	<u>\$37,274</u>	<u>\$15,529</u>	<u>\$15,626</u>	<u>(\$21,648)</u>	<u>\$97</u>
Net Agency Cost.....	<u>\$916,723</u>	<u>\$1,007,368</u>	<u>\$1,015,506</u>	<u>\$1,045,065</u>	<u>\$37,697</u>	<u>\$29,559</u>
Funding						
City.....	702,571	736,310	746,090	769,788	33,478	23,698
Non-City.....	214,152	271,058	269,416	275,277	4,219	5,861
Personnel (includes FTEs at fiscal year-end)						
City.....	8,399	7,768	7,736	7,828	60	92
Non-City.....	—	31	31	31	—	—
Total.....	<u>8,399</u>	<u>7,799</u>	<u>7,767</u>	<u>7,859</u>	<u>60</u>	<u>92</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 receive city funding to either create new or expand existing programs related to Science, Technology, Engineering and Mathematics (STEM) fields. The initiative will extend Mayor de Blasio's focus on those who have the interest or potential to pursue a career in a STEM field.

Program Highlights

CUNY is expected to engage in numerous independent and collaborative programs, including:

Expansion of Accelerated Study in Associate Programs (ASAP) and creation of a new program for STEM students

- The program is designed to help community college students earn their degrees as quickly as possible. Features of ASAP include required full-time study, consolidated course schedules and academic support. This support includes: monthly metro cards, textbooks, tuition support for summer courses along with advisement and tutoring when necessary.
- This initiative will impact:
 - 4,352 students in FY15
 - 8,738 students in FY16
 - 13,090 students in FY17 and beyond.

STEM Research Fellowships

- Community College students will work directly with faculty on a wide range of STEM- related research projects. Students will receive laboratory training, academic support, and counseling.
- Depending on the type of research, the student to faculty ratio will be 10 students to 1 faculty member. The faculty members will be a combination of full-time, tenured or tenure-track.
- This initiative will impact:
 - 200 students in FY15
 - 250 students in FY16 and beyond.

STEM Cooperative Education Program

- This program will allow STEM students to spend a semester working full-time in a technical position specific to their field of study while taking courses. The initial availability will favor engineering, while other fields will be added as partnerships are developed.
- This initiative will impact 300 students in FY17. A project manager will be hired in FY15 and will work to set up the program during the first two years.

Summer Tuition

- This will allow CUNY to pay summer tuition for students in STEM-related disciplines, which will help them to make significant and timely progress in earning college degrees.
- This initiative will impact:
 - 4,500 students in FY15
 - 6,000 students in FY16 and beyond.

Academic Advisement

- Improve the quality of academic support especially given the complexity of the degree requirements in STEM fields. STEM majors have several prerequisites and these students need to understand the courses that are required to be accepted into the major. They will also need to set up a plan that will enable them to fit in all of their required classes within their 60 credits for an associate degree or 120 for a bachelor's degree. This will prevent students from "wasting credits" on courses that can further delay graduation.
- One staff member will be added for every 1,500 full time equivalent students in FY15. This aims to improve students understanding of the curriculum, the courses they need, and to chart a path toward graduation. Currently, there are 581 enrolled students for every academic advisor. Increasing advisors and reducing the advisement caseload will work to improve retention and graduation rates.
- Implement "early alert" systems, which will identify students facing academic challenges earlier rather than later and provide them with additional support. These systems will be updated by faculty members based on students who are struggling in class, missing class, or who are in danger of falling behind, correcting problems before it is too late. The additional support will depend on the nature of the problem and/or the obstacle the student is facing.
- 13,706 STEM students will benefit from academic advisement in FY15, and CUNY plans for that number to grow by 5% in each subsequent year.
 - 14,931 in FY16
 - 15,110 in FY17.

Capital Review

The City University of New York's 2015-2018 Four-Year Plan Capital Strategy totals \$149.7 million (\$149.5 million in City funds and \$236,000 in Non-City funds). The majority of CUNY's capital funds, \$271.4 million, reside in the current year (\$261.6 million in City funds and \$9.8 million in Non-City funds). CUNY expects a significant portion of these funds to roll into 2015.

Community college critical maintenance and new capital construction 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 annual State budget capital appropriations. A portion of State matching funds from annual appropriations are reflected in the City's capital plan. However, a majority of the State matching funds, provided through the independent sale of New York State Dormitory Authority (DASNY) bonds, are not represented in the City's capital plan.

Design of the Center 3 Building Façade Replacement at LaGuardia Community College is complete (\$118 million for design and construction).

Also at LaGuardia Community College, design is complete on the library expansion project (\$10 million) and construction is underway on the Department of Humanities Renovations (\$2 million total project).

At Bronx Community College, construction is anticipated to begin this summer on the third phases of a multi-phase major upgrade of the campus' outdated utilities (\$14 million).

Other major elements of the Four-Year Capital Plan include:

- Construction of electrical infrastructure upgrades at Queensborough Community College (\$35 million).
- Construction of a green roof at the Borough of Manhattan Community College (\$12 million).
- Upgrade of mechanical systems at Hunter College Campus schools (\$7.2 million).

It is anticipated that rolling resources from 2014 into 2015 will fund significant projects that will be accomplished during the next four –year plan period. Highlights of the 2015 commitments include:

- Construction of a new cafeteria and central kitchen at Queensborough Community College (\$14.5 million).
- Renovation of the 500 Grand Concourse building at Hostos Community College (\$15 million).
- Roof replacements for four buildings at Bronx Community College (\$6 million).
- Gymnasium improvements at Kingsborough community college (\$2 million).

The table below shows the capital commitments by program area over the 2013-2018 period.

Capital Commitments
(\$ in 000's)

	2013 Actual		2014 Plan		2015 Plan		2016 Plan		2017 Plan		2018 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	\$11	\$11	\$100	\$337	\$65,000	\$65,000	\$35,000	\$35,000	\$0	\$0	\$0	\$0
Renovation/Rehabilitation of Roofs, Classrooms, etc	30,696	30,696	203,969	212,566	20,566	20,622	15,077	15,135	6,353	6,413	6,458	6,520
Purchase & Installation of EDP and Other Equipment...	8,647	8,647	39,443	40,358	0	0	218	218	0	0	0	0
Electrical, Mechanical & HVAC	8,300	8,947	15,060	15,060	0	0	625	625	0	0	0	0
Other Projects	116	116	3,071	3,072	0	0	200	200	0	0	0	0
Total	\$47,770	\$48,417	\$261,643	\$271,393	\$85,566	\$85,622	\$51,120	\$51,178	\$6,353	\$6,413	\$6,458	\$6,520

PENSIONS AND OTHER FRINGE BENEFITS

Pension Overview

The Executive Budget for 2015 includes \$8,354 million in expenditures for City pension contributions, an increase of \$84 million from the amount expected to be paid in 2014. These amounts do not reflect changes in expected cost due to the recent tentative labor settlement which are reflected in the labor reserve instead. In the table below, \$8,208 million in expenditures are for contributions to the City's five major retirement systems (City Actuarial Systems) that cover City employees and retirees, \$82 million in expenditures are for contributions to retirement systems not maintained by the City (Non-City Systems) including the State pension plan that covers employees of City libraries, the Cultural Institutions Retirement System that covers non-City employees of day care centers and certain cultural institutions, and the Teachers' Insurance and Annuity Association (TIAA) that covers certain CUNY employees, and, lastly, \$64 million in expenditures (Non-Actuarial) are primarily for supplemental death benefit payments to widows and widowers of uniformed employees who were killed in the line of duty.

Pension Expenditures and Funding Sources (\$ in 000's)

	2013 Actual	2014 Forecast	2015		Increase/(Decrease)	
			Preliminary Budget	Executive Budget	2014 Forecast	Preliminary Budget
<i>Expenditures</i>						
<i>Personal Service</i>						
• City Actuarial Systems	\$8,062,664	\$8,141,850	\$8,183,832	\$8,207,832	\$65,982	\$24,000
• Non-City Systems....	60,974	68,055	82,028	82,028	13,973	—
• Non-Actuarial	54,911	59,667	63,667	63,667	4,000	—
Total	\$8,178,549	\$8,269,572	\$8,329,527	\$8,353,527	\$83,955	\$24,000
<i>Funding</i>						
City	\$8,022,259	\$8,113,282	\$8,173,237	\$8,195,035	\$81,753	\$21,798
State	32,025	32,025	32,025	32,025	—	—
Federal	—	—	—	—	—	—
Intra-City Other.....	124,265	124,265	124,265	126,467	2,202	2,202
Total	\$8,178,549	\$8,269,572	\$8,329,527	\$8,353,527	\$83,955	\$24,000

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. These systems cover approximately 685,000 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. Annual pension contributions are made as required by statute based on an actuarial valuation of liabilities and assets.

