

Reengineering Municipal Services 1994-2001

Mayor's Management Report Fiscal 2001 Supplement

The City of New York



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INTRODUCTION

New York City government is in an activist phase, in which “intractable” problems are being attacked using new approaches, and in which expectations and demands for government performance are rising. Improvement is evident in a broad range of services; even in areas where enormous challenges remain, a vital process of reorientation has occurred on which new solutions can be built. In almost all cases, service improvements during the period 1994-2001 were not attained through new spending – the rate of growth in government spending has been drastically reduced, taxes have been cut, and the City’s position in the bond market is the strongest ever. Managers have had to “reengineer” service delivery, in four main ways: by changing the structure of line agencies; by coordinating action across organizational boundaries; by implementing improved service delivery models, particularly through information technology; and by violating old assumptions about how government is allowed to deliver services. Above all, City government has made progress through increased accountability – that is, pressure to perform – applied from the top down.

This volume reviews key reengineering accomplishments from the past seven and one-half years, while also listing further challenges and issues yet to be addressed. The two main volumes of the Mayor’s Management Report, containing service narratives for 44 agencies and covered organizations as well as extensive indicator tables comparing planned and actual service levels, provide ample information for a thorough assessment of the pros and cons of agency performance. This reengineering summary is designed to provide additional information by presenting a perspective not easily assembled from a single edition of the Report.

The purpose of this summary is to document, with as much relevant detail as can practically be included, how service improvements were brought about, by recapitulating developments from the managers’ and planners’ point of view. Its potential value is to suggest areas for the recreation of successful methods and the transfer of these methods to new service contexts. Each general topic is discussed under four headings – challenges, solutions, outcomes, and further challenges. Selected charts are included at the end of chapters. In describing outcomes of the initiatives, an effort has been made to include relevant quantitative indices, reflecting the direct impact of services on citizens and the quality and timeliness of services, wherever possible. Each of the first 17 chapters covers initiatives within a single broad category of services, usually involving a number of City agencies. The final three chapters discuss approaches that can be applied to any area of services – privatization initiatives, information technology, and procurement reforms.

The last section of this volume contains five-year tables of indicators drawn from agencies with related service missions; this group of indicators has been tracked in the same format within the summary volume of the MMR over the past three editions. The section on indicators added to and deleted from the MMR, which previously appeared in the summary volume, has been moved to Volume II of the Report.

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The Challenge

One of New York City's gravest problems during the second half of the twentieth century was crime. All categories of crime, from nuisance offenses and property crimes to racketeering and murder, seemed to be out of control. From 1985 to 1990, homicides rose by 62 percent to a one-year total of 2,245, and despite modest declines, the period 1990-1993 continued to see an annual average of over 2,000 homicides. The City's longstanding image problem made a grim situation look even worse. In 1994, New York City ranked 21st among the 25 largest American cities in per capita reported crime, but first in the perception of fear and crime.

Dealing with the crime problem was key to improving City services in general. The willingness of businesses to invest in the City, of employees to work here, and of the public to use and support public transportation and other public facilities depends on attitudes about personal security and the authorities' capacity to maintain order. The City's economy, and thus its ability to provide critical services of all kinds, are in turn dependent on public confidence.

The challenges faced by the City in restoring public safety as of 1994 can be analyzed as follows:

Lack of Direction. The New York City Police Department (NYPD), like many large bureaucracies, had been organized around avoiding risk and failure. For years, precinct commanders had been unduly constrained by regulations and procedures. Many police operations could only be conducted by centralized units, reflecting an abiding distrust of precinct personnel and resources. Yet, despite micro-management, the Department provided little direction in key areas. It was clear what precinct commanders and personnel weren't allowed to do, but much less clear what they ought to be doing to combat crime, disorder, and fear.

Narcotics. In the late 1980s and early 1990s, rampant drug trafficking was the primary cause of crime and violence in many neighborhoods in New York City. The link between drugs and crime was firmly established; drug users turned to crime to fuel their addiction or committed illegal acts while under the influence of drugs. One survey revealed that one in four U.S. inmates convicted of property and drug offenses had committed their crimes to get money for drugs. Another survey of inmates at state and federal correctional facilities disclosed that 33 percent of state prisoners and 22 percent of federal prisoners were under the influence of drugs during the commission of their offense. In New York City, 70 to 80 percent of the individuals arrested each year tested positive for drug use. Drug dealers engaged in violence to settle disputes, discipline employees, prevent the theft of drugs and drug monies, or eliminate competitors for drug markets and customers. At least a quarter of all homicides in the City during the period 1989-1993 were directly related to drug trafficking.

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Quality of Life Offenses. Citizen's lack of perceived safety was exacerbated by increased signs of disorder in the public spaces of New York City. These spaces were besieged by aggressive panhandlers, squeegee cleaners, street prostitution, public drunkenness, excessive noise, and graffiti. Surveys conducted in 1992 and 1993 by the Commonwealth Fund and Manhattan Institute found that 59 percent of people who left New York City did so to improve their quality of life. Similarly, 22 percent said that if their old neighborhood had been kept free of graffiti, litter and debris, it would have had a major impact on their decision to move. Another 17 percent stated that if the Police Department had taken minor crimes and disturbances more seriously, that, too, would have had a major impact on their decision to move. Of the people who still lived in New York City at the time, three out of five said that graffiti, homeless people, noise and panhandlers had radically reduced the quality of life for themselves and their families. Noise, alone, was consistently given as one of the top three reasons people cited for leaving the City.

The importance of neighborhood quality of life in determining overall public safety was formulated in an article entitled "Broken Windows," by the sociologists James Q. Wilson and George L. Kelling. In their article, the two theorists postulate that based on perception, disorder and crime are inextricably linked. They claim that when a building window is broken, it is inevitable that all the windows will soon be broken. Similarly, "the unchecked panhandler, is, in effect, the first broken window." They further conclude that in neighborhoods where disorderly behavior is ignored by police, serious street crime flourishes.

The Police Department, at the time, was aware of deteriorating conditions but was ill equipped to address them adequately. The Department was hindered by a wide array of ineffective practices. Over-specialization within the Department, inadequate resources within the precincts, and reliance on outside agencies combined to deprive Precinct Commanders of the tools and authority to address even the most basic quality of life conditions. Precinct Commanders had been forced to wait their turn before conducting law enforcement operations that required collaboration with other units within the Department and other agencies. By the time their turn had come, the condition had often worsened or led to more serious crimes. This served to convince neighborhood residents that the police were lacking in commitment, competence, and even integrity.

Police-Community Relations. The NYPD deserves its reputation as the finest law enforcement organization in the world. Nevertheless, perceptions that the NYPD is unresponsive to the varied communities it serves and insensitive to the ethnically diverse population that it protects have always existed. Certain communities experience poor relationships with the Department; they feel that police officers represent to them little more than a uniformed occupying force, and that the community has no input into the manner in which police service is administered.

These perceptions were made worse in the early 1990s by incidents in which basic police functions such as crowd control and the maintenance of order showed signs of serious neglect and mismanagement. Many communities thus felt disenfranchised and alienated,

further serving to erode the overall perception of the quality of life for residents, tourists, and workers in New York. The challenge to the NYPD throughout the 1990s and beyond has been to improve its relationships with citizens in every community throughout New York City, to adopt a "customer service" outlook throughout the Department, and to create a culture of accountability and leadership throughout all ranks regarding police-community relations.

Divided Commands. Separation of the Housing and Transit Police forces from the City's Police Department was an obstacle to implementing citywide coordinated crime reduction strategies. Three distinct organizations required extra administrative resources that kept uniformed officers away from enforcement functions. While two former Mayors and at least three police commissioners had been proponents of the merger of the City's police forces, the Giuliani Administration made it a reality.

The arguments in favor of consolidation were threefold: that all New Yorkers would be better served and better protected if a single chain of command accountability was responsible for police administration, if operating efficiencies and reductions in overhead could take more uniformed officers out of offices and put them into enforcement positions, and if one set of crime control strategies could be applied with centralized direction and vigor. Opponents of merger claimed that the specialized skills and tactics necessary for policing the unique housing and transit environments would be lost; six years after consolidation, this has not proven to be the case. Building on the success of the merger, the City has applied the benefits of central command to additional areas – traffic enforcement, and school safety.

School Safety. The placement of the Board of Education's Division of School Safety (DSS) under the jurisdiction of the NYPD in December 1998 had one primary purpose: to provide a safe learning environment for both students and teachers. Nationwide statistics indicate that over two million teenagers are victims of violent crimes annually. Additionally, a study of youth conducted by the National Institute of Justice revealed the following:

- Two-thirds personally knew someone who carried a weapon to school and one in four reported carrying weapons while in school.
- Two-thirds personally knew someone who had been shot, stabbed or assaulted while in school.
- One-third agreed that there was significant violence in the school they attended.

In recent years several studies have recognized the need for significant changes in the operation of the DSS. These studies pointed to substantial deficiencies in the area of recruitment, screening, hiring, training, supervision, incident reporting, and personnel deployment. A November 1995 report of the Board of Education's Inspector General found that a "back channel" existed which allowed for hiring based on favoritism and bribery. The State Comptroller's audit of the Division of School Safety Incident Reporting system revealed that the DSS significantly understated the number of safety

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related incidents occurring at Board of Education facilities. Furthermore, the supervision of agents was found to be inadequate.

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| The Solution |
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The ways in which the City and its Police Department have responded to these challenges are described below. Other chapters address the City's multiagency responses to the specific problems of traffic safety, family violence, and racketeering.

Planning and Management of Crime Reduction Strategies. Since April 1994, the Department has developed and introduced ten Crime Control and Quality of Life Strategies and has published and disseminated Police Strategy documents throughout the agency. To complement these, the NYPD has developed and implemented additional initiatives and plans of action such as 1997's Traffic Safety / Quality of Life Plan of Action. The NYPD's ten central strategies address the following goals:

- Reduce the number of shooting incidents and guns on the street.
- Reduce youth crime by increased attention to juvenile offenses and by coordinated action against gangs.
- Target major narcotics offenders for enforcement, as well as street-level drug dealers and buyers.
- Expand efforts to deter domestic violence, including child abuse, through more intensive investigation and arrests for family-related offenses.
- Help communities reduce the number of quality-of-life violations, including prostitution, graffiti, illegal sex shops, illegal peddling, public drinking, and unreasonable noise.
- Reduce the number of grand larceny automobile complaints.
- Root out corruption and build organizational integrity within the NYPD.
- Improve the flow of traffic and ensure pedestrian safety.
- Bring fugitives to justice by focusing on pursuit of warrant violators.
- Promote positive police/community relations by emphasizing courtesy, professionalism, and respect.

Individually and collectively, these comprehensive strategies chart the course the Department pursued to reduce crime and to improve the quality of life enjoyed by our City's residents and visitors. The strategies were effective, in part, because they promoted the kinds of practices effective police officers used to successfully reduce or prevent crime and improve quality of life. The strategies were carefully crafted to permit precinct and patrol borough commanders the flexibility they needed to respond effectively to local community issues. This essential flexibility permitted commanders to adapt the overall strategies to meet and address the specific problems and concerns affecting the neighborhoods within their jurisdiction. Precinct and patrol borough commanders throughout the City followed the overall guidelines and policies outlined in the strategy documents, but were given wide latitude in determining the specific tactical approaches they took to solving community problems.

In the past several years, the NYPD has departed from conventional community policing ideology by recognizing that in order for this Department to be effective in reducing crime and in responding to the needs of communities, many operational decisions had to be made by commanders at the precinct level. Precinct commanders were in a far better position than headquarters executives to appreciate and meet the particular needs of their communities and to direct the efforts of the police officers they manage. They were also in a better position than beat officers to understand and harmonize the agency's policies with the social dynamics operating within their geographical compass. For these reasons, the NYPD's policies were revised to empower precinct commanders, significantly expanding their authority, responsibility, and discretion as well as the degree of control they exercise over personnel and other resources. As the natural corollary of this expanded authority, commanders' accountability for results was also increased.