Required City contributions to its major retirement systems reflect the new funding assumptions and methods, first implemented in 2012, as recommended by the Chief Actuary and adopted by the respective boards of trustees. Certain assumptions and methods that required legislative approval were enacted into law in January 2013 (Chapter 3 of the Laws of 2013). The major new assumptions and methods include the use of an actuarial interest rate assumption of seven percent (net of expenses), updated mortality tables to account for longer life expectancy, a funding mechanism to support certain uniformed employee variable supplement funds, and other

modifications regarding rates of retirement and disability. The Actuary also implemented a market value restart and switched funding methods to a commonly-used method known as the Entry Age Actuarial Cost Method. Under this method, discrete unfunded liabilities are recognized. The initial unfunded liability is to be amortized using increasing payments over a closed 22 year period.

From the end of the Second World War until 1976, civilian and teacher pension members had retirement plans under Tier 1 and Tier 2 that allowed them to retire at age 55 if they rendered 25 years of service. In addition, uniformed police and fire members were able to retire with 20 years of service at half-pay under Tier 1 and Tier 2. In 1976, due to the fiscal crisis facing the State and the City, some pension reforms were achieved. Tier 3 was enacted for non-uniformed employees (later virtually replaced by Tier 4 in 1983). Tier 4 permitted retirees to collect their pensions at age 62, and did not provide for retirement at earlier ages. Uniformed police and fire employees remained under Tier 2.

However, many of these pension reforms were subsequently eroded as a result of benefit enhancements granted by the state legislature in periods of economic boom and when pension investment returns were strong. Enhancements were granted in the form of: relaxed pension-eligibility requirements (e.g. Chapter 389 of the Laws of 1998); prior-service credit (e.g. Chapter 538 of the Laws of 1991); early-retirement plans (e.g. Chapter 873 of the Laws of 1985); expanded disability benefits (e.g. Chapter 567 of the Laws of 1994); and, ad-hoc increases to the pensions of retirees (e.g. Chapter 119 of the Laws of 1995, and Chapter 390 of the Laws of 1998). This culminated in the year 2000 when a series of pension enhancements were enacted (Chapters 126, 373, 372 of the Laws of 2000) which decreased employee contributions, gave additional service credit, and for police and fire employees restored the average salary calculation used for benefit calculation from three years to one. In addition, significant cost of living adjustments (COLAs) were granted to the pensions of existing retirees, and future annual COLAs would be permanent and automatic (Chapter 125 of the Laws of 2000).

As a result of the severe market declines that occurred in both the early and late 2000s, and the benefit enhancements granted in 2000, the funded status of the plans plummeted, causing substantial increases in required City contributions. The City's pension contributions rose from approximately \$700 million in 2000 to approximately \$8.0 billion in 2012.

In 2009, in response to the rapid increase in pension contributions, some pension reforms were achieved. As a result of the veto of a bill extending Tier 2, going forward, new uniformed police officers and firefighters were covered under Tier 3. In addition, newly hired City teachers were subject to ten-year vesting and were required to make higher employee contributions. Also, the fixed interest rate in the tax-deferred annuity (TDA) program for teachers was lowered from 8.25 percent to 7.00 percent (Chapter 504 of the Laws of 2009).

Finally, in 2012, landmark pension reforms were achieved with the enactment of the Tier 6 law (Chapter 18 of the Laws of 2012). Tier 6 impacts all employees who become pension members on or after April 1, 2012.

- With respect to new non-uniformed employees, the reforms included: 1) employees will be required to work until age 63 to retire and receive a pension that is not reduced by the election of early retirement; 2) employees will be subject to ten year vesting; and 3) employees will pay member contributions for their entire careers and such member contributions will follow a progressive schedule based on salary level.
- With respect to new uniformed employees (and Investigator titles in the District Attorney offices), the reforms included: 1) employees will have a pension contribution of three percent for the first 25 years of service; 2) employees must work 22 years to receive a half-pay pension (25 years to be eligible for full cost of living adjustments); 3) their pensions will be subject to a social security offset at age 62; and 4) employees can receive a half-pay Accidental Disability Retirement benefit if they become disabled.

While budget savings from Tier 6 are forecast to begin in fiscal year 2015, these savings will grow over time as a greater percentage of the workforce is covered by the new law.

Other Fringe Benefits

The City provides a number of fringe benefits to its employees, retirees and eligible dependents. City contribution amounts and terms of coverage are governed by various contractual, legal and collective bargaining provisions. In general, the City's Miscellaneous Expense Budget contains the budget appropriations for the fringe benefit expenditures on behalf of employees and retirees of the mayoral agencies. These amounts do not reflect changes in expected cost due to the recent tentative labor settlement which are reflected in the labor reserve instead. 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 expenditures on behalf of their active and retired employees.

The City's basic health insurance program provides comprehensive major medical and hospitalization benefits to its employees, retirees and eligible dependents. In addition, the City makes annual contributions to union-administered welfare funds, which typically provide supplemental health insurance benefits to their members. Annual City contributions to the various welfare funds conform to collective bargaining and labor agreements.

The City also makes the required employer contributions on behalf of its employees who are covered under federal Social Security. As required by New York State Workers' Compensation Law, the City pays wage replacement and medical benefits to employees who sustain on-the-job injuries. Under New York State Labor Law, the City provides up to 26 weeks in unemployment benefits (capped at statutory maximums) to eligible employees who lose their jobs due to economic reasons. The City, as required by the Administrative Code, also pays for the medical costs of uniformed employees of the Police, Fire and Sanitation Departments who sustain injuries in the line of duty.

Retiree Health Benefits Trust Fund

The Retiree Health Benefits Trust Fund (the "Trust") was created in 2006 and is used to receive City deposits and make the annual pay as you go ("PAYGO") payments required to meet current year health insurance and supplemental welfare benefits expenses for retirees. In 2013, the PAYGO amount paid out of the Trust was approximately \$2.0 billion. Assets in the Trust are used to offset the City's Other Postemployment Benefits Obligation (OPEB). OPEB benefits exclude pensions, and include retiree health insurance premium payments, contributions to retiree welfare funds, and Medicare Part B reimbursements. As of the end of 2013, the City's reported net OPEB obligation was \$92.5 billion. The City is not required to fund OPEB obligations on an actuarial basis, other than to meet its current year PAYGO payment.

The following table sets forth the fringe benefit amounts carried in the Miscellaneous Budget for 2014 and 2015.

Fringe Benefits

(\$ in 000's)

	2014 Forecast	2015 Executive	Increase/ (Decrease)
Workers' Compensation	\$205,196	\$249,796	\$44,600
Health Insurance Plans	3,329,544	3,472,163	142,619
Social Security Contributions	932,403	956,962	24,559
Unemployment Insurance Benefits.....	28,187	27,354	(833)
Supplementary Employee Welfare Benefits.....	550,303	561,238	10,935
Workers' Compensation - Other.....	41,200	45,900	4,700
Total	\$5,086,833	\$5,313,413	\$226,580
Funding			
City	\$4,486,863	\$4,790,262	\$303,399
Other Categorical	155,222	155,222	—
State.....	107,628	75,120	(32,508)
Interfund Agreements	48,850	49,847	997
Intra-City.....	79,629	84,429	4,800
Federal.....	208,641	158,533	(50,108)
• CD	35,528	30,500	(5,028)
• Other	73,113	128,033	(45,080)
Total	\$5,086,833	\$5,313,413	\$226,580

JUDGMENTS AND CLAIMS

The Executive Budget for 2015 includes an appropriation of \$674 million for expenditures on Judgments and Claims. These expenditures represent the City's payments to settle tort and contract liability claims, and are projected to reach \$782 million by 2018. Tort expenditures cover both personal injury and property damage claims, and typically represent about 95 percent of total Judgment and Claims expenditures. The projections incorporate a substantial amount of claims expenditures attributed to the Health and Hospitals Corporation for which the Corporation will reimburse the City.

The Office of Management and Budget (OMB) employs various statistical methods and financial models to estimate claims expenses. In addition, OMB consults the Law Department to obtain 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 expenditures, 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 expenditures are the product of the volume and average claim cost projections.