This Department began conducting weekly Crime Control Strategy Meetings to increase the flow of information between the agency's executives and the commanders of operational units, with particular emphasis on crime and quality of life enforcement information. In the Department vernacular, these briefings are referred to as CompStat (Computerized Statistics) meetings, since many of the discussions are based upon the statistical analyses contained within the weekly CompStat Report. (Statistics included in this report can be viewed on the Department's home page at NYC.GOV, the City's web site.) These meetings are an integral facet of a comprehensive interactive management strategy that enhances accountability while providing local commanders with considerable discretion and the resources necessary to properly manage their commands. It also ensures that they remain apprised of crime and quality of life conditions within their areas of responsibility, and that the Department's ten Crime Control and Quality of Life Strategies are fully implemented throughout the agency. The meetings serve as a forum in which precinct and other operational unit commanders communicate to the agency's top executives the problems they face, while also sharing successful crime reduction tactics with other commanders. The process allows top executives to carefully monitor issues and activities within precincts and operational units, to evaluate the skills and effectiveness of middle managers, and to properly allocate the resources necessary to reduce crime and improve police performance.

Narcotics Initiatives. In the mid-1980's, in an initiative dubbed Operation Pressure Point, the NYPD flooded the Lower East Side with several hundred police officers in an attempt to eradicate pervasive open drug markets. Uniformed officers stopped and questioned suspected buyers and dealers, dispersed crowds, issued summonses, and made thousands of arrests. Within the first four weeks, 1,780 arrests were made in the targeted area (7th and 9th Precincts). The massive deployment of uniformed officers resulted in the disruption of blatant street sales, and led to the unexpected result of decreased felony crime in the targeted area. Within six months, robberies in the 7th and 9th Precincts declined eight times faster than in the City at large, and burglaries declined nearly four times as fast. The NYPD had learned from experience that crime control strategies that address drug trafficking would also reduce crime and violence.

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In December 1995, the areas encompassing the 7th and 9th Precincts were assigned to enforcement modules under a “turf based” concept. Previously, the Narcotics Division conducted narcotics enforcement in a limited number of areas for a fixed period of time and then shifted its narcotics operations to the next round of precincts. Under this new concept, selected narcotics teams would have geographic responsibility for designated areas within the 7th and 9th Precincts. The concept was so successful that the entire Narcotics Division was reorganized into “turf based” modules. Henceforth, every precinct in New York City would be assigned to an enforcement module (a team of six detectives and two undercover officers headed by a supervisor), charged with identifying, penetrating and eliminating the drug dealers distributing drugs and guns within that defined area.

Previously, the goal of narcotics enforcement was to reduce drug trafficking, effect a multitude of arrests, and drive drug dealers out of a targeted area within a defined time period. Since the turf-based model was developed, the measure of success has become the absence of drug dealing and the reduction of crime in the catchment area. The Department recognized the futility of measuring the success or failure of anti-drug operations with empty indicators such as arrests or summonses. Narcotics initiatives, in addition to addressing drug sales and usage, would be used to reduce crime and violence under select conditions. Comparisons of reported felony crime among the City’s 76 precincts influenced which areas received narcotics initiatives; precincts whose reductions in felony crime and violence (as measured by aggregated crime complaints) lagged behind the overall citywide index were prime candidates for the establishment of new precinct-based initiatives.

One of the earliest initiatives, the Northern Manhattan Initiative, is a joint effort involving personnel from the Narcotics Division, other units within the Department, and a Federal Task Force team representing seven federal enforcement agencies, all working to attack the drug trade in the 30th, 33rd and 34th Precincts. In addition, local, State and federal prosecutors provide expertise and assistance in the targeting and prosecution of drug gangs. The success of the Northern Manhattan Initiative in reducing crime prompted the creation of other narcotics initiatives around the City, now serving eight precincts in the Bronx, 15 in Brooklyn, seven in Manhattan, six in Queens, and one in Staten Island. Over the last few years, these narcotics initiatives have significantly reduced narcotic trafficking in their respective “turfs” and have contributed to the dramatic reduction in crime and violence throughout New York City.

The Model Block Program, a cooperative venture involving several units of the Police Department and the Mayor’s Office, eliminates entrenched drug trafficking from targeted residential blocks. This multi-step program is designed to deal with City blocks that are under the control of drug dealers. First, the Narcotics Division conducts buy and bust operations, executes narcotic search warrants, and utilizes nuisance abatement and civil enforcement statutes to create a drug-free environment. Next, precinct personnel working steady posts stabilize the block and maintain police omnipresence. The Community Affairs unit then oversees outreach efforts to the affected community and ensures a positive relationship between the Department and the block’s residents. The Mayor’s

Community Assistance Unit acts as a liaison between the Department and other City agencies, preventing any bureaucratic delays from impeding the recovery effort.

The most recent tool created to address narcotics trafficking and its attendant violence and shootings is Operation Condor (Citywide Organized Narcotic/Drug Operation Response), a coordinated, multi-bureau tactical response to narcotics and quality of life conditions. Enforcement modules are deployed on overtime in their normally assigned precincts or commands; the assigned personnel have prior experience in the area and are knowledgeable about precinct conditions and the community. This program has been successful in reducing drug-related violence and combating quality of life offenses, by providing intensive buy and bust operations and a highly visible uniformed component to deter offenses. The high visibility of uniformed personnel conveys a strong police presence to the community, thereby strengthening police-community relations.

Quality of Life Enforcement. Incessant noise was a major priority in addressing quality of life conditions. Officers were directed to respond to complaints of loud radios on streets, parks, playgrounds and subways, and to strictly enforce the provisions of the New York City Administrative Code prohibiting unreasonable noise by issuing Environmental Control Board Summonses. As an alternative, the officers could issue universal summonses and seize the sound-reproducing device. In response to the more mobile forms of noise pollution, "Operation Sound Trap" was formulated to target "boombox cars." This unique tactic joins inspectors from the Department of Environmental Protection with beat officers from the NYPD to enforce Section 375(47a) of the Vehicle and Traffic Law, which makes it unlawful to play amplified sound from a vehicle in excess of 80 decibels. Operators in violation of this law not only face a summons but may also have their vehicle confiscated and impounded until satisfactory proof of disposition of the summons is presented. "Operation Cycle Check," a cooperative effort with the State Department of Motor Vehicles, was implemented in order to target motorcycles with insufficient engine noise mufflers.

Excessive noise emanating from nightclubs has also been responsible for diminishing the quality of life for many New Yorkers. These establishments are often unnecessarily loud, draw unruly crowds, cause traffic jams, and are often plagued by violence and drug abuse. In response, the Department developed "Operation Last Call," a multi-agency task force designed to address crime and quality of life issues in areas with an active neighborhood nightlife. Enforcement efforts are focused on dance clubs, bars, cabarets and discos that are the primary source of community complaints. All applicable ordinances are enforced through the coordinated efforts of various City and State agencies including the Police, Fire and Sanitation Departments, the State Liquor Authority and the Department of Environmental Protection. Persistent violators are targeted for closure by the Department's Civil Enforcement Unit, utilizing the provisions of the Nuisance Abatement Law.

An important development in the battle against incessant noise was the implementation of the Quality of Life Hotline, 1-888-677-LIFE. Established in September 1996, the Hotline allows citizens to voice their concerns and provides a clear, responsive avenue to which

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their complaints can be directed. Calls made to the hotline receive an immediate response through the Department's dispatching system if the condition reported is presently occurring and the nature of the condition is such that it may be corrected by a police response. Beginning in 1998, the hotline was expanded and information received was used to more effectively identify, track and target problem conditions. Complaints are thoroughly investigated and maintained in a central database, which is used to identify "hotspots" and follow up on sources of chronic complaints. Additionally, the "hotspots" are routinely addressed at CompStat meetings.

Street prostitution is another major detriment to the quality of urban life. Programs such as "Operation John," an innovative decoy operation that targets those who use prostitutes, and "Operation Losing Proposition," which targets the customer as well as the prostitute by seizing the customer's vehicle and commencing civil forfeiture proceedings, have dramatically reduced the number of visible prostitution operations. "Operation Cruising" was also implemented to address the trend of prostitutes utilizing their own vehicles to cruise for potential customers or meet customers at predetermined locations. Vehicles used in this way are seized utilizing the same civil forfeiture proceedings proven successful in "Operation Losing Proposition." In addition, the NYPD and the Department of Transportation are working together to coordinate the installation of high-powered streetlights in prostitution-plagued locations. In the same vein, building owners are encouraged to install motion detector lights and floodlights to deter prostitution activities.

When the walls of schools, stores and apartment buildings are covered with graffiti, it conveys the sense that the streets themselves may be out of control. To the average resident, the proliferation of graffiti indicates that the environment is uncontrolled and uncontrollable, and that anyone can invade it to do whatever damage and mischief the mind suggests. The Department's lead in combating graffiti is the Anti-Graffiti/Vandalism Unit, created in October 1994. This elite unit identifies vandals by connecting "tags" to their real names and gang affiliations through intense investigations. Furthermore, the officers in the AG/VU have identified the tags with narcotics transactions and utilized this information to make numerous drug arrests. In addition, the NYPD has forged partnerships with merchant's associations and housing developments to install and operate closed circuit television (CCTV) cameras with recording capabilities. The CCTV participants agree to prosecute vandals and provide tape recordings as evidence. Closed circuit television cameras have contributed to reducing vandalism in New York City Housing Authority developments. The AG/VU is a key player in the Mayor's Anti-Graffiti Task Force, a consortium of City agencies that work with selected communities around the City to distribute free paint for removing graffiti, bring the resources of City agencies to bear to eliminate graffiti and stickers from the urban landscape, and maintain a graffiti-free environment through enforcement and community involvement.

The Department has also managed to reduce another notorious urban problem: intimidation by squeegee cleaners, aggressive panhandlers and dangerous mentally ill street people. For years, motorists were forced to endure the squeegee cleaners who would stake out entrances to tunnels and highways, intimidating drivers to accept their

services in exchange for coerced payments. A pilot project revealed that the number of squeegee cleaners could be dramatically reduced through sustained police intervention, including dislocation, issuance of summonses, and ultimately arrest. This strategy has been implemented citywide and has resulted in a drastic reduction of the number of squeegee pests.

Similar measures have been taken to address aggressive panhandling. Perhaps the greatest asset to combating this behavior is Administrative Code 10-136, which defines the conditions under which panhandling constitutes a misdemeanor. The NYPD has emphasized the importance of this ordinance through strict enforcement and coordination with residents and local business owners. In addition, the Department created the Homeless Outreach Unit in October 1994 to address both panhandlers and the mentally disturbed population roaming City streets. The purpose of this unit is to ensure that proper referrals are being provided for the homeless population of New York City. Outreach efforts are in place that target City parks, subway stations and bus depots. In addition, the Police Department also seeks medical and psychiatric assistance for the homeless and attempts to seek shelter for homeless individuals.

Public drinking and sale of alcohol to minors has also been responsible for the perception of disorder in New York City. Precinct commanders are directed to ensure that summonses for violations of Alcoholic Beverage Control Laws are issued to persons caught drinking alcoholic beverages in public. Additionally, beat officers are instructed to attempt to identify stores and establishments that serve alcohol to minors. To ensure compliance with alcohol control laws, the Department has been utilizing police cadets and auxiliary police officers to attempt to purchase alcohol. Establishments found in violation of State Liquor Authority ordinances are summonsed and ultimately processed under Nuisance Abatement proceedings. Furthermore, these establishments are subject to suspension and possible revocation of their liquor licenses.

The overall enhancement of NYPD management and accountability since 1994 has had a particularly strong impact on successful enforcement against quality of life offenses. For the first time, precinct commanders were authorized to conduct decoy operations of their own to address the growing trend of street prostitution. Car-forfeiture operations were conducted on a precinct level using precinct personnel trained by the Vice Enforcement Division. Trained personnel from the precinct were utilized to conduct "Operation Sound Trap" and "Operation Cyclecheck" to address noise concerns. And for the first time in decades, specially trained uniformed supervisors were sent into licensed establishments to combat the widespread sale of liquor to minors. No longer would precinct commanders have to wait their turn for the cooperation of the Vice Enforcement Division, the Department of Motor Vehicles, or the State Liquor Authority. Taken together, these changes have significantly enhanced the ability of precinct commanders and all police personnel to respond to conditions that impact negatively on the quality of life in City neighborhoods.

Warrant Enforcement. One of the NYPD's newest approaches to targeted crime fighting focuses on the execution of arrest warrants. At the start of 2001 the Mayor

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allocated \$4 million for Operation Discover. This allocation permitted expansion of warrant enforcement operations, including the assignment of 300 additional officers. The Warrant Section prioritizes its cases based on the severity of crimes and precinct conditions, and this influx of personnel allows for a greater focus on targeting specific crimes. In March 2001 the Warrant Section became an integral part of the CompStat process, with Borough Commanders submitting in-depth profiles and quantifying results for Department managers.