**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 70 community-based health clinics throughout the five boroughs. In addition, MetroPlus, the wholly-owned health maintenance organization, provides care to more than 431,000 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 4,827 inpatient beds and 2,229 long term care facility beds. In 2013, the Corporation's facilities had more than 200,000 patient discharges, 4.6 million clinic visits and 1.1 million emergency room visits. The Corporation served nearly 1.4 million people last year, of which almost 480,000 lacked any form of health insurance.

Financial Review

Total expenses in the 2015 Executive budget are projected to be at \$6.9 billion, and total revenue is projected to be \$6.5 billion. Revenue derived from third party payers is projected to be \$5.8 billion. City support for the Corporation in 2015, excluding the City portion of Medicaid and prepayments, is anticipated to be \$179 million. This support funds the treatment of prisoners and uniformed services personnel at the Corporation's facilities and care for the uninsured.

Expense Budget Highlights

The safety-net role of New York City's public hospital system has made the Corporation especially vulnerable to deep cuts to Medicaid, the cost of serving a rising tide of uninsured patients, and the erosion of Federal funding. In total, approximately 80 percent of patients are either Medicaid or Medicaid Managed Care beneficiaries or are uninsured.

In 2012, the Corporation provided 70 percent of the clinic visits received by uninsured patients in all hospitals in New York City; 43 percent of the emergency room visits; and 34 percent of the inpatient care. In some boroughs, the Corporation's services to uninsured New Yorkers is even greater. For example, in Manhattan they provided 78 percent of the clinic visits made by uninsured patients; and in Queens it was 87 percent.

Given this role, the Corporation has often had to tackle extreme financial challenges. They have done so by implementing significant restructuring, cost-containment and revenue optimization actions over the last several years. By doing so, they were able to close a \$1.2 billion budget gap that was projected for Fiscal Year 2014. However, despite this aggressive action, they are now projecting a \$430 million operating gap in Fiscal Year 2015. This gap grows considerably each year to nearly \$1.4 billion in Fiscal Year 2018. The reasons for these gaps are many, but the major drivers are the following:

- Inadequate reimbursement for the services that the Corporation's facilities provide to patients, which does not cover costs.
- State budget cuts to Medicaid over the past 8 years.
- Reductions in Federal funding for Medicaid and Medicare.
- Significant growth in employee pension and health insurance costs.

The Corporation is continuing to transform how they deliver care so that it is better coordinated and managed. Last year, the Federal Centers for Medicare and Medicaid Services designated the Corporation as an Accountable Care Organization in the Medicare Shared Savings Program with a focus on improving the health of Medicare beneficiaries through coordinated, high quality care delivered at reduced costs.

The Corporation's investments and demonstrated ability in care coordination and care management have also enabled it to achieve designation as a Health Home. This means they have responsibility for managing the care of Medicaid patients with very complex medical conditions, including serious psychiatric illness and chemical dependency.

Additionally, the Corporation's primary care sites had previously received formal certification as Patient-Centered Medical Homes. Recently, sites were re-certified under more stringent standards for another three years as Patient Centered Medical Homes at Level III, the highest level of certification.

In addition to continuing to invest in primary and preventive care, the Corporation is making investments in information technology. The Corporation has purchased a new electronic medical record system that will be phased in over the next five years. Their new system will enable clinicians to share information more easily to better coordinate care, as well as give patients ready access to their health information, facilitating their ability to partner with their caregivers to improve their own health status. By meeting certain objectives for using certified electronic medical record technology to improve patient care, the Corporation has qualified to receive more than \$100 million from the Federal government which will be used to offset the cost of their new electronic medical record system.

Despite the investments and transformative work that has occurred, there are upcoming risks that could deepen the deficits forecast in their plan. There are scores of Federal budget reduction and regulatory proposals that would reduce already inadequate Medicare and Medicaid funding even further. Some areas that would have multi-million dollar impacts on the Corporation include reimbursement reductions for observation services, outpatient services, graduate medical education and dramatic decreases in Supplemental Medicaid funding for public hospitals.

The most significant are cuts to Disproportionate Share Hospital (DSH) funding. The DSH program provides Federal Medicaid matching dollars to states to make payments to hospitals that treat a disproportionate share of uninsured and Medicaid patients. The DSH funding that the Corporation receives is critical to supporting its mission and allowing the Corporation to serve low-income and uninsured patients. Under current Federal law, the Corporation's DSH cut is estimated to start at \$260 million in Federal Fiscal Year (FFY) 2017 and grow to \$361 million in FFY 2024. By FFY 2024, these cuts will result in an estimated total loss of \$2.6 billion in Federal funds to the Corporation.

The Corporation's Financial Plan forecasts new revenue from two sources. One source is the recently announced Medicaid 1115 Waiver between New York State and the Federal government. This waiver is expected to bring in \$8 billion in new Federal funds statewide over 5 years. These dollars will be used to support delivery system reforms throughout the healthcare sector that will reduce emergency room visits and inpatient admissions.

The Corporation will be eligible to apply for waiver funds which are pursuant to meeting performance thresholds. The Corporation and other providers will have to work hard over the next five years to meet the performance targets negotiated with the Federal government. Much of the waiver funding will need to be invested to improve access, care management and care coordination, which is consistent with the delivery system transformation goals set forth in the waiver.

The second source of new revenue is the Corporation's health plan, MetroPlus. More than 90,000 New Yorkers have chosen MetroPlus through New York's health insurance marketplace. The Corporation anticipates that the premiums received for these individuals will generate increased net revenue. As some of the Corporation's previously uninsured patients gain coverage, they expect to see a decline in the number of uninsured patients that they serve.

Hurricane Sandy

The Corporation suffered serious losses as a result of Hurricane Sandy. Nearly \$250 million in losses was due to the closures of Bellevue and Coney Island hospitals. The Corporation will continue to need capital funding to prevent future storm-related closures and damages. They have submitted multiple applications to the Federal Emergency Management Agency (FEMA) for relief.

The Corporation is seeking \$137.5 million in reimbursement of emergency expenses incurred to restore operations as quickly as possible at Bellevue, Coney Island and Coler - the facilities most severely impacted by Hurricane Sandy. Last year, the City advanced \$65 million of the \$137.5 million; the City also provided \$87 million in capital funds for expenses related to the storm. The Corporation continues to work with FEMA to resolve outstanding issues that have impeded its receipt of these funds, which were intended for emergency stabilization and restoration of services.

In addition, the Corporation is seeking funding under the FEMA 406 Hazard Mitigation Program to improve the resiliency of its facilities that are most at risk of damage during future storms. Potential mitigation projects include:

- construction of a free-standing building on the Coney Island Hospital campus that will be raised above the 500 year flood plain level to house the ED, imaging services and surgical suites. This project would also include money for the hospital's power plant. These changes will enable the hospital to shelter in place if necessary.
- raising of the ED, building flood walls and gates, and installing new elevators and raised infrastructure at Bellevue Hospital.
- building a series of berms and walls, raising the generator and creating additional protection to this critical facility's first floor electrical systems.
- construction of a flood wall around Metropolitan Hospital with super pumps for excess water removal.

Capital Investments that Support Better Healthcare

The Corporation has completed or is near completion on several major projects. The new \$285 million Henry J. Carter Specialty Hospital and Nursing Facility, a long term care hospital and skilled nursing facility constructed on the grounds of the former North General Hospital in Harlem, was completed in November 2013.

At Harlem Hospital, construction of the new Emergency Department (ED) was recently completed and is operational. Similarly, the renovation and expansion of the ED at Lincoln Medical and Mental Health Center is also completed and operations are expected to begin this month.

Gouverneur Healthcare Services in lower Manhattan is completing the second phase of its major modernization, which includes a renovated, state-of-the-art skilled nursing facility with an additional 85 beds. The project will be completed later this spring.

At Bellevue Hospital Center, a new 15-bed inpatient psychiatric unit for adolescents was completed in October 2013. This new unit enables the facility to address the growing need for inpatient mental health services for children and adolescents. In December 2013, Lincoln Medical & Mental Health Center also opened a new 30-bed inpatient psychiatric unit, nearly doubling its psychiatric inpatient capacity.

North Central Bronx Hospital (NCB) completed the construction of the hospital's renovated and greatly expanded Psychiatric ED in November 2013. Last year, NCB's Psychiatric ED evaluated and treated nearly 3,400 patients. The new Psychiatric ED nearly triples the clinical space available for these services; significantly expanding NCB's capacity to serve community residents who require emergency psychiatric care.