Community Relations and Police Professionalism. The Department has taken the following steps to strengthen relations with the City's communities:

Courtesy, Professionalism and Respect (CPR). In order to promote a culture of professionalism in which courtesy and respect are consistently applied in interactions with the public, the CPR campaign was implemented in June 1996. Born of internal reassessment as well as the input of citizen focus groups, advisory boards, and external review committees, the underpinnings of CPR are:

- setting professional standards;
- revising recruitment criteria;
- incorporating the philosophy of CPR in all facets of training;
- implementing comprehensive performance monitoring;
- revising reward and discipline systems; and,
- expanding public involvement.

The lasting legacies of CPR include a recognition program whereby officers who exhibit continued behavior consistent with CPR are acknowledged and rewarded; and "Compliance Tests," administered by the Department to test police officers' conformity with the tenets of CPR. In 1998, as an addendum to CPR, "Streetwise: Language, Culture, and Police Work in New York City," an interactive and video training series, was developed to inform police officers about the distinct linguistic and cultural traits of persons belonging to various ethnicities, religions and sexual orientations.

Refocus on Community Relations. In 2000, the Police Commissioner mandated that CompStat meetings reflect a department wide emphasis on improving police-community relations. Commanders are now held strictly accountable for local community relations during these meetings. Attendance of local police personnel at community meetings is closely monitored through the use of Monthly Meeting Reports, and the first fifteen minutes of each CompStat meeting are spent reviewing issues raised in these reports.

Best Practices Guide to Community Relations. In Spring 2001, the NYPD published "Making the Connection: Best Practices in Community Relations," a guidebook describing successful police-community partnership programs. The guide was designed to disseminate to NYPD command executives the details of programs to be implemented within their precincts in order to bolster existing relationships and forge new relationships in the communities served. Prior to its publication, feedback was sought from community leaders in each of the five boroughs. One successful program highlighted in the guide which clearly merits replication citywide is "Community, Clergy and Police", a series of

meetings in which trained facilitators bring together local community members, clergy leaders and police officers to share a meal, get to know each other, and to discuss relevant local issues.

Community Notification Protocol. In June 2001 the NYPD implemented a "community notification protocol" to keep community leaders and organizations informed of local conditions, activities, and events of an unusual, noteworthy or sensitive nature. The protocol mandates the maintenance of a roster of persons and/or organizations to receive such notifications. The Department's policy stresses notification to community leaders and groups of "in-command" events and occurrences (i.e. assignment of new personnel, exemplary arrests, etc.), as well as the need to maintain regular contact with these important parties in the absence of major events. The protocol also encourages the use of technology – email, the command web site, fax, etc. – while stressing the importance of personal, face-to-face notification in certain situations.

Customer Service Focus. In 2001 the Department adopted a new customer service approach at the local command level, with precincts employing a business-like model for community relations. Using this model, the Department's "customers" are members of the communities served, and successful "profits" are measured in terms of the community's satisfaction. Department training was reengineered to reflect this shift. In an innovative public/private partnership between the Police Foundation and Pfizer Pharmaceuticals, the NYPD developed training for first-line supervisors concentrating on leadership, coaching to improve performance, and creating an environment of accountability. In addition, all Department executives, both uniformed and civilian, attended a full-day seminar in which a retired naval commander spoke on the principles of leadership and customer service, and executives from Keyspan Energy lectured regarding customer relations and customer service.

Precinct Commanding Officers have designated special members of their command to promptly provide professional and courteous service to all visitors at their facility. All members of the service who have the most frequent direct contact with the public – including telephone switchboard operators, precinct receptionists, and clerical room personnel – are now held to the highest standards of professional conduct. Commanding Officers are now tasked with reaching out to their various community groups and building stronger ties with those groups; these executives now do so with the same fervor that is applied to reducing crime. To ensure success, the efforts of Commanding Officers in this area are consistently monitored, with an accountability concept in place similar to that used in CompStat for monitoring crime reduction.

Neighborhood Satisfaction Surveys. The NYPD, in conjunction with Vera Institute of Justice, is developing a neighborhood satisfaction survey in order to measure community satisfaction with local precincts, police service areas and transit districts. Under this program, monthly surveys will be carried out with subjects who have had recent contact – both voluntary and involuntary – with the police, and with local community leaders, inquiring as to officer's demeanor, actions, and professionalism. Data collected via the surveys will be aggregated to calculate precinct neighborhood satisfaction. Several police agencies have attempted to measure community satisfaction on a regular basis; however,

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they rely solely on general public opinion surveys. The NYPD will be the first law enforcement agency in the nation to develop specific performance information measuring communities' satisfaction with local police. The Department is implementing the surveys as part of a five-precinct pilot program during Summer 2001, and will expand the initiative citywide soon thereafter.

Recruitment. Since the beginning of the Giuliani Administration, the Police Department has enhanced its recruitment efforts to make the Department more reflective of the population of New York City. The Department is continually improving its recruitment efforts directed at minorities and women. The Department reaches out to local colleges and universities for candidates; the City University of New York and other local community colleges are specifically targeted since the student body includes a large number of minorities and women. Recruitment teams set up sites at street fairs and festivals, health fairs and various locations throughout the city. Recruitment drives are publicized through television, newspaper and radio ads, posters on MTA trains and buses, and the Internet.

During 2000, the Department established the City Resident Recruitment and Retention Unit. This unit reaches out to residents of every New York City community to offer direct assistance in navigating the application process and fulfilling hiring requirements. In addition, in order to encourage more City residents to join the NYPD, the Department implemented a \$10 million City resident recruitment drive in 2000 that reached into every community in New York City. This recruitment drive was dubbed "Mission Possible." It involved the use of focus groups and public surveys to assess the target audience and the success of an intensive advertising campaign. The target audience was identified as City residents between the ages of 18 and 34, individuals with two years of college or military service, and persons of African-American, Hispanic, Asian and other immigrant descent. The goal was to increase the pool of applicants, and minority representation, to match the ethnic composition of New York City.

Reorganization. After decades of thought and months of planning, merger with the Transit and Housing Police Departments occurred on April 2, 1995 and April 30, 1995 respectively. Over 7,300 uniformed and 460 civilian personnel were transferred into the New York City Police Department.

In the six years since the merger of the City's three police forces the wisdom of this consolidation continues to be demonstrated. The Police Commissioner has the ability to direct all police resources in a unified, targeted, and coordinated manner. This ability has enhanced the overall efficiency and effectiveness of the services provided to New York City residents and the millions of persons who visit annually. The following are some of the operational benefits that have resulted from merger:

- One manager allows for a more efficient decision-making process, greater accountability, and targeted direction. The Police Commissioner is ultimately responsible for all police-related concerns in the City.

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- Many Housing and Transit support units were consolidated with their NYPD counterpart units. This consolidation resulted in greater efficiency by ending duplication of administrative and support functions, thereby allowing officers to return to patrol duties.
- The merged Department is better able to gather and disseminate information on criminal activity wherever it may occur (subways, apartments, housing developments, streets), thus facilitating preventive patrols. Transit and Housing commands have become an integral part of the CompStat process.
- Coordination of crime control and quality of life strategies and deployment of personnel has allowed for more effective patrol initiatives. Police services are delivered to all communities without allowing jurisdictional boundaries to disrupt the process.
- Certain radio transmissions often elicited responses from all three police agencies. These duplicative responses, which often resulted in needless paperwork and less efficient use of patrol resources, have been eliminated.

Building upon the success of the police merger, Mayor Giuliani proposed the transfer of all enforcement functions, with limited exceptions, from the Department of Transportation (DOT) to the Police Department. Traffic Enforcement Agents (TEAs), their supervisors, facilities, support staff, vehicles and equipment were placed under the direction and control of the Police Commissioner. This consolidation was implemented in July 1996. As a result, the Police Commissioner now has the ability to direct all traffic control resources throughout the city in a unified and targeted manner. Traffic managers are held accountable for improving chronic traffic congestion problems and for rapid redeployment of personnel as needed. The transfer of Traffic Enforcement Agents has also led to greatly reduced absenteeism among these personnel, contributing to enhanced productivity.

Parking Ticket Device System. In January 2001 the NYPD released a Request for Proposals (RFP) for a Parking Ticket Device System. The aim of the RFP is to implement a system which utilizes computerized technology to reduce illegible, inaccurate or missing parking summons data and improve the handling of parking summonses, by enabling the electronic issuance and tracking of parking summonses written by NYPD Traffic Enforcement Agents.

The roughly 1,700 TEAs assigned to the Department's Parking Enforcement District are responsible for issuing over four million summonses each year. Over 8.5 million parking summonses are currently issued in the City of New York each year. Through the deployment of handheld computer ticketing devices, enforcement agents will input vehicle registration and violation data, affix a digital issuer signature, and print and issue the summons. All summoning activity data will be transferred from the ticketing devices at the end of a working tour to secure computers servers in preparation for transmission to the Department of Finance (DOF). DOF will retain the electronic parking ticket, along with security information to validate the original issuance and to ensure that the original

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summons does not contain any undetectable alterations, in compliance with the Electronic Records and Signature Act (ESRA). This statute sets the legal standard governing digital signatures in the New York State for government transactions. These ESRA-compliant electronic summonses will be available to DOF Parking Violations Bureau administrative law judges during their adjudication proceedings.

The Police Department is currently in the process of finalizing the selection of two vendors for the first phase of this two-phase project. The first phase involves a pilot period to evaluate the effectiveness of the overall system and ticketing devices under actual working conditions. Two companies will participate in Phase I, which will be conducted in two NYPD Parking Enforcement District commands. Each vendor will be assigned to a different command. During Phase I, traffic enforcement agents will utilize the ticketing devices to issue legally valid summonses. It is anticipated that the summonses generated by these devices will be easier to read than handwritten summonses and contain less errors. At the completion of Phase I, the program and each vendor will be evaluated. The program may then be expanded to all 19 NYPD Parking Enforcement District commands for full implementation (Phase II).

Phase I of the project is expected to begin in Fall 2001, and Phase II will begin by January 2002. This project will likely involve the first large-scale use of digital signatures in the public sector.

School Safety. As of December 1998, the Board of Education's School Safety Division was placed under the auspices of the Patrol Services Bureau of the NYPD. The NYPD School Safety Division has a decentralized, borough-based operational structure. School Safety Agents are hired through the NYPD's Employee Management Division. The Police Department conducts an extensive background investigation into each candidate. Since the merger, the NYPD has hired and trained 1,681 school safety agents. Training for new school safety agents was also upgraded by the NYPD, and all training for School Safety Agents is now conducted by State-certified police instructors. Class hours were increased from 240 hours to 360 hours of training. All School Safety Agents are now supervised by local, uniformed NYPD police supervisors in every precinct around the City.

| Chronology of Implementation | |
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| April 1994 | Release of the first citywide crime control strategies. |
| October 1994 | Homeless Outreach Unit and Anti-Graffiti/Vandalism Unit are established. |
| January 1995 | CompStat statistics indicate double-digit crime reduction in the first year of the Giuliani Administration. Major felony crimes decline by 12.3 percent from 1993 to 1994. |
| April 1995 | Merger of Housing Police and Transit Police with the NYPD. |
| June 1996 | Courtesy, Professionalism and Respect (CPR) Police Strategy begins. |
| September 1996 | The Northern Manhattan Initiative begins, targeting narcotics traffic and related crime through cooperation between City, State and federal law enforcement agencies. |
| September 1996 | Establishment of the NYPD's Quality of Life Hotline. |
| December 1998 | Transfer of the Division of School Safety to NYPD authority. |
| December 2000 | FBI Index Crimes in New York City reach the lowest level ever recorded – the lowest since at least 1968. |
| January 2001 | \$4 million allocated for Operation Discover to enhance targeted warrant enforcement. |
| May 2001 | FBI Index Crimes national statistics released for Calendar 2000, indicating that New York City continues to achieve crime reduction while national trends go flat. |
| June 2001 | Implementation of Community Notification Protocol. |
| Summer 2001 | First precinct pilots of Neighborhood Satisfaction Surveys. |

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| Outcomes |
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Crime Reduction Strategies. In the last eight years, utilizing the crime strategies as guidelines for action, New York has experienced an unprecedented decrease in crime. Comparing the first half of Calendar 1993 with the first half of Calendar 2001, there has been a reduction of 63% in major felony crimes, the lowest level in more than 33 years. Over the same eight-year span, CompStat figures show the following:

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- Homicides are down 67.1 percent.
- Rapes are down 40.2 percent.
- The number of shooting victims declined by 72.9 percent, and the number of shooting incidents declined by 73.7 percent.
- Robberies are down 68.3 percent.
- Burglaries are down 68.9 percent.
- Grand Larceny declined by 45.8 percent, while Grand Larceny Auto declined by 74.9 percent.