On Staten Island, a new diagnostic and treatment center will be constructed at 155 Vanderbilt Avenue. The project will go to bid this spring and construction will begin by the end of this summer. This state-of-the-art 21,000 square foot facility will be completed in 2016. Pediatric and adult primary care and specialty services, as well as mental health services, will be provided at the new center.

The Corporation is also working to improve access to services for women with disabilities. With \$2.5 million in capital funding provided by the City Council, the Corporation will make renovations and purchase equipment to make exam rooms and bathrooms optimally accessible for persons with disabilities at their hospitals, diagnostic and treatment centers and long term care facilities. The first phase of preliminary design work, including cost estimates, will be done this summer and construction will begin afterward.

Highlights of the Four-Year Capital Commitment Plan:

The Corporation's Four-Year Capital Commitment Plan (2015-2018) features several important projects, including:

- funding of \$48.6 million for the purchase of EMS ambulances for the FDNY.
- funding of \$128.1 million for Electronic Health Records.

NEW YORK CITY TRANSIT

New York City Transit (NYCT) operates the most extensive public transportation system in the nation, which served approximately 2.4 billion subway and bus passengers in calendar year 2013, with over 1.7 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, seven days a week, on 659 miles of mainline track, serving 468 stations throughout the Bronx, Brooklyn, Manhattan, and Queens. The NYCT bus system consists of a fleet of 4,431 buses on 192 local, six Select Bus Service, and 26 express routes servicing 1,968 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 11th Avenue and 34th Street.

SIR operates a 29-mile rapid transit line which links 22 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 125 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 1,264 buses owned by the City along 927 route miles. Service on 46 local and 35 express routes is available 24 hours a day, seven 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 \$400.8 million for NYCT in fiscal year 2015. As NYCT operates on a calendar year (CY) basis, the financial plan below is presented in that format. The plan for CY 2014 incorporates the following key elements:

- CY 2014 fare revenue is projected to be \$4.1 billion, a 2.7 percent increase over the CY 2013 total.
- tax revenues dedicated for NYCT's use are projected to total \$3.6 billion; \$1.0 billion from the regional Metropolitan Mass Transportation Operating Assistance Account (MMTOA), \$518.1 million from the State "Lock Box" Petroleum Business Tax, \$563.7 million from the Urban Mass Transportation Operating Assistance Account (Urban Account) and \$1.5 billion in new State taxes and fees, which includes \$985.0 million from the Payroll Mobility Tax and \$240.0 million from license, vehicle registration, taxi, and vehicle rental fees, and \$230.1 million from the State to replace funds from eliminating the Payroll Mobility Tax from school districts and small businesses.
- the City's scheduled contribution to NYCT's operating budget for CY 2014 totals \$368.8 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, \$142.1 million for the Paratransit program, \$13.8 million for elderly and disabled fare discounts, and \$9.8 million for Transit Police. In addition, the City contributes \$95.3 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. The City has also set 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 2014:

City Subsidies to NYCT, CY 2014
(\$ in millions)

• Elderly and Disabled Subsidy.....	\$13.8
• School Fare Subsidy.....	\$45.0
• Operating Assistance.....	\$158.1
• Police Reimbursement.....	\$9.8
• Paratransit.....	<u>\$142.1</u>
TOTAL.....	<u><u>\$368.8</u></u>

Based on recent financial reports, NYCT closed CY 2013 with a cash surplus of \$16.6 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]				
	2013A	2014E	2015E	2016E	2017E
REVENUES					
Subway / Bus Fare Revenue	\$4,027.4	\$4,135.5	\$4,188.6	\$4,244.1	\$4,263.9
Other Operating Revenue	\$274.1	\$180.3	\$150.6	\$153.7	\$157.0
Transit Tax and Other Subsidies.....	\$3,450.2	\$3,567.0	\$3,759.7	\$3,897.8	\$4,159.1
City Subsidies	\$345.7	\$368.8	\$370.7	\$387.8	\$412.9
State Subsidies	\$183.3	\$183.3	\$183.3	\$183.3	\$183.3
TBTA Surplus Transfer	\$222.4	\$222.8	\$195.5	\$177.1	\$154.2
Capital and Other Reimbursements...	\$912.6	\$935.0	\$904.2	\$891.0	\$874.4
TOTAL REVENUES	\$9,415.7	\$9,592.7	\$9,752.7	\$9,934.9	\$10,204.8
EXPENSES					
Salaries & Wages.....	\$3,280.5	\$3,272.7	\$3,323.2	\$3,385.9	\$3,463.4
Fringes.....	\$2,168.1	\$2,296.6	\$2,404.0	\$2,524.2	\$2,635.5
Reimbursable Overhead.....	(\$190.2)	(\$190.6)	(\$185.5)	(\$181.4)	(\$179.0)
OTPS [2]	\$1,671.8	\$1,553.6	\$1,857.8	\$1,793.3	\$1,898.1
Paratransit Expenses	\$368.3	\$394.2	\$411.5	\$456.6	\$525.7
Capital Reimbursable Expenses.....	\$912.6	\$935.0	\$904.2	\$891.0	\$874.4
Transit Police	\$2.2	\$9.8	\$4.3	\$4.3	\$4.3
Debt Service.....	\$1,137.2	\$1,186.6	\$1,251.7	\$1,334.8	\$1,458.4
Depreciation [3]	\$1,433.2	\$1,544.3	\$1,638.1	\$1,688.1	\$1,863.3
Other Post Employment Benefits [3].	\$1,446.6	\$1,504.5	\$1,564.6	\$1,627.2	\$1,692.3
Environmental Remediation [3].....	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
TOTAL EXPENSES	\$12,230.3	\$12,506.7	\$13,173.9	\$13,524.1	\$14,236.6
OTHER ACTIONS					
Balance before Adjustments	(\$2,814.6)	(\$2,914.0)	(\$3,421.3)	(\$3,589.2)	(\$4,031.8)
Gap-Closing Actions [4].....	\$0.0	\$35.0	\$249.6	\$348.8	\$554.8
Cash Flow Adjustments [5]	\$3,037.3	\$2,801.3	\$3,144.4	\$3,252.9	\$3,474.5
Net Cash from Prior Year	(\$206.1)	\$16.6	(\$61.1)	(\$88.3)	(\$75.9)
SURPLUS/(DEFICIT)	\$16.6	(\$61.1)	(\$88.3)	(\$75.9)	(\$78.4)

[1] All Financial Plan figures were provided by NYCT in February 2014; this table shows modified accrual-basis CY 2013 Actuals (A) and CY 2014-2017 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] Includes Inter-agency loan, NYCT Charge back of MTA Bus Debt Service, Forward Energy Contracts and Commitments to Capital.

[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 Below the Line Items and 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 2015-2018 Four-Year Capital Strategy totals \$220.3 million, including \$219.1 million for NYCT and \$1.2 million for SIR. These funds will be used to support MTA'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 MTA's Capital Program.

The City's Four-Year Capital Strategy for NYCT, SIR, and MTABC includes the following key elements:

- funds to help provide for various NYCT infrastructure improvements, system enhancements, and bus and subway car upgrades, \$79.1 million for FY 2015-2018.
- funds for NYCT track work, \$140.0 million for FY 2015-2018.
- funds for SIR's track replacement and infrastructure programs, \$1.2 million for FY 2015-2018.