Comparison of FBI Index Crimes has shown that the magnitude of the City's crime reduction is far greater than the average of U.S. cities; in fact, the percentage crime reduction in New York City over the past eight years was better than three times the national average. This trend continued from Calendar 1999 to 2000. Nationwide index crimes showed no statistical change, while index crimes in New York City declined by 3.7 percent; violent crime was up slightly nationwide, but down 4.1 percent in the City.

Narcotics Initiatives. The impact of the narcotics initiatives now implemented in 37 police precincts on the City's overall reduction in crime can be seen most clearly in terms of violent crime. Police precincts served by narcotics initiatives realized a reduction in homicides of 3.3 percent from 1999 to 2000, while non-initiative precincts saw homicides rise by 13.5 percent; citywide, the number of homicides was virtually unchanged. The citywide decline in homicides has resumed during the first half of Calendar 2001.

Arrest statistics do not represent the goal of the Department's narcotics initiatives, but trends in the number and type of arrests indicate the continuing aggressive execution of the narcotics strategy, and may also reflect its effect on the proportion of more serious offenses. From Fiscal 1994 to Fiscal 2001, total narcotics arrests increased by 76 percent, to over 122,200. The increase was driven by arrests for misdemeanor offenses; these arrests increased by 182 percent over the same period, while felony narcotics arrests – after increasing by 15 percent from Fiscal 1994 to Fiscal 1995 – have fallen to a level seven percent below that seen in Fiscal 1994.

Quality of Life Enforcement. As with the Department's narcotics initiatives, the true outcome of the City's quality of life strategy is reflected in reductions in major crime categories. Arrest and summons statistics do not represent the goal of this strategy. Some recent developments in the NYPD's quality of life initiatives are as follows:

- Using the Nuisance Abatement Law, the NYPD Legal Bureau's Civil Enforcement Initiative implemented 594 court-ordered closings of illegally-run businesses during Fiscal 2001, compared to 531 closings during Fiscal 1997. Reasons for closings included illegal drug or drug paraphernalia sales, alcohol sales in violation of State Liquor Authority regulations, gambling, fencing of stolen goods, and trademark violations.
- In Fiscal 2001 the NYPD made 1,480 graffiti arrests, an increase of 212 percent since Fiscal 1995, when this statistic was first recorded.

- Arrests for prostitution increased 40.6 percent, from 2,696 arrests during Fiscal 1995 to 3,790 arrests during Fiscal 2001.
- The Department issued 4,254 summonses for unreasonable noise during Fiscal 2001, an increase of 89.5 percent compared with Fiscal 1995.

Warrant Enforcement. Through the efforts of the Police Department in coordination with other State and City agencies, Operation Discover has accomplished the following:

- Worst of the Worst (W.O.W.) offenders are targeted for apprehension because they are the City's most violent and habitual offenders. This focus has resulted in 810 W.O.W. warrant arrests through May 31st, compared to 465 in the same period last year, a 74 percent increase.
- The Joint Absconder Warrant Squad (J.A.W.S.) program has been expanded to track down and apprehend wanted parolees. State Division of Parole personnel have been added to work in conjunction with additional NYPD personnel to target those parolees. As of May 31st, J.A.W.S. units have made 573 parole absconder / warrant arrests, compared to 345 in the same period last year, a 66 percent increase.
- Operation Night Light is a citywide strategy, implemented in October 1997, in which the NYPD works in coordination with the City's Department of Probation to target high-risk adult probationers. Through May 31st, there have been a total of 724 arrests made, compared to 386 in the same period last year, an 88 percent increase.
- The Target Offender Program (T.O.P.) is a successful strategy implemented in 1997 in the Department's Brooklyn North command. The NYPD works in partnership with the New York State Division of Parole to coordinate intelligence in order to target and arrest parole violators. T.O.P. personnel have issued violations to 38 targeted parolees, executed 24 search warrants and seized 14 guns during January-May 2001.
- Operation Night Watch was implemented in June 1998, in Brooklyn North. Night Watch specifically targets juvenile probationers under eighteen, who have received court ordered curfews, and are monitored by teams of two police officers and one probation officer. Through June 25, 2001, the Operation's Curfew teams have made 357 curfew visits, resulting in 127 positive contacts, and have executed five warrants resulting in three arrests.

Community Relations and Police Professionalism. As described above, the Department's Neighborhood Satisfaction Surveys will for the first time provide standardized, recurring, and meaningful indices of residents' attitudes about policing and public safety on a local level.

In spite of an aggressive strategy aimed at combating street crimes and quality-of-life offenses, the NYPD is one of the most restrained large police departments in the nation in the use of deadly force. The number of fatal shootings by NYPD officers during Calendar

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2000 – 14 – was more than 65 percent lower than the number of shootings by the NYPD a decade earlier. In 1999, the Department reached an historic low of 11 fatal shootings, the lowest for any year since records have been kept. The number of rounds intentionally fired by police has declined over 62 percent since 1993, and the number of intentional shooting incidents by NYPD officers decreased by more than 70 percent. These figures are especially striking given the staffing growth which took place during this same period.

In addition, the number of civilian complaints lodged against NYPD officers has been steadily decreasing over the last five years. In Calendar 2000, the number of civilian complaints against members of the Department decreased by more than 14 percent from the number made in the previous year. Since 1995, the number of civilian complaints has fallen by over 26 percent, a decrease of some 1,500 actual complaints. Most notably, allegations against uniformed officers involving the use of force have decreased by 42 percent since 1995.

Recruitment. In 2001, the City Resident Recruitment and Retention Unit has been proactive in reaching out to the best and most qualified candidates for entrance into the New York City Police Department. Incentives were added to increase the potential number of candidates for the June 23rd exam: the filing fee for that exam was waived, and the minimum age for hire has been reduced from 22 to 21 years of age. The qualifying age reduction increases the NYPD's attractiveness as entry level employment to students graduating from college. Some results of these efforts are as follows:

- The class of police recruits that graduated May 2001 from the Police Academy was the most racially diverse class ever in the NYPD's history.
- Fifty-two percent of this class were persons of color.
- Twenty-eight percent were Hispanic.
- Eight and one half percent were female African-Americans.
- There was no clear majority in ethnic make-up of this class.
- For the first time ever, there was a female valedictorian in this class.

Reorganization. Trends in key indicators have been strongly positive within the areas affected by mergers:

- The merger of the Housing Police with the NYPD took place in April 1995. Major felony complaints in public housing developments fell by 35 percent from Calendar 1995 to Calendar 2000, and by 6.5 percent from Calendar 1999 to Calendar 2000.
- After the April 1995 merger, separate tracking of crime statistics within the public transit system began in 1997. Major felony complaints in the transit system fell by 32 percent from Calendar 1997 to Calendar 2000 and by six percent from Calendar 1999 to Calendar 2000.

- Since the transfer of Traffic Enforcement Agents to the Police Department early in Fiscal 1997, Worker's Compensation absence has been reduced by 96 percent. Hours of Worker's Compensation absence used by these employees during Fiscal 2001 totaled 15,280, compared with more than 370,000 hours during Fiscal 1996. The impact of joint NYPD/Department of Transportation efforts on indicators of traffic safety and compliance are detailed in a later chapter.

School Safety. The First Annual Report, issued in November 2000, of the Joint Committee on School Safety, headed by the Police Commissioner and the Schools Chancellor, indicated significant reductions in school safety incidents. The total number of criminal incidents decreased 17.0 percent. The most notable decreases occurred in arson (-80.6 percent), attempted suicide (-85.5 percent), robbery (-28.0 percent) and burglary (-41.2 percent). There were substantial increases reported in two categories: sex offenses (198.8 percent) and grand larceny (64.8 percent). The members of the Joint Committee do not believe that the increase in reported offenses reflects an actual increase in the number of offenses taking place in the schools; the increase was attributed to stricter reporting protocols, improved training of agents specifically related to offenses, and a concerted effort by the Board of Education and the NYPD to ensure that all criminal incidents were reported.

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| <p>Further Challenges</p> |
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Crime Reduction. The foremost continuing challenge for the Police Department and the City is to continue reducing crime. As always, violent crime remains the most critical problem. While the total of major felony crimes continued to decline in Calendar 2000, homicides – after declining by over two-thirds from 1993 through 1999 – showed a very slight increase in 2000. The Department's response is to maintain and intensify its focus on the causes of violent crime – especially, through Operation Condor, on narcotics. Data for the first half of Calendar 2001 indicates that this approach is having the desired effect: homicides have declined by more than 11 percent compared to the first half of 2000.

Narcotics. In addition to Operation Condor, the NYPD is continuing its successful narcotics initiatives around the City and working to expand the Model Block program. The challenge for the Department is to maintain its gains in making the streets and public spaces of New York City inhospitable to those who profit from the narcotics trade in the face of an ever-changing marketplace – emerging drug suppliers as well as large, entrenched organizations. This can only be done through the gathering and in-depth analysis of timely intelligence coupled with precise, coordinated deployment of resources and relentless follow-up.

Quality of Life. Excessive noise continues to be the number one complaint received by the Quality of Life Hotline. While officers on patrol may have the best intentions in responding to noise complaints, the reality is that their response is delayed by radio runs in response to crimes in progress and other serious conditions. Particularly on weekend

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nights and holidays, most precincts are fully engaged in these responses, making it nearly impossible to respond to all the noise complaints referred by the Quality of Life Hotline. In addition, the Hotline has brought attention to the fact that many New Yorkers are disturbed by dangerous animals, the second highest complaint. The NYPD needs to work together with the Center for Animal Care and Control to reduce the number of stray dogs and other animals roaming the streets.

Loud nightclubs also continue to pose a problem. Using the Nuisance Abatement Law, the NYPD Legal Bureau's Civil Enforcement Initiative implemented 186 court-ordered closings of illegally run businesses during the first quarter of 2001 for reasons including illegal drug or drug paraphernalia sales, alcohol sales in violation of the State Liquor Authority, gambling, fencing of stolen goods, and trademark violations. However, criminal incidents emanating from these locations continue to escalate, especially from after-hours locations. Vice Enforcement Squads need to increase their surveillance and enforcement operations in and around licensed establishments. In addition, more illegally parked vehicles need to be summonsed and/or towed in these areas to alleviate traffic congestion.

Community Relations. Police executives and officers of all ranks recognize the importance and value of partnership, bilateral respect, and solid community relations. Associations like these are built gradually, face-to-face, and one interaction at a time. The future challenge to all members of the NYPD lies in fully embracing the customer service model and striving to make each and every interaction with the public – from simple greetings and routine conversations to potentially volatile situations like arrests – ones in which solid foundations are built, the groundwork for partnership is laid, and respect and deference are reciprocated.

School Safety. The Memorandum of Understanding among the Board of Education, the Schools Chancellor and the City of New York states that a determination as to whether or not to continue the joint school security program should be made after the third anniversary of the transfer date (December 20, 2001). The current level of success and the numerous improvements made in the areas of recruitment, screening, training and deployment of agents during the first two years of this pilot program have clearly demonstrated the wisdom of this collaborative effort.

Charter Proposals. In July 2001 a staff report to the New York City Charter Revision Commission outlined preliminary recommendations for changes to the City Charter, including the following:

- Creation of a permanent Emergency Management Department.
- Establishment of a requirement for public school teachers and other Board of Education employees to report immediately information relating to suspected sex-offenses or other violent crimes committed against a public school student to that child's principal and the Police Department. The school principal would also be required, with certain exceptions, to notify the child's parents or legal guardians.

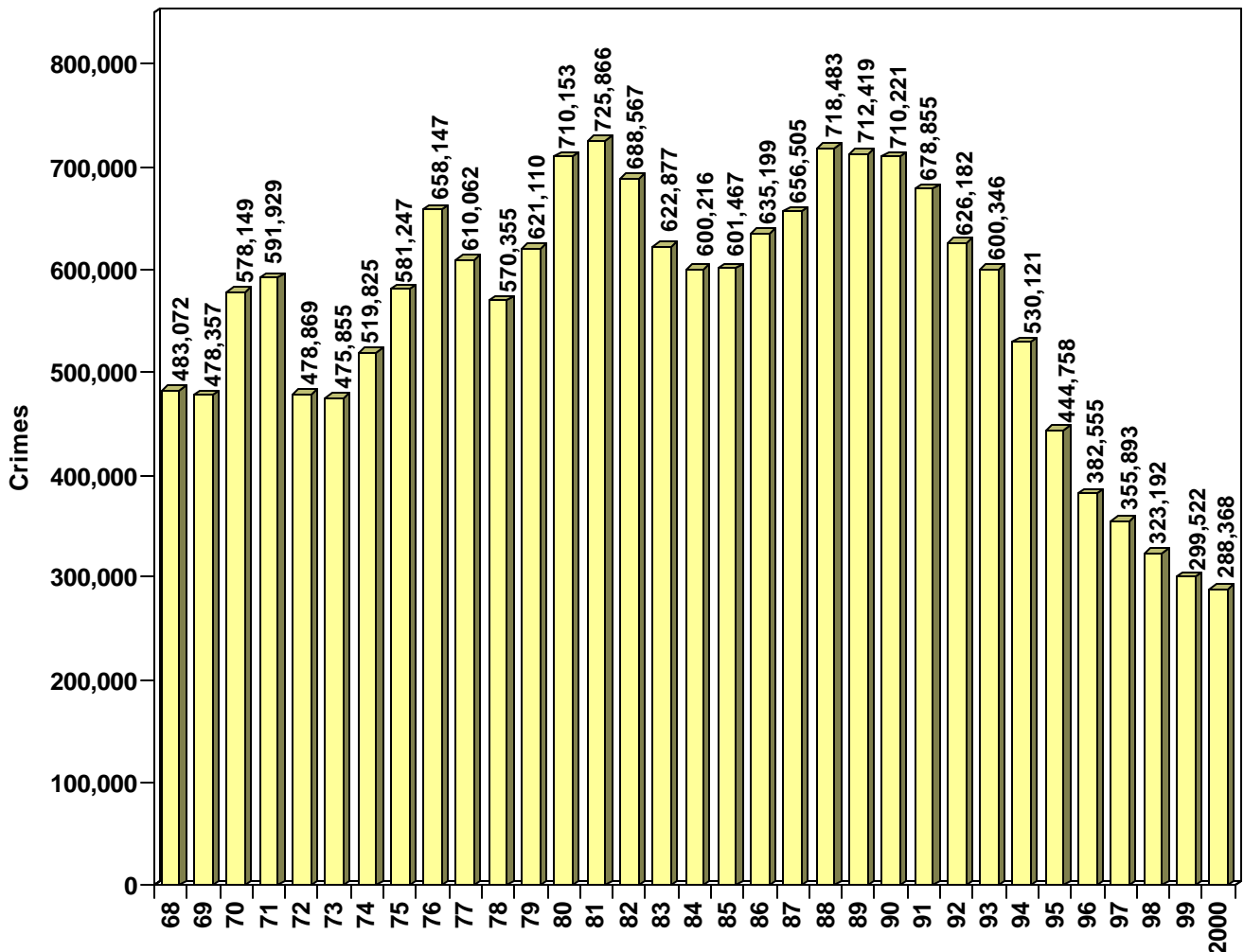
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- A Charter amendment to make it a crime to possess or discharge any weapon within 1,000 feet of any school in the City. The amendment would not prevent a licensed weapons owner who lives or owns a business in a school zone from possessing and keeping a weapon at his or her home or business. Law enforcement officers would be exempt from the proposal.
- Establishment of a ban on any person under the age of 21 from obtaining a firearms license or permit.

Other Charter revision proposals related to public safety are described in this volume's chapters on child welfare, domestic violence, and organized crime.

New York City Police Department

Total FBI Index Crime Complaints Calendar 1968 - 2000

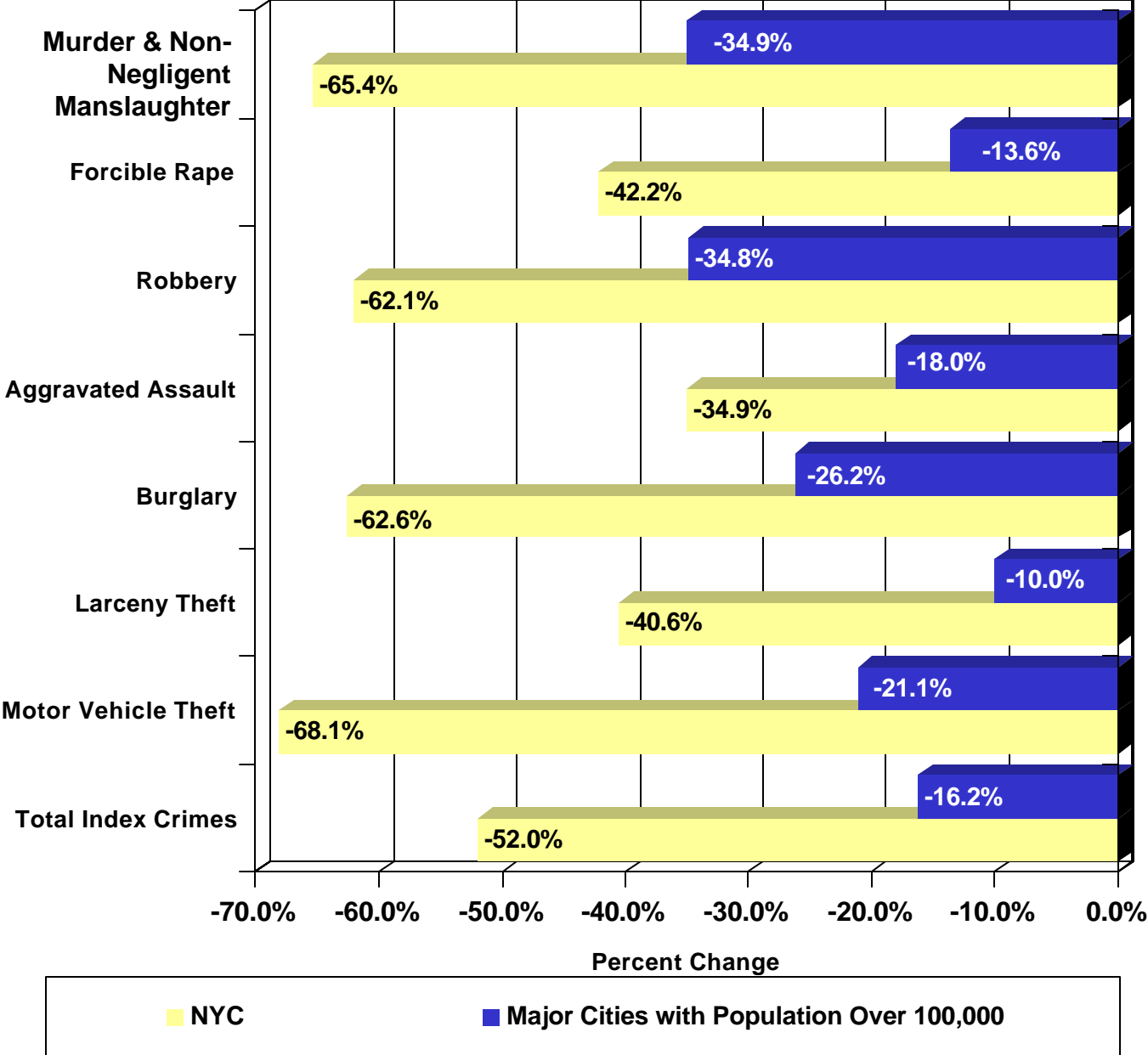


Index Crimes include murder and non-negligent manslaughter, robbery, forcible rape, aggravated assault, burglary, larceny, and motor vehicle theft.

No comparable data is available prior to 1968.

New York City Police Department

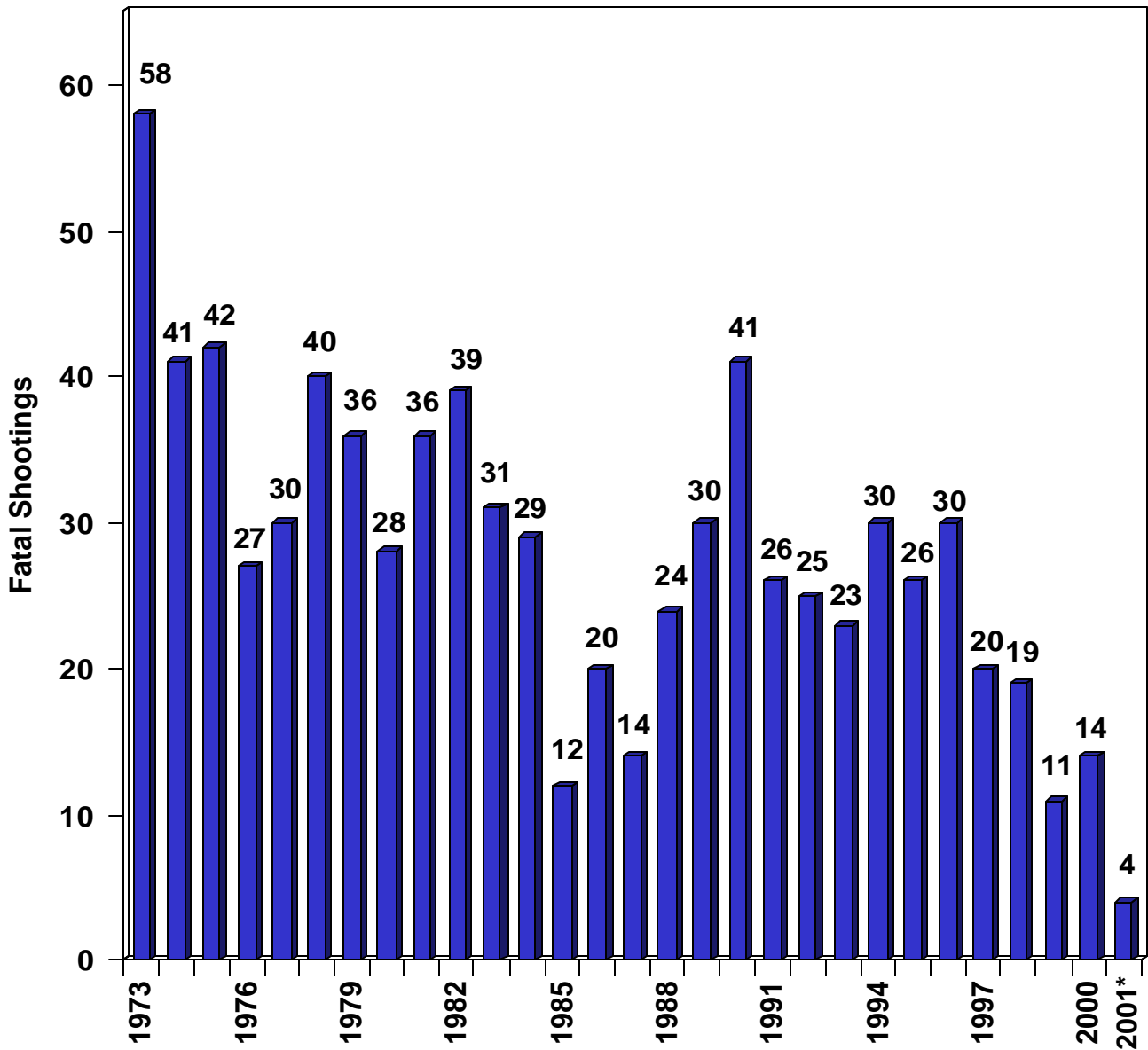
Reduction in FBI Index Crimes: New York City Compared to National Trends Excluding NYC Calendar 1993 vs. 2000



Based on preliminary FBI Uniform Crime Reporting.