The table below outlines the City's Capital Commitments to NYCT, SIR and MTABC for the FY 2013-2018 period:

Capital Commitments (\$ in 000's)

	2013 Actual		2014 Plan		2015 Plan		2016 Plan		2017 Plan		2018 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.....	\$59,100	\$59,100	\$177,300	\$177,300	\$59,100	\$59,100	\$0	\$0	\$0	\$0	\$0	\$0
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.....	0	0	25,000	25,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
SIRTOA.....	900	900	4,200	4,200	900	900	0	0	0	0	0	0
Miscellaneous.....	23,416	25,374	19,522	19,522	250	250	0	0	0	0	0	0
MTABC.....	6,212	12,425	24,520	49,040	0	0	0	0	0	0	0	0
Total.....	<u>\$124,628</u>	<u>\$132,799</u>	<u>\$285,542</u>	<u>\$310,062</u>	<u>\$100,250</u>	<u>\$100,250</u>	<u>\$40,000</u>	<u>\$40,000</u>	<u>\$40,000</u>	<u>\$40,000</u>	<u>\$40,000</u>	<u>\$40,000</u>

Appendix

**EXHIBIT 1
EXPENDITURE ASSUMPTIONS**

Personal Services

The estimates for Personal Services over the five-year period of the plan are as follows:

(\$ in Millions)

	2014	2015	2016	2017	2018
Salaries and Wages	\$22,244	\$22,291	\$22,281	\$22,323	\$22,333
Pensions	8,270	8,354	8,445	8,546	8,723
Other Fringe Benefits	8,737	9,058	9,722	10,444	11,240
Reserve for Collective Bargaining	1,370	835	1,579	2,023	3,417
Total	<u>\$40,621</u>	<u>\$40,538</u>	<u>\$42,027</u>	<u>\$43,336</u>	<u>\$45,713</u>

Salaries and Wages

The projections for salaries and wages reflect personnel costs associated with current and projected headcount levels and also includes recognized needs and any wage adjustments from rounds of collective bargaining that have been implemented.

Pensions and Other Fringe Benefits

Pension expenditures shown in the financial plan for 2014 through 2018 reflect the City’s required contributions to its five major retirement systems based on actuarial valuation estimates prepared by the Office of the Actuary, and contributions to other pension programs. Adjustments have been made to reflect, primarily, expected changes in the City’s planned headcount. Please note that the additional expenditures in pensions stemming from the tentative labor settlement are reflected in the City’s labor reserve.

Required City contributions to its major retirement systems reflect the new funding assumptions and methods first implemented in 2012 as recommended by the Chief Actuary and adopted by the boards of trustees of each of the City’s retirement systems. Certain assumptions subject to legislation were enacted into law in January 2013. The major new assumptions and methods include an actuarial interest rate assumption of seven percent (net of expenses), updated mortality tables to account for longer life expectancy, and the use of the Entry Age Actuarial Cost Method. Under this method, discrete unfunded liabilities are recognized and the initial unfunded liability is amortized over a closed 22 year period using increasing annual payments.

The financial plan also reflects savings from the Tier 6 reforms that were enacted in 2012 but which impact expenditures commencing primarily in 2015.

In addition, the expenditure projections reflect savings, commencing in 2015, as a result of the City’s pension funds’ combined investment return of 12.1 percent that was achieved in fiscal year 2013. This return was higher than the assumed actuarial rate of return of seven percent, reducing required pension contributions by \$86 million, \$172 million, \$258 million, and \$344 million in fiscal years 2015 through 2018 respectively.

Total pension expenses for the financial plan are shown below:

Total Pension Expenses					
(\$ in Millions)					
	2014	2015	2016	2017	2018
City Actuarial Systems	\$8,142	\$8,208	\$8,293	\$8,389	\$8,561
Non-City Systems	68	82	85	88	89
Non-Actuarial	60	64	67	69	73
Total	\$8,270	\$8,354	\$8,445	\$8,546	\$8,723

Other fringe benefits include, primarily, Social Security, Unemployment Insurance, Workers' Compensation and Health Insurance. Expenditures on fringe benefits include adjustments for expected changes in the City's planned headcount levels. The Social Security expense estimates reflect the tax rates and earnings caps issued by the Social Security Administration. In calendar year 2014, the combined tax rate is 7.65%. The OASDI tax portion of 6.2% is capped at \$117,000 in earnings; the Medicare tax portion of 1.45% is applied to all earnings. Please note that the additional expenditures in Social Security stemming from the tentative labor settlement are reflected in the City's labor reserve. Unemployment Insurance expense estimates are consistent with the statutory maximum weekly benefit levels and planned payroll levels. Workers' Compensation expense estimates are consistent with the compensation rate schedule mandated by State law and the projected growth in medical costs. Health Insurance expense estimates reflect current levels of City enrollee coverage based on the health insurance contract counts and premium data available from the City's health insurance providers. Please note that the health insurance savings stemming from the tentative labor settlement are reflected in the City's labor reserve.

Reserve for Collective Bargaining

The reserve for collective bargaining contains funding for the entire workforce that mirrors the framework of the recently announced tentative collective bargaining agreement with the United Federation of Teachers (UFT) covering the 2008-2010 bargaining period and the seven-year period beyond 2010. The reserve assumes application of the entire nine-year agreement to employees who were unsettled for the 2008-2010 round and the seven-year portion for those who had already settled for that period.

The UFT agreement covers the period from November 1, 2009 to October 31, 2018. Under the UFT agreement, two four percent increases that had been granted by the previous administration to much of the municipal workforce were restructured as follows: 2% to be paid on May 1, 2015; 2% on May 1, 2016; 2% on May 1, 2017; and 2% on May 1, 2018. Lump-sum payments stemming from the 2008-2010 bargaining round will be paid out over five payments between 2015 and 2020 (fiscal years 2016-2021). The total of these payments to both active employees and retirees during the financial plan will be \$2.09 billion. For the collective bargaining round following the 2008-2010 contract period, covering the period 2010-2017, the increases are as follows: a \$1,000 per person one-time lump-sum payment upon ratification of the contract; 0% in fiscal year 2012; 1% on May 1, 2013; 1% on May 1, 2014; 1% on May 1, 2015; 1.5% on May 1, 2016; 2.5% on May 1, 2017; and 3% on May 1, 2018. The total cost of all of the wage increases during the financial plan period, including the ratification lump-sum, will be \$3.54 billion. Some of the cost of the settlement will be offset by savings from reform of City health insurance (\$1.11 billion) and the release of reserves from the health stabilization fund (\$0.33 billion). The amount added to the labor reserve in this plan to pay for this settlement was reduced by the amounts previously budgeted for this purpose (\$0.95 billion).

The budget assumes that settlements with bargaining units other than the UFT that are unsettled for the 2008-2010 round of bargaining will be consistent with this agreement. Applied to these groups only, the lump-sum payment would total \$0.69 billion over the financial plan period. The across-the-board wage increases and the ratification lump-sum will total \$1.17 billion over the financial plan period for the groups that are unsettled in the 2008-2010 round, excluding the UFT.

The financial plan also assumes that the seven-year portion of the tentative agreement with the UFT will serve as a template for wage settlements with the rest of the workforce who had already received the two four percent increases in the 2008-2010 round.

The labor reserve contains funding for the net cost of all of the elements of the UFT contract pattern as applied to the entire workforce (including the UFT and other groups unsettled for the 2008-2010 round) totaling \$9.04 billion, including offsets of \$3.4 billion for health savings and \$1 billion from the release of funds in the health stabilization fund. The amount that would have otherwise been added to the labor reserve in the plan was reduced by \$3.51 billion in funding that was already in the labor reserve in the prior financial plan.

The reserve for collective bargaining also contains funding for the cost of undistributed collective bargaining increases for those groups that have settled in the previous round of bargaining.

Other Than Personal Services

The following items are included in this category:

	(\$ in Millions)				
	2014	2015	2016	2017	2018
Administrative OTPS	\$19,414	\$18,663	\$18,924	\$19,201	\$19,591
Public Assistance	1,379	1,428	1,407	1,413	1,413
Medical Assistance	6,365	6,447	6,415	6,415	6,415
Health & Hospital Corporation	197	179	179	179	179
Covered Agency Support & Other Subsidies*	3,535	3,522	3,715	3,927	4,090
Debt Service*	5,733	6,665	7,242	7,582	7,840
General Reserve	50	600	600	600	600
Prepayments	(506)	(2,332)	-	-	-
Total	\$36,167	\$35,172	\$38,482	\$39,317	\$40,128

* 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 2016 through 2018, 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 2016 through 2018.

Energy

The financial plan includes a Citywide appropriation to provide for the changing cost of energy for 2016 through 2018. Energy costs in each agency, with the exception of HPD, are held constant for 2015 through 2018. Price and usage changes for HPD’s In-Rem / DAMP / AEP Programs are budgeted in HPD’s four-year plan.

Gasoline costs are expected to increase by \$6 million from 2014 to 2018. Fuel oil and heat, light and power costs are expected to decrease by \$23 million between 2014 and 2015 due to normalization of weather. Heat, light and power costs are expected to increase another \$50 million between 2015 and 2018.