New York City Police Department

Fatal Shootings by Police Officers Calendar 1973-July 2001

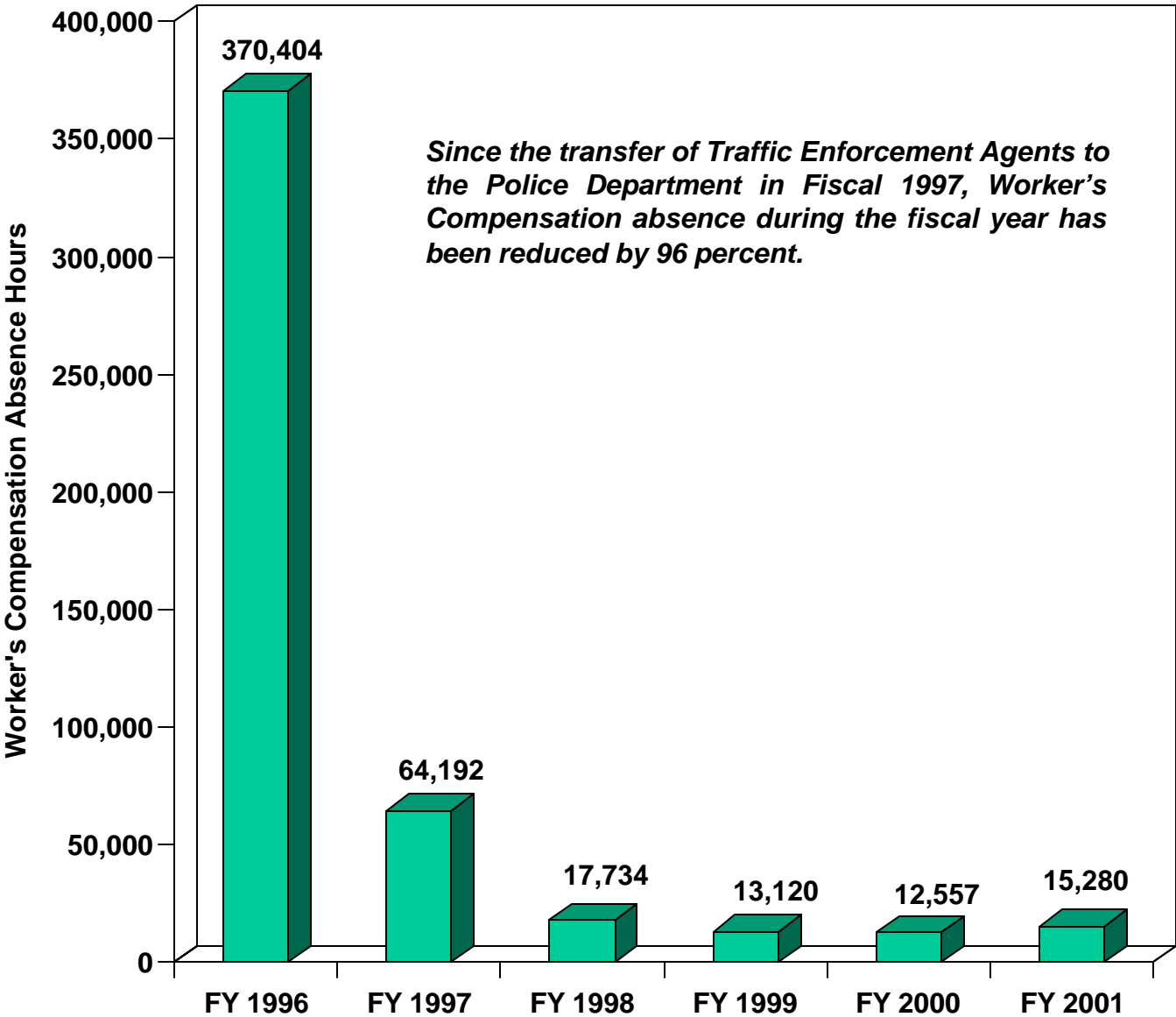


No comparable data is available prior to 1973.

*Figure represents the number of fatal shootings by police officers for the period of January 1-July 31, 2001.

New York City Police Department

Worker's Compensation Absence by Traffic Enforcement Agents Fiscal 1996-2001



CRIMINAL JUSTICE

The Challenge

Three New York City agencies – the Departments of Correction (DOC), Juvenile Justice (DJJ), and Probation (DOP) – administer detention and/or the enforcement of criminal penalties. While these aspects of law enforcement may receive less public attention than policing, the efficient and fair administration of criminal justice after arrest or sentencing is a vital issue, especially in a City seeking to restore public safety through aggressive new law enforcement strategies. At the start of the Giuliani Administration, these agencies had several systemic problems in common:

- With limited resources and aging facilities, managers were faced with a changing and increasingly complex population of detainees and probationers, specific sectors of which saw unprecedented growth in recent years.
- New approaches were needed to ensure security in correctional facilities, diminish inmate violence, and protect both officers and inmates.
- Approximately 80 percent of those arrested in New York City have a history of substance abuse. Improvements were needed in the full range of program services for inmates and probationers, including substance abuse treatment, community-based aftercare, educational services, and timely access to clinic-based health care. Problems included funding constraints, ineffective methods, and a lack of coordination with other agencies and organizations.
- The pressures facing employees of these agencies led to excessive or inequitably distributed overtime, absenteeism, and morale problems.
- Effective management was hindered by three related problems – lack of accountability, lack of focus on operational goals, and lack of the information technology tools needed to support this focus.

Some of the critical challenges specific to the individual agencies were as follows:

- The City's adult correctional facilities saw 1,093 stabbing and slashing incidents during Fiscal 1995.
- Because of mandated coverage requirements, overtime usage and staff availability have always been key concerns for the Department of Correction. The Department's challenge was to achieve continuing overtime reductions while more effectively using its personnel resources through aggressive capacity management and other techniques.
- Spofford Juvenile Center, the City's sole secure detention facility for juveniles, was the central concern for the Department of Juvenile Justice at the start of the Giuliani

Administration. Filled to capacity with youth, and characterized by its dim, narrow hallways, Spofford had become a symbol of failure. Years earlier, Spofford had been the subject of numerous press accounts about abuse, violence and escapes. By the time DJJ was established as a separate agency in 1979, it was clear that Spofford was incapable of facilitating a safe environment or providing quality care, and had to be replaced with smaller facilities closer to the courts and to residents' families. The efforts to replace Spofford with two new state-of-the-art detention facilities would span nearly two decades and three mayoral administrations.

- DJJ's management challenge became even more critical because of the rapidly growing population of juvenile detainees during the late 1990s. The detention population was not only growing, but also becoming increasingly complex. More youth were being returned to detention for probation and early release violations; length of stay was increasing, partly due to increased Family Court adjudication times; more youth were being detained on multiple cases; and more youth in detention needed mental health services. The average daily population in Secure Detention grew by 47 percent from Fiscal 1996 to Fiscal 2000, while average daily population in Non-Secure Detention grew by 54 percent over the same period.
- Both DJJ and the Department of Probation faced the need to restructure their intake and assessment processes. The lack of effective methods for screening juveniles detained by the police and the court, combined with manual collection and storage of essential data, minimized efforts at effective early intervention by DOP's Family Court Services, resulting in inappropriate and/or extended detention for some youth.
- DOP's overall challenge was to restructure its approach to caseload management, focusing particularly on the risk of violent recidivism and on the rehabilitation needs of the individual probationer. This in turn called for improved tracking of probationers, enhanced data collection and management of probation supervision, and the development of a community-based probation model focusing on the environment in which crime may occur.

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| The Solution |
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The City's response to the problems described above is presented separately for each of the three agencies involved.

A. Department of Correction

Inmate Violence. DOC developed a comprehensive violence reduction program. First and foremost, a "zero level of tolerance" toward inmate violence became standard policy. In addition, the following initiatives were implemented:

- Expanded Searches. Since 1994, the number of inmates searched has increased exponentially. Searches expanded from the traditional change-of-tour search to also

Criminal Justice

include unscheduled unannounced searches, random searches, divisional searches and perhaps the most significant search of all, the Tactical Search Operation or TSO. The TSO is the rapid mobilization of personnel to conduct a partial or full facility search at any given time. The minimal staffing level for a TSO is 10 Captains and 100 Correction Officers, and can be scaled up as needed.

- New Security Equipment. The quality of all Department searches was significantly improved with the acquisition of electronic equipment designed to detect contraband. Every facility is now equipped with walk-through magnetometers, hand held transfriskers, line scan x-ray machines (with the capability of detecting minute pieces of metal secreted in mattresses) and the Body Orifice Scanning System or BOSS chairs, which can detect metal contraband concealed in an inmate's orifices.
- Identification of Dangerous Inmates. Another security enhancement was the implementation of the Inmate Red Identification Card procedure, a policy that makes inmates known to have possessed or used a weapon readily identifiable to staff for additional searches.
- Gang Intelligence Unit. Security Risk Groups, commonly referred to as SRG's, consist of culturally or ethnically organized groups that achieve their goals with acts of violence, such as the Bloods, Latin Kings, Crips and Netas. In order to counteract this threat, the Department created the Gang Intelligence Unit or GIU. The GIU assists facility personnel in identifying SRG members, gathers SRG-related intelligence, and assists the facility in investigating serious incidents. Working closely with both local and federal authorities, the GIU has been instrumental in obtaining hundreds of arrests in joint operations with the New York City Police Department.
- Increasing Inmate and Visitor Arrests. In keeping with its zero tolerance policy, DOC initiated an aggressive policy of arresting individuals who commit criminal acts on Department property. With the cooperation of the City's District Attorneys, inmates and visitors to correctional facilities are arrested for variety of criminal acts including assault, weapons possession, and promoting or introducing contraband.
- Emergency Service Unit. This unit was expanded to a full time staff of 111 individuals, each receiving over 220 hours of specialized training annually. The unit consists of highly specialized trained cadre having the capability to respond to and address numerous types of emergency situations including Barricade Response, High Security Escorts and Transport, Tactical Rappelling, and Vehicle Assault.

Performance-Based Management – the TEAMS Approach. To help address all the Department's critical issues, in 1996 DOC implemented a new management concept – Total Efficiency and Accountability Management System (TEAMS). The underlying principle of TEAMS is that the performance of each area of the Department affects how well it performs its overall mission. Through TEAMS, the Department articulated its goals and objectives and identified specific indicators to chart performance in meeting these goals and objectives. The Department thus achieved a higher level of accountability

throughout the chain of command and established meaningful incentives for performance.

DOC identified approximately 600 specific indicators to track and monitor agency operations. Strict guidelines were established to ensure the collection of timely and accurate data. The collection and dissemination of accurate statistical information permits managers to identify problems in a timely manner, and develop remedies for them.

Each month, the agency's executive and senior uniformed and non-uniformed managers attend a TEAMS session. It is at the TEAMS meetings that the Department's executive staff reinforces operational goals and ensures that senior management is working toward achieving them. New strategies are presented, evaluated, and changed if necessary. At the meetings, managers have the opportunity to update Department executives on the progress of their commands. Executive staff, using statistical and other information, question, discuss, praise or reprimand managers based on the knowledge they display of their commands, their awareness of the issues, and the interactions that occur as a result of this dialog. Non-uniformed managers are in attendance at the TEAMS meetings and are also held accountable for providing the required services of their respective areas. Because all agency decision-makers are in the room at once, the decision-making process is streamlined and accelerated. Currently every uniformed manager, including the Chief of Department and the Commissioner, rose through the ranks by distinguishing themselves at the TEAMS sessions. By embracing TEAMS, the Department has adopted a philosophy of planned change that allows it to take proactive steps and to manage its operations more productively.

Overtime Management. In order to reduce overtime expenditures and use personnel resources as effectively as possible, DOC has successfully employed a number of strategies, including the following:

- Overtime Tracking and Modeling. A revised overtime tracking process was developed in 1995, allowing DOC to more precisely determine how and where overtime is being used. In addition, DOC developed an overtime model which includes parameters such as staffing levels, attrition, construction, and population. By using this model, the Department is able to project future overtime spending. In addition, the model can be used to estimate the effect of changes such as closing facilities, rescheduling construction projects, and hiring recruits. In this way, the Department uses the model not just to predict overtime spending, but also to aid in decision-making.
- Recruit Hiring. In the past, recruit hiring did not keep pace with attrition. The Department operated under a permanent staffing deficit, causing overtime to escalate. The Department now hires recruits regularly, generally two classes per year. The size and timing of these classes are determined in part by the Department's overtime model, which determines the necessary staffing given the expected population levels. Hiring recruits based on attrition and the inmate population has allowed the Department to significantly reduce overtime. Based on needs assessment of its

Criminal Justice

facilities, the Department assigns the graduating recruits to facilities where there is the greatest actual need.