Energy Costs
(\$ in Millions)

	2014	2015	2016	2017	2018
Gasoline	\$109	\$115	\$112	\$113	\$115
Fuel Oil	134	126	123	124	127
HPD-In Rem / DAMP	8	7	7	7	7
HPD-Emergency Repairs	5	3	3	3	3
Heat, Light and Power	807	792	789	798	842
Total	\$1,063	\$1,043	\$1,034	\$1,045	\$1,094

Leases

In each agency, the cost of leases is budgeted at a constant level from 2015 through 2018. A citywide adjustment for 2016 through 2018 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 \$955 million for leases in 2015, \$989 million in 2016, \$1.02 billion in 2017 and \$1.05 billion in 2018. Of these amounts, the citywide adjustment is \$34 million, \$65 million, and \$95 million respectively in 2016 through 2018.

Public Assistance

In 2015, 350,297 persons are projected to receive cash assistance on average each month, a decrease of 12,157 from the projected 2014 average.

Medical Assistance

The financial plan for Medical Assistance assumes decreasing growth and baselined funds consistent with the New York State enacted budget effective April 1, 2014, in which the State slowly takes over Medicaid growth from localities. The financial plan also includes the 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 2014 through 2018 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 are the continued receipt of the Disproportionate Share and Upper Payment Limit transactions, as well as a shift from Medicaid Fee for Service to Medicaid Managed Care. 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, Housing 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 \$50 million for 2014 and \$600 million for 2015 through 2018 to provide for uncontrollable increases in expenditures as well as shortfalls in revenue. The General Reserve for 2015 through 2018 has been increased above the required \$100 million to allow for any further uncertainties that may occur in the future.

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 2014 through 2018 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 and TFA 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 \$2.332 billion in 2014 has been provided for this purpose.

Below are the detailed estimates for debt service for 2014 through 2018 after prepayments:

(\$ in Millions)

	Long Term	Short Term	Lease Purchase	Budget Stabilization*	Total City and Lease	TFA	Prepayment Adjustment	Total City, Lease and TFA
2014	\$1,063	\$—	\$232	\$2,332	\$3,627	\$1,664	\$442	\$5,733
2015	3,243	75	317	—	\$3,635	698	2,332	\$6,665
2016	4,512	75	323	—	\$4,910	2,332	—	\$7,242
2017	4,548	75	312	—	\$4,935	2,647	—	\$7,582
2018	4,623	75	305	—	\$5,003	2,837	—	\$7,840

* Amounts in the Budget Stabilization Account are used to prepay the succeeding year's debt service

EXHIBIT 2

**FISCAL YEAR 2015 EXECUTIVE BUDGET AND PROJECTIONS,
FISCAL YEAR 2016 THROUGH FISCAL YEAR 2018**

(\$ in thousands)

Dept. No.	Agency	FY 2013 Actual Expenditures	Fiscal Year 2014		FY 2015 Executive Budget	FY 2016 Estimate	FY 2017 Estimate	FY 2018 Estimate	
			Executive Budget	8 Month Actuals July - Feb. Forecast					
002	Mayoralty.....	\$93,178	\$89,296	\$61,881	\$105,652	\$96,002	\$95,385	\$94,920	\$92,186
003	Board of Elections.....	107,472	112,258	100,750	144,267	108,646	84,220	84,220	84,220
004	Campaign Finance Board.....	9,690	71,864	50,589	71,864	12,293	13,288	13,288	13,288
008	Office of the Actuary.....	5,704	6,459	3,869	6,460	6,259	6,261	6,261	6,261
010	President,Borough of Manhattan.....	4,429	2,618	2,488	4,400	4,359	4,210	4,210	4,210
011	President,Borough of the Bronx.....	4,982	3,424	3,231	5,314	5,208	5,029	5,029	5,029
012	President,Borough of Brooklyn.....	5,211	3,195	3,425	6,120	5,381	4,911	4,911	4,911
013	President,Borough of Queens.....	4,602	3,141	2,680	5,133	4,669	4,390	4,390	4,390
014	President,Borough of S.I.....	3,905	2,395	2,564	4,367	4,154	3,959	3,959	3,959
015	Office of the Comptroller.....	73,220	76,379	49,702	83,992	86,585	86,996	87,080	87,102
017	Dept. of Emergency Management.....	41,538	13,023	24,922	60,373	9,869	8,134	8,137	8,137
021	Office of Admin. Tax Appeals.....	4,247	4,273	2,763	4,329	4,273	4,273	4,273	4,273
025	Law Department.....	143,852	147,433	101,141	170,738	167,909	157,037	155,464	156,102
030	Department of City Planning.....	20,929	20,848	13,855	23,897	27,988	27,658	27,658	27,658
032	Department of Investigation.....	36,369	21,931	21,320	43,671	27,625	27,592	26,881	26,881
035	NY Public Library - Research.....	22,278	10,846	17,219	18,632	22,656	22,656	22,656	22,656
037	New York Public Library.....	113,167	48,819	85,803	89,274	112,185	112,185	112,185	112,185
038	Brooklyn Public Library.....	84,697	35,534	36,105	65,812	83,177	83,177	83,177	83,177
039	Queens Borough Public Library.....	84,187	35,166	38,971	66,603	83,372	83,372	83,372	83,372
040	Department of Education.....	19,232,415	19,830,895	11,479,123	19,743,029	20,623,441	21,225,723	21,826,849	22,435,731
042	City University.....	838,710	877,878	543,821	915,162	926,119	920,404	920,858	868,581
054	Civilian Complaint Review Bd.....	10,609	11,917	6,911	11,917	12,758	12,758	12,774	12,774
056	Police Department.....	4,892,571	4,677,861	3,224,001	4,966,642	4,711,233	4,694,028	4,686,821	4,686,327
057	Fire Department.....	1,833,310	1,714,932	1,233,895	1,978,390	1,778,529	1,754,249	1,735,439	1,697,813
068	Admin. for Children Services.....	2,805,021	2,719,545	2,146,474	2,839,890	2,889,240	2,900,018	2,901,616	2,901,616
069	Department of Social Services.....	9,513,786	9,430,958	6,380,738	9,549,505	9,728,561	9,649,919	9,642,447	9,641,010
071	Dept. of Homeless Services.....	984,265	903,499	831,498	1,047,931	953,547	949,238	949,238	949,238
072	Department of Correction.....	1,090,910	1,065,104	726,634	1,098,131	1,068,249	1,067,123	1,066,572	1,066,572
073	Board of Correction.....	1,031	1,246	768	1,642	1,618	1,501	1,474	1,474
095	Citywide Pension Contributions.....	8,178,549	8,316,704	5,502,046	8,269,572	8,353,527	8,444,903	8,546,185	8,722,891
098	Miscellaneous.....	6,316,890	7,206,673	3,325,684	9,235,826	8,985,548	10,363,147	11,504,039	13,628,165
099	Debt Service.....	6,332,881	4,259,409	385,373	5,291,971	4,332,256	7,242,167	7,582,443	7,840,088
101	Public Advocate.....	2,243	1,523	1,503	2,330	2,257	2,257	2,257	2,257
102	City Council.....	51,590	51,517	35,753	51,529	56,663	49,442	49,442	49,442
103	City Clerk.....	4,406	4,437	2,678	5,008	5,299	5,103	5,103	5,103
125	Department for the Aging.....	262,153	225,592	242,102	264,621	259,696	251,593	251,593	251,593
126	Department of Cultural Affairs.....	146,483	88,789	123,975	156,563	148,627	148,627	148,627	148,627
127	Financial Info. Serv. Agency.....	83,052	91,763	63,663	94,674	100,443	99,990	92,895	92,693
131	Office of Payroll Admin.....	13,223	27,588	9,039	28,449	27,668	27,696	27,726	27,726
132	Independent Budget Office.....	3,889	4,344	2,666	4,613	4,389	4,345	4,335	4,327
133	Equal Employment Practices Com.....	421	665	286	790	949	814	814	814
134	Civil Service Commission.....	767	1,040	513	1,040	1,040	1,040	1,040	1,040
136	Landmarks Preservation Comm.....	4,452	5,005	3,027	5,122	5,268	5,092	5,092	5,102
138	Districting Commission.....	1,381	—	14	—	—	—	—	—

EXHIBIT 2

**FISCAL YEAR 2015 EXECUTIVE BUDGET AND PROJECTIONS,
FISCAL YEAR 2016 THROUGH FISCAL YEAR 2018**

(\$ in thousands)

Dept. No.	Agency	FY 2013 Actual Expenditures	Fiscal Year 2014		FY 2015 Executive Budget	FY 2016 Estimate	FY 2017 Estimate	FY 2018 Estimate	
			Executive Budget	8 Month Actuals July - Feb. Forecast					
156	Taxi & Limousine Commission.....	36,742	62,194	28,849	65,356	62,995	58,344	44,844	44,794
226	Commission on Human Rights.....	6,131	6,287	3,879	6,462	6,494	6,494	6,494	6,494
260	Youth & Community Development,...	345,896	265,034	287,748	414,110	484,208	483,591	483,591	483,591
312	Conflicts of Interest Board.....	2,032	2,033	1,258	2,067	2,117	2,117	2,117	2,117
313	Office of Collective Barg.....	2,105	2,008	1,449	2,182	2,318	2,185	2,185	2,185
499	Community Boards (All).....	14,387	15,411	9,763	15,940	15,405	15,400	15,400	15,400
781	Department of Probation.....	81,698	82,409	59,496	87,785	85,697	83,874	83,859	83,859
801	Dept. Small Business Services.....	150,341	100,653	143,628	527,112	119,436	90,221	90,024	90,024
806	Housing Preservation & Dev.....	675,260	560,366	521,746	801,118	538,344	536,923	536,929	536,893
810	Department of Buildings.....	102,482	103,587	65,961	107,610	107,253	102,252	102,307	99,862
816	Dept Health & Mental Hygiene.....	1,505,969	1,331,251	1,082,766	1,455,896	1,388,271	1,363,525	1,363,146	1,363,146
819	Health and Hospitals Corp.....	507,226	173,709	82,809	197,112	179,133	179,183	179,234	179,234
820	Office Admin Trials & Hearings.....	30,726	35,012	20,217	35,223	35,324	35,326	35,326	35,326
826	Dept of Environmental Prot.....	1,727,257	1,119,867	862,048	1,569,296	1,166,062	1,136,121	1,073,221	1,055,723
827	Department of Sanitation.....	1,369,768	1,425,601	1,021,573	1,463,054	1,484,017	1,537,835	1,516,955	1,517,106
829	Business Integrity Commission.....	6,995	7,145	5,131	7,655	7,010	7,010	7,010	7,010
836	Department of Finance.....	222,291	234,424	161,661	252,955	248,332	246,144	245,997	245,490
841	Department of Transportation.....	833,340	732,978	651,634	935,763	829,777	820,932	823,536	823,351
846	Dept of Parks and Recreation.....	426,328	351,879	282,854	435,063	392,250	385,111	385,332	385,307
850	Dept. of Design & Construction.....	138,143	119,742	80,195	118,735	121,232	121,232	121,232	121,232
856	Dept of Citywide Admin Srvces.....	1,177,551	1,154,285	988,193	1,209,209	1,147,682	1,134,228	1,133,726	1,133,611
858	D.O.I.T.T.....	431,624	443,518	352,152	512,711	481,147	469,702	470,333	471,259
860	Dept of Records & Info Serv.....	5,471	5,209	4,088	5,757	5,260	5,264	5,264	5,264
866	Department of Consumer Affairs.....	27,285	27,977	19,783	37,655	32,660	32,269	32,275	32,281
901	District Attorney - N.Y.....	104,551	85,009	70,117	99,067	92,542	92,542	92,542	92,542
902	District Attorney - Bronx.....	52,874	52,659	34,797	55,327	54,578	54,578	54,578	54,578
903	District Attorney - Kings.....	88,348	82,744	58,174	88,734	87,983	87,983	87,983	87,983
904	District Attorney - Queens.....	50,498	48,919	35,252	52,683	51,269	51,269	51,269	51,269
905	District Attorney - Richmond.....	8,943	8,201	5,657	9,095	9,258	9,258	9,258	9,258
906	Off. of Prosec. & Spec. Narc.....	18,147	17,744	11,735	18,162	18,346	18,346	18,346	18,346
941	Public Administrator - N.Y.....	1,335	1,355	1,146	1,492	1,512	1,512	1,512	1,512
942	Public Administrator - Bronx.....	538	483	339	567	606	606	606	606
943	Public Administrator- Brooklyn.....	531	585	384	665	673	673	673	673
944	Public Administrator - Queens.....	449	453	310	526	538	540	540	540
945	Public Administrator -Richmond.....	440	364	287	438	441	441	441	441
	Prior Payable Adjustment.....	(346,521)	—	—	(400,000)	—	—	—	—
	General Reserve.....	—	450,000	—	50,000	600,000	600,000	600,000	600,000
	Energy Adjustment.....	—	—	—	—	—	(8,971)	2,084	51,051
	Lease Adjustment.....	—	—	—	—	—	33,668	63,347	93,916
	OTPS Inflation Adjustment.....	—	—	—	—	—	55,519	111,038	166,557
	TOTAL EXPENDITURES.....	\$73,275,846	\$71,338,881	\$43,852,542	\$76,787,827	\$75,709,705	\$80,509,157	\$82,652,304	\$85,840,832
	LESS: INTRA-CITY EXPENDITURES.....	1,713,506	1,562,691	671,246	1,776,216	1,795,135	1,820,467	1,822,883	1,827,972
	NET TOTAL EXPENDITURES.....	<u>\$71,562,340</u>	<u>\$69,776,190</u>	<u>\$43,181,296</u>	<u>\$75,011,611</u>	<u>\$73,914,570</u>	<u>\$78,688,690</u>	<u>\$80,829,421</u>	<u>\$84,012,860</u>

EXHIBIT 3

**ACTUAL REVENUE
(\$ in Millions)**

	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013
Taxes:				
Real Property	\$16,369	\$17,086	\$18,158	\$18,970
Personal Income.....	7,576	8,138	8,531	9,778
General Corporation	1,976	2,278	2,447	2,692
Banking Corporation.....	969	1,346	1,278	1,357
Unincorporated Business	1,561	1,675	1,637	1,808
Sales and Use.....	5,059	5,586	5,812	6,132
Commercial Rent	594	601	629	664
Real Property Transfer.....	615	795	912	1,086
Mortgage Recording	366	434	537	742
Utility.....	375	394	371	385
Cigarette.....	93	70	67	61
Hotel.....	363	422	476	505
All Other	516	537	513	533
Tax Audit Revenue	769	988	743	1,009
Total Taxes	37,201	40,350	42,111	45,722
Miscellaneous Revenues:				
Licenses, Franchises, Etc.....	487	525	583	593
Interest Income	22	21	16	16
Charges for Services.....	746	776	850	872
Water and Sewer Charges.....	1,540	1,295	1,373	1,361
Rental Income.....	234	253	291	297
Fines and Forfeitures	833	820	859	815
Miscellaneous	828	698	1,275	703
Intra-City Revenue.....	1,782	1,851	1,743	1,714
Total Miscellaneous	6,472	6,239	6,990	6,371
Unrestricted Intergovernmental Aid:				
Federal Revenue Sharing	—	—	—	—
N.Y. State Per Capita Aid.....	(26)	—	—	—
Other Federal and State Aid	8	39	25	—
Total Unrestricted Intergovernmental Aid.....	(18)	39	25	—
Provision for Disallowance of Categorical Grants.....	—	(112)	166	(59)
Less Intra-City Revenue	(1,782)	(1,851)	(1,743)	(1,714)
Sub Total City Funds.....	41,873	44,665	47,549	50,320
Other Categorical Grants	1,579	1,523	1,141	1,062
Transfers from Capital Fund:				
Inter Fund Agreements	583	561	551	538
Total City Funds & Capital Budget Transfers.....	44,035	46,749	49,241	51,920
Federal Categorical Grants:				
Community Development.....	263	241	225	566
Social Services.....	3,084	3,209	3,290	3,315
Education	2,911	2,762	1,861	1,873
Other	1,458	1,665	1,802	2,866
Total Federal Grants.....	7,716	7,877	7,178	8,620
State Categorical Grants:				
Social Services.....	2,099	1,743	1,533	1,509
Education	8,078	8,110	8,012	7,933
Higher Education	173	154	179	200
Department of Health and Mental Hygiene.....	448	397	536	495
Other	847	851	854	890
Total State Grants.....	11,645	11,255	11,114	11,027
Total Revenues.....	\$63,396	\$65,881	\$67,533	\$71,567

EXHIBIT 4
REVENUE ESTIMATES
(\$ in Millions)