- Inmate Housing Consolidation. By efficiently managing available capacity and adeptly scheduling maintenance and construction work, the Department has successfully consolidated its inmate population and closed entire housing areas and entire facilities. Closing these areas enabled DOC to move forward with needed maintenance and repair of these areas, and capital construction projects. Details on the techniques used to achieve consolidation are given below. Staff savings resulting from the closing of facilities are used to offset overtime in other areas.
- Absence Control. In Fiscal 1995, the Department's uniformed absence rate was 20 days, well above the current budgeted level of 15.67 days. As part of its sick leave program, the Department formed a unit to begin home visits of employees who have called in sick. Those not home as required are subject to disciplinary action. The Department focuses its efforts on identifying chronic sick leave abusers, increasing visits to their homes, suspensions, strict adherence to the directive restricting actions while out, and pursuing all legal means to terminate those who abuse sick leave. In addition, recognizing that employees who use illegal drugs are absent an average of eighty days per year, DOC has increased random drug testing.
- Staffing Changes. The Department has been successful in reducing a significant number of temporary and budgeted posts through a zero-based review of the entire uniformed Table of Organization. In addition, DOC pursued civilianization of administrative and other non-security positions currently performed by uniformed staff.
- Length of Stay. The average length of stay for all inmates was 44.1 days in Fiscal 2001, a significant decrease from the 71 day average recorded in Fiscal 1992. Three factors contributed to this reduction: new State regulations and procedures that streamline the parole revocation hearing process; more timely transfer of prison bound inmates by the State Department of Correctional Services; and an increase in misdemeanor arrests, which typically have a shorter length of stay. The average length of stay of State parole violators was typically over twice that of detainees, and they constituted up to 15 percent of the total inmate population. In Fiscal 1998, the Department amended its regulations regarding parole violations, thus expediting case resolution.
- Scheduling of Training to Offset Vacation Times. For many years, the Department's policy has been that no more than 10 percent of the staff of any facility should be on vacation at the same time. Although this policy evenly distributed the number of staff vacations in a facility, it did not distribute the number of vacations on each tour. In practice, staff with high seniority tend to pick the same vacation times and also tend to be on the same tour; the same applies to staff with low vacation picks. As a result, although only 10 percent of a facility might be out at one time, the day shift might be overstaffed while the night shift is understaffed. In Fiscal 2000, in an effort to offset

the imbalances due to vacations, DOC developed a procedure to schedule mandatory training so that facilities would send staff from the tours which have fewer officers out on vacation. The result is that absences due to vacation and those due to training balance each other out, more efficiently distributing the staff of each facility.

Capacity Management. DOC's Custody Management Team is responsible for effective management of the Department's available beds. On a daily basis, capacity management of the beds and inmate population commences with the calculation and analysis of the systemwide 5 a.m. census verification. Every day, the census report indicators are methodically analyzed to manifest a plan of action that results in maximizing the utilization of bed space. Each week a population meeting is attended by senior executive staff to discuss data projections, construction projects, and custody management issues. The meetings are focused on cost effective capacity management and timely completion of construction projects.

The Department manages its total capacity by opening and closing certain facilities and portions of facilities to reflect the size of the inmate population. As of Fiscal 1993, the Department assumed that only 93 percent of its open beds could actually be filled by inmates at any time, with the remaining seven percent unavailable due to repairs and the need to separate inmates based on gender, age, security classification, and other factors. Through greater oversight and an aggressive program to reduce "down cells," the Department has been able to shift its planning target upwards to 96 percent of open bed capacity. This has also allowed the Department to address long-term maintenance issues in closed housing units, such as fire safety and shower replacement. At the start of Fiscal 2002, four major facilities are closed due to consolidation of the lower inmate population.

During 1999, DOC worked with the State Division of Parole and the State Division of Criminal Justice Services to implement improvements that have expedited the adjudication of parole violations at Rikers Island Judicial Center. These reforms included establishing a full five-day calendar for violation hearings, reducing all adjournments of parole hearings from eight weeks to two weeks, and the establishment of a new "Arrestment Part," in which parole violators can plead to a disposition within 10 days of their parole eligibility date, accelerating the time to their discharge or transfer from DOC custody.

Inmate Programs. In response to the extensive service needs of DOC's inmate population, the Department developed and implemented a wide range of programs to service inmates, to arrange for continuing programs upon their release into the community, and to discourage youth from criminal activity. Some of DOC's new and expanded programs are as follows:

- **SAID.** Through the Mayor's Anti-Drug Initiative, DOC expanded its residential substance abuse intervention program, known as SAID (Substance Abuse Intervention Division), from 400 beds at two facilities to 1,468 beds in seven facilities over a nine month period. The SAID program is the largest jail-based substance abuse

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program in the nation, serving a number of special populations in addition to general population detainees.

- Aftercare. With approximately \$2.8 million in funds provided by the City Council, DOC implemented a network of aftercare providers with three vendors. Together these vendors provide intensive discharge planning, placements in community-based programs appropriate to individual needs, and a tracking system to measure reincarceration rates.
- Educational Services. The Board of Education (BOE) has expanded its presence on Rikers Island to include a fourth High School, Horizon Academy. BOE now operates school programs in all facilities on Rikers Island, affording inmates between the ages of 18 and 21 the opportunity to obtain their Graduate Equivalency Diploma (GED). DOC now also provides access to the GED program for special population inmates, such as punitive segregation and administrative segregation inmates, who are housed in cells, who meet the education criteria, and have expressed an interest in obtaining their GEDs.
- Clinic Tracking. In October 1998 DOC expanded and automated its monitoring of inmate's access to health care services throughout the system. The Department tracks inmate arrivals and waiting times for all clinic services, including the number of no-shows and the reasons for nonappearance on a daily basis. The Department also monitors the clinical staffing in every jail. This data is available daily to all DOC managers and shared with the health care providers.
- RAP. In 1998, DOC began sending trained Correction Officers into the community to talk to young people about the consequences of negative choices. The presentations in the community are followed by a tour of Rikers Island. The Reduce Adolescent Problems (RAP) Program incorporates various intervention strategies aimed at adolescents to address the root causes of crime and violence, including drug use, gang participation, and peer pressure. The RAP Program provides DOC facility tours and community presentations to at-risk youth from ages 8 through 16. The benefits of academic achievement are reinforced and combined with a presentation on career opportunities available in the law enforcement field, specifically targeting the professional opportunities available within the Department of Correction.
- Discharge Planning for Mentally Ill Inmates. In order to serve individuals with comprehensive discharge plans and reduce that chance that mentally ill ex-offenders will return to the criminal justice system, an interagency task force developed discharge plan protocols. DOC's MIS unit developed a program to track inmates who were identified as needing mental health discharge planning, and additional escort officers were assigned to ensure timely delivery of inmates to their discharge planning appointments. In addition, the Health and Hospitals Corporation's Correctional Health Services division hired additional mental health discharge planners in April 2001 to supplement the existing 12 jail-based discharge planners.

Their responsibilities include preparing discharge plans that link ex-offenders with mental health, substance abuse, and medical aftercare services.

The Department of Mental Health's Service Planning and Assistant Network (SPAN) program, which is currently in the start-up phase, is designed to facilitate implementation of existing discharge plans for mentally ill ex-offenders who are discharged from court. This program will have sites within walking distance of criminal and supreme courts in each borough.

B. Department of Juvenile Justice

Facility Expansion and Restructuring. In 1998 DJJ opened two state-of-the-art secure detention facilities: Horizon in the Bronx, and Crossroads in Brooklyn. DJJ vacated Spofford in August 1998. The new facility designs emphasized interior visibility, natural light, and dedicated medical, education and recreation areas. Housing areas were designed to enhance safety and security through improved line of sight, and staff offices were placed in the halls to facilitate increased resident supervision.

With Spofford vacated, the Department secured federal funding to renovate three wings of the Spofford building to address capacity needs. In December 1999, DJJ returned to Spofford - renamed Bridges Juvenile Center. Bridges now serves as the agency's Intake and Admissions facility for both boys and girls, and as a transfer point for State-ready youth.

To better manage the detention population, DJJ also set out to expand its Non-Secure Detention capacity through a network of privately run group homes. The number of group homes under contract increased from seven facilities in 1997, with a capacity of 75 beds, to 14 facilities with a capacity of 152 beds in 2000. This expansion increased the number of NSD group homes for girls from one to three.

Performance-Based Contracts. The expansion of Non-Secure Detention increased the need for accountability from contractors. Accountability provisions, such as liquidated damages, were added to all contracts with new service providers for Non-Secure Detention and to renewals of existing contracts. A field coordinator position was created to assess performance and contract compliance, and performance standards and indicators were instituted to monitor the physical plant, as well as resident programs and services.

Internal Restructuring. The move to a multi-facility system required the agency to design and implement a new central communication and information clearinghouse. The Movement Control and Communication Unit (MCCU) is responsible for authorizing all movement within the system; tracking all resident admission and court information; capturing and notification of critical incidents; and maintaining the daily census. The MCCU was formed in October 1998, and by 2000, had grown to include the tracking of special court orders, probation interviews, mental health evaluations, state-ready residents

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and on-time court arrivals. It is also the main point of contact for all inquiries from parents, courts, the NYPD, and others in the criminal justice community.

To move growing numbers of youth to court appearances in a timely fashion, DJJ mapped out new, more efficient transportation routes among all its facilities and to the Family and Criminal/Supreme Courts in each borough. A new structure was instituted to oversee transportation services and manage staff who supervise the Family Court detention rooms.

Management Information and Accountability. Beginning in 1995, DJJ partnered with the City's Criminal Justice Coordinator, the Department of Information Technology and Telecommunications, the Department of Probation, and the Law Department to develop a new integrated juvenile justice database. The Comprehensive Justice Information System (CJIS) allows users to track a juvenile's status from the initiation of a delinquency or criminal action through case disposition, and write reports summarizing information about admissions, releases, court appearances, and other critical data. DJJ trained over 100 staff members and fully implemented CJIS in 1999.

To increase accountability for Department managers, DJJ's executive team identified and defined over 200 performance indicators to monitor core agency functions. New automated systems were developed to facilitate timely collection and analysis of the reported data. Based on these elements, DJJ implemented an agency-wide managerial accountability system in 1998 called GOALS (Group-Oriented Analysis of Leadership Strategies), modeled on DOC's TEAMS and the Police Department's CompStat system. Under GOALS, the Commissioner and Executive Staff hold monthly meetings in which management staff must account for changes in performance indicators, describe related issues, and discuss strategies to address identified problems.

In order to better monitor, distribute and control overtime usage, the agency developed a new overtime management approach which includes

- The creation of facility-specific *Staffing Guides*, identifying what posts could be operated by tour each day and the number of positions required to operate those posts without overtime.
- Implementation of *Staff Track*, a database tool allowing supervisors to track staff usage of overtime, equitably assign and account for overtime, and monitor sick leave, compensatory time, and vacation schedules. The database generates up-to-date overtime reports for managers.
- The promulgation of an agency policy that specifies overtime authorization thresholds, and a rotation policy for overtime assignments.

Youth Programs. Enhancements to services for juveniles include the following:

- New Substance Abuse Treatment Model. To address the growing evidence of substance abuse among youth entering detention, DJJ partnered with the Vera Institute of Justice to develop a “portable” substance abuse intervention and treatment model. Its design follows youth during their involvement in the juvenile justice system and through release to the community to ensure continuity of care. New York City and Vera Institute officials anticipate that this program will be a national model for identifying and treating incarcerated adolescent drug abusers.
- Restructuring of Health/Mental Health Services. DJJ completely revamped the staffing structure of its health services contractor to provide the necessary clinical and administrative staff at each of the three secure detention facilities. Nurse site-supervisor positions were established to resolve health and mental health care issues at each detention site, and a mental health director position was added. Resources were added to enrich services for increasing numbers of youth with mental health and behavioral issues. Psychiatric services were increased and the hours of the psychiatrist were expanded.
- Discharge Planning. To bridge the gap between detention and release, DJJ contracted for discharge planning and treatment readiness services to ensure the provision of community-based treatment upon release for residents with mental health needs.
- Prevention of Sexually-Transmitted Diseases (STDs). To address the problem of STDs among teens, DJJ partnered with the City’s Department of Health (DOH) to screen new admissions for chlamydia and gonorrhea. DOH also provides residents with education about STDs and HIV/AIDS.
- Education Services. With the opening of Passages Academy in September 1998, DJJ transferred the provision of educational services in secure detention from a poorly run agency operation to the Board of Education. This brought consistency, quality instruction, and enhanced services to the school in each secure detention facility, including pre-GED classes, parent-teacher conferences, and transferable credit for classes taken. It has also brought designation of all three secure facilities as GED test sites. In addition, having the Board operate DJJ’s schools has improved the process of reintegrating released juveniles back into the regular school system.
- Restructuring. To ensure the provision of quality youth services programming, the Department restructured its Operations and Detention division to include a Program Services sub-division headed by an Assistant Commissioner, and created new Deputy Director positions within its Secure Detention facilities with responsibility for overseeing and monitoring programs and services.