	Fiscal Year 2014 8 Months Actuals	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018
Taxes:						
Real Property	\$18,457	\$19,969	\$20,679	\$21,714	\$22,603	\$23,478
Personal Income	6,313	9,315	9,191	9,617	9,948	10,220
General Corporation	1,235	2,844	2,858	2,950	3,036	3,136
Banking Corporation	523	1,217	1,168	1,183	1,190	1,226
Unincorporated Business...	1,009	1,846	1,933	2,016	2,086	2,168
Sale and Use	4,154	6,460	6,666	6,946	7,260	7,556
Commercial Rent.....	343	697	715	745	778	812
Real Property Transfer	990	1,433	1,352	1,476	1,531	1,576
Mortgage Recording.....	638	950	874	991	1,030	1,062
Utility.....	224	393	415	413	421	431
Cigarette.....	33	55	53	51	50	49
Hotel	281	534	535	556	573	595
All Other	235	534	502	502	501	502
Tax Audit Revenue.....	288	860	709	709	709	709
State Tax Relief Program - STAR	189	838	887	877	881	881
Total Taxes.....	34,912	47,945	48,537	50,746	52,597	54,401
Miscellaneous Revenue:						
Licenses, Franchises, Etc.	441	621	583	591	592	590
Interest Income	9	16	10	45	134	163
Charges for Services.....	528	922	929	929	929	929
Water and Sewer Charges .	1,514	1,497	1,559	1,565	1,513	1,509
Rental Income.....	190	294	272	272	272	272
Fines and Forfeitures	582	844	789	787	787	787
Miscellaneous	752	1,377	1,126	985	936	544
Intra-City Revenue	586	1,776	1,795	1,820	1,823	1,828
Total Miscellaneous	4,602	7,347	7,063	6,994	6,986	6,622
Reserve for Disallowance of Categorical Grants	—	(15)	(15)	(15)	(15)	(15)
Less: Intra-City Revenue	(586)	(1,776)	(1,795)	(1,820)	(1,823)	(1,828)
Sub Total City Funds.....	38,928	53,501	53,790	55,905	57,745	59,180
Other Categorical Grants	292	900	761	837	832	828
Inter Fund Agreements	220	538	527	513	513	513
Total City Funds & Inter-Fund Revenues.	\$39,440	\$54,939	\$55,078	\$57,255	\$59,090	\$60,521

REVENUE ESTIMATES

(\$ in Millions)

	Fiscal Year 2014 8 Months Actuals	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018
Federal Categorical Grants:						
Community Development .	\$108	\$1,110	\$243	\$228	\$224	\$219
Social Services.....	1,331	3,297	3,257	3,237	3,228	3,224
Education.....	285	1,710	1,718	1,738	1,738	1,738
Other.....	693	2,186	1,159	1,130	1,120	1,118
Total Federal Grants.....	2,417	8,303	6,377	6,333	6,310	6,299
State Categorical Grants:						
Social Services.....	560	1,484	1,461	1,469	1,464	1,466
Education.....	4,568	8,576	9,333	9,668	10,054	10,497
Higher Education.....	53	256	260	260	260	260
Department of Health and Mental Hygiene.....	106	492	468	458	458	458
Other.....	103	962	938	1,049	1,165	1,272
Total State Grants.....	5,390	11,770	12,460	12,904	13,401	13,953
TOTAL REVENUE.....	\$47,247	\$75,012	\$73,915	\$76,492	\$78,801	\$80,773

EXHIBIT 5
FULL-TIME and PART-TIME POSITIONS (FTEs)

	6/30/2015		6/30/2016		6/30/2017		6/30/2018	
	Total	City	Total	City	Total	City	Total	City
MAYORAL AGENCIES:								
<i>Uniformed Forces:</i>								
Police -Uniform	34,483	34,483	34,483	34,483	34,483	34,483	34,483	34,483
-Civilian	16,053	16,009	15,899	15,855	15,899	15,855	15,899	15,855
Fire -Uniform	10,788	10,780	10,788	10,780	10,788	10,780	10,788	10,780
-Civilian	5,171	5,150	5,163	5,150	5,156	5,145	5,156	5,145
Sanitation -Uniform	7,356	7,239	7,397	7,280	7,397	7,280	7,397	7,280
-Civilian	2,286	2,172	2,318	2,204	2,318	2,204	2,318	2,204
Correction -Uniform	8,889	8,889	8,889	8,889	8,889	8,889	8,889	8,889
-Civilian	1,644	1,636	1,644	1,636	1,644	1,636	1,644	1,636
<i>Subtotal</i>	<i>86,670</i>	<i>86,358</i>	<i>86,581</i>	<i>86,277</i>	<i>86,574</i>	<i>86,272</i>	<i>86,574</i>	<i>86,272</i>
<i>Health and Welfare:</i>								
Social Services	14,262	10,268	13,654	9,660	13,472	9,478	13,413	9,419
Admin. for Children's Services	6,631	6,465	6,993	6,827	6,993	6,827	6,993	6,827
Homeless Services	1,949	1,949	1,949	1,949	1,949	1,949	1,949	1,949
Health & Mental Hygiene	5,991	4,594	5,851	4,575	5,822	4,571	5,822	4,571
<i>Subtotal</i>	<i>28,833</i>	<i>23,276</i>	<i>28,447</i>	<i>23,011</i>	<i>28,236</i>	<i>22,825</i>	<i>28,177</i>	<i>22,766</i>
<i>Other Mayoral:</i>								
Housing Preservation and Development	2,245	511	2,229	496	2,229	496	2,229	496
Environmental Protection	6,062	217	6,062	217	6,062	217	6,062	217
Finance	2,008	1,996	2,003	1,991	1,998	1,986	1,993	1,981
Transportation	4,855	2,226	4,837	2,226	4,822	2,226	4,822	2,226
Parks	6,686	6,119	6,623	6,119	6,626	6,122	6,626	6,122
Citywide Administrative Services	2,287	1,583	2,286	1,582	2,278	1,574	2,278	1,574
All Other Mayoral	19,061	15,835	18,557	15,385	18,544	15,373	18,478	15,373
<i>Subtotal</i>	<i>43,204</i>	<i>28,487</i>	<i>42,597</i>	<i>28,016</i>	<i>42,559</i>	<i>27,994</i>	<i>42,488</i>	<i>27,989</i>
EDUCATION:								
Dept. of Education - Pedagogical	110,766	93,739	111,733	93,739	111,733	93,739	111,733	93,739
- Civilian	22,809	20,577	22,810	20,578	22,810	20,578	22,810	20,578
City University - Pedagogical	5,139	5,118	5,121	5,121	5,162	5,162	4,988	4,988
- Civilian	2,720	2,710	2,658	2,658	2,658	2,658	2,658	2,658
<i>Sub-Total</i>	<i>141,434</i>	<i>122,144</i>	<i>142,322</i>	<i>122,096</i>	<i>142,363</i>	<i>122,137</i>	<i>142,189</i>	<i>121,963</i>
Total	<u>300,141</u>	<u>260,265</u>	<u>299,947</u>	<u>259,400</u>	<u>299,732</u>	<u>259,228</u>	<u>299,428</u>	<u>258,990</u>
COVERED ORGANIZATION AND NON-CITY EMPLOYEES SUBSTANTIALLY PAID BY CITY SUBSIDIES [1]:								
Health and Hospital Corp.	37,916	37,916	37,916	37,916	37,916	37,916	37,916	37,916
Housing Authority	11,427	—	11,336	—	11,328	—	11,246	—
Libraries	3,857	3,857	3,857	3,857	3,857	3,857	3,857	3,857
Cultural Institutions [2]	1,320	1,320	1,320	1,320	1,320	1,320	1,320	1,320
School Construction Authority	715	715	715	715	715	715	715	715
New York City Employees Retirement System	392	392	392	392	392	392	392	392
Economic Development Corporation	427	427	427	427	427	427	427	427
Teachers Retirement System	386	386	390	390	390	390	390	390
Police Pension Fund	142	142	144	144	146	146	147	147
All Other	269	264	270	265	271	266	273	268
<i>Sub-total</i>	<i>56,851</i>	<i>45,419</i>	<i>56,767</i>	<i>45,426</i>	<i>56,762</i>	<i>45,429</i>	<i>56,683</i>	<i>45,432</i>
Total	<u>356,992</u>	<u>305,684</u>	<u>356,714</u>	<u>304,826</u>	<u>356,494</u>	<u>304,657</u>	<u>356,111</u>	<u>304,422</u>

[1] Includes non-city employees substantially paid by city subsidies.

[2] Includes only those employees of the Cultural Institutions Group paid by city fund subsidies.