Improvements in the Intake and Assessment Process. To reduce the unnecessary detention of youth that are in foster care, DJJ collaborated with the Administration for Children’s Services (ACS), the Department of Probation, and the Vera Institute of Justice to create Project Confirm. The program identifies foster care youth with low-level charges at intake who are eligible to go home but may remain in detention due to the

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absence of a legal guardian at detention or in court. The Project ensures that ACS staff or foster care providers appear in court, thereby facilitating the release of these youth.

In 2000, DJJ created a centralized intake model at its newly renovated Bridges Juvenile Center, under which all admissions, housing, case management, health, mental health and substance abuse assessments now take place in one location during a resident's first days in detention. In addition, the Department of Probation stations intake staff at the Bridges facility to conduct intake interviews of youth being admitted by the police as juvenile delinquents. The purpose is to reduce processing time during the youth's court appearance the next day.

C. Department of Probation

Restructuring Supervision to Prevent Violent Recidivism. DOP's Restructured Supervision Model is based on enforcement tracks, designed to address the factors that make high-risk probationers more likely to commit crimes. Under the new model, probationers are assigned to an appropriate supervision mode in the Intake Unit, using a newly developed risk assessment instrument to identify those probationers who are at highest risk for violent recidivism. Key components of the model are as follows:

- Probationers at lower risk who either have court-ordered special conditions of probation or have special needs identified at intake are assigned to the Special Conditions Track. The remainder of low risk probationers are assigned to the Reporting Track.
- Probationers at highest risk are initially supervised in the "Blue" or "Amber" Tracks, depending on their age and special needs. They remain in their Track for 9 to 15 months, depending on their progress, before transfer to the "Green" Track, designed to identify and respond to any signs of regression or relapse. After another 9 to 15 months, they progress to the Special Conditions or Reporting Tracks as appropriate.
- A critical component of the new model is the Caseload Management and Assessment Plan (CMAP), in which the probationer, with the aid of the Probation Officer, identifies long and short-term personal goals. The probationer commits to achieving specific behaviors and tasks, with the Probation Officer providing supporting activities in conjunction with the probationer's family and others.

Information Technology to Support Supervision. The Restructured Supervision Model is supported by a newly designed, comprehensive automated tool, the Adult Restructuring Tracking System (ARTS). Over 400 data entry fields are provided for the Probation Officer, plus on-line generation of forms, letters and customized reports. Virtually every aspect of case history and case management can be handled under ARTS, facilitating the effective management of caseloads and allowing decisions and strategic plans to be made based upon accurate, real-time data and statistics.

Under the Automated Reporting and Management System (ARMS), probationers in the Reporting Track report to interactive electronic kiosks. ARMS provides real-time links with the ARTS database, accurately identifies probationers, and records their visits and any changes in demographic information. Infrared biometric hand geometry, supplemented by stored photos, provides positive identification. Failure to report generates a series of automated letters, which provide documentation for a Violation of Probation when needed. Rearrests generate alerts to the kiosk attendants, who summon Officers to interview the probationer immediately.

Improving Intake/Assessment and Interagency Cooperation. Many of the roughly 9,500 delinquent youths for whom the Department provides services citywide may be sent to a detention center in the Bronx – DJJ’s Bridges Juvenile Center – instead of being released to their parents, because the police lack relevant information on their cases. As described above, the Department established an Intake Center at the Bridges facility to receive incoming cases, notify parents promptly, and process cases up until midnight for court appearances the following day. The Department is now able to assess the needs of young offenders and the risks they pose to the public, start the intake process expeditiously, assess the parent or guardian’s ability to supervise their child, contact complainants in a timely manner, evaluate juveniles for program suitability and eligibility, and commence advocacy as indicated.

In conjunction with the Intake Center initiative, the Department has established a Data Center linking it to information on juvenile justice (through the CJIS system), as well as other areas of criminal justice, court and ACS database information. The Department is also working with the Board of Education to obtain attendance data. Fulfilling an integral role in the Department’s mission, the Data Center serves as the basis for assisting other agencies working with youth involved in the juvenile justice system.

Operation Neighborhood Shield. To achieve maximum reduction of crime in New York City, it is necessary to focus on the environment of crime, to make a positive impact on targeted communities as part of a broadly based, coordinated initiative involving many agencies and neighborhood groups. Neighborhood Shield is firmly grounded in the most advanced research and concepts in the field of criminal justice.

In any given year, DOP is charged with the supervision of approximately 90,000 adult and 4,000 juvenile offenders. Within this population, a relatively small group of young males, with few supports in the community, and with significant criminal/juvenile histories, re-offend at a significantly higher rate for more serious offenses much earlier in the probation sentence. These individuals in the highest crime precincts became the target group for Neighborhood Shield.

Operation Neighborhood Shield is a joint effort of Probation, the Police Department, the Courts, the District Attorney’s offices, the Law Department and the host community. The goal is to create partnerships that will reduce recidivism among high-risk probationers and overall crime in the area. Currently, Community Based Response Teams (CBRT) are successfully operating in two high crime areas, the 75th Precinct in Brooklyn

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and the 120th Precinct in Staten Island. The CBRT team visits probationers in their homes, conducts compliance and curfew checks, interacts with families, visits treatment providers, and obtains and acts upon arrest warrants. All Neighborhood Shield probationers are required to perform community service. Working with a broad array of community based organizations, Probation Officers link the probationers and their families to the services needed to help the offenders make the transition to law abiding lives. Additionally, through community affairs workers hired from the community and an Advisory Board, the Department works with the community to define and address problems. Neighborhood Shield will be expanded to include three additional high crime precincts in Brooklyn and the Bronx during Fiscal 2002.

Statistical Tracking, Analysis & Reporting System (STARS). Similar to the NYPD's CompStat and DOC's TEAMS, this program was designed to identify the strengths and weaknesses of all mission-critical tasks. It will standardize the reporting of key agency indicators, increase accountability of both probationers and staff, and serve as a critical tool for improving public safety. DOP has established a STARS unit and developed an initial set of 20 indicators. These will be further developed over the next 18 months to cover all phases of the Department's operations.

| Chronology of Implementation | |
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| Fiscal 1995 | The Department of Correction establishes stringent uniform absence control procedures. |
| Fiscal 1996 | DOC establishes Gang Intelligence Unit to address security risks. |
| Fiscal 1997 | DOC's TEAMS management reviews are fully implemented. |
| Calendar 1997 | The Department of Probation begins phased implementation of interactive electronic kiosks for monitoring low-risk probationers. |
| Fiscal 1998 | DOC expands beds available for drug treatment by 266 percent. |
| January 1998 | Department of Juvenile Justice opens the Horizon Secure Detention facility. |
| July 1998 | DJJ implements Project Confirm for identification of foster care youth at intake. |
| August 1998 | DJJ vacates Spofford and opens the Crossroads Secure Detention facility. |
| October 1998 | DJJ establishes Movement Control and Communication Unit to coordinate agencywide population control. |
| Calendar 1999 | DOP completes implementation of Restructured Supervision Model citywide. |
| January-June 1999 | DOC and the New York State Division of Parole implement a joint initiative to improve parole violator processing. |
| June 1999 | DJJ begins G.O.A.L.S. management reviews. |
| Fiscal 2000 | DOC establishes procedures for the isolation of inmates failing to clear electronic search procedures. Working with the NYPD, the Gang Intelligence Unit assists in the arrest of 481 individuals with outstanding warrants. |
| February 2000 | First Operation Neighborhood Shield begins in Brooklyn's 75 th Precinct. |
| April 2000 | DOP's Family Court Intake Center and Data Center become operational. |

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| Outcomes |
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TEAMS. The TEAMS system gives the Department of Correction a uniform tool for tracking the outcomes of all management initiatives. All of the DOC outcome measures listed in this section are generated by TEAMS.

Inmate Violence in Adult Correctional Facilities. The number of searches conducted annually increased by over 200 percent, from 104,103 in Fiscal 1996 to 312,671 in Fiscal 2001, and the number of inmates arrested for committing criminal acts on DOC premises rose by 322 percent, from 202 in Fiscal 1997 to 853 in Fiscal 2001. With inmates now confined in a safer environment, the number of weapons recovered declined by 58 percent, from 8,006 in Fiscal 1996 to 3,291 in Fiscal 2001. The most notable improvement was the decline in the number of inmates who were the victims of stabbing and slashing incidents; this figure declined from 1,093 in Fiscal 1995 to only 54 in Fiscal 2001, a 95 percent reduction. In addition, incidents of serious use of force by Department personnel fell from 440 in Fiscal 1996 to 106 in Fiscal 2001.

Department of Correction Overtime and Absence Control. DOC's reduction in serious use of force incidents resulted in fewer line-of duty injuries, and the Department's sick rate fell from an annual average of almost 20 days in Fiscal 1995 to 13 days in Fiscal 2001, a 33 percent reduction. Annual overtime earnings were \$89.2 million in Fiscal 1995, and fell to \$48.8 million in Fiscal 2001.

DOC Capacity Management. For the past eight years, the Department has successfully managed its population while maintaining nearly a 98% occupancy rate in staffed facilities, accelerating the completion of vital capital projects and timely closing of over 4,000 beds. As of Fiscal 1994, the percentage of open facilities occupied by the inmate population was only 93.6%; during Fiscal 2001, this statistic averaged 97.7%. Additional closed capacity and foreknowledge of periods of low population has allowed flexibility in managing construction and fire safety projects, enabling DOC to shorten construction schedules and minimize bed loss.

DOC Inmate Programs. Selected outcomes of DOC's inmate programs are as follows:

- In Fiscal 2001 DOC served over 10,500 inmates in its residential and ambulatory substance abuse programs, and 25 percent of those inmates will continue their treatment in the community. The number of beds dedicated to the Department's substance abuse program has increased to 1,468 in Fiscal 2001, from a low of 200 in Fiscal 1994. Through enhanced screening and focused outreach, the Department has maintained less than a four percent vacancy rate in this program.
- To date, the Aftercare program is achieving a greater rate of confirmed arrivals than anticipated (30 percent confirmed, vs. 25 percent projected). As participation in community-based aftercare is voluntary, confirmed arrivals are the most challenging and salient of the milestones faced by participants. Also, over 57 percent of those who arrive at the community-based program upon discharge are completing at least 90

days. Although there is no standard by which to measure this outcome for the population coming out of jail, programs offering substance abuse treatment services to all populations report a dropout rate of 44 percent.

- DOC works closely with HHC's contracted health care provider to ensure that the appropriate number of doctors is available to treat inmates in a timely fashion. Inmates now wait an average of 35 minutes in the clinic to see a doctor. In October 1998, close to 700 inmates waited over three hours in facility clinics to be seen by a doctor; in all of Fiscal 2001, 40 inmates waited this long to be seen.
- Through improvements in necessary services to inmates, in Fiscal 2001, inmates filed 40 percent fewer grievances – for deficiencies in the delivery of such services as inmate property storage, employment, cash accounts, mail, and phone calls – than in Fiscal 1995.

Juvenile Justice Facility Expansion and Capacity Management. DJJ expanded its certified Secure Detention capacity from 289 to 412 beds and its Non-Secure Detention capacity from 75 to 152 beds. Centralizing transportation through MCCU allowed the Department to maintain 98 percent utilization in both Secure and Non-Secure Detention by maximizing available beds, re-distributing population when utilization drops, and closing housing areas when needed.

Youth Programs. DJJ's community-based programs, which provide post-detention and delinquency prevention services, were evaluated in 1995 and 1996. Assessment of the delinquency prevention component showed that 92 percent of participants remained arrest-free for six months following program completion. The assessment of aftercare service showed that youth completing the program were 60 percent less likely to be re-detained than youth that did not participate in Aftercare. That same study concluded that aftercare saved the City and State approximately \$6,000 for every participant.

Restructured Supervision Model. The Department of Probation now saves \$3.3 million annually through restructured supervision. Those probationers who pose a lesser threat can be supervised by a smaller number of Officers than previously, yet with a far greater degree of control and oversight. Instead of dissipating resources by supervising all probationers in the same manner, the Department can now target the most dangerous offenders with proven strategies to reduce recidivism.

Automated Reporting and Management System (ARMS). As described above, probationers supervised by DOP who present a low risk for recidivism now report to interactive electronic kiosks. Failure to report rates vary between 9 percent and 15 percent each month, but fewer than one percent of probationers become chronic absconders. In addition, ARMS makes it possible for 10 percent of the Department's Probation Officers to supervise 30 percent of its total caseload, enabling the largest portion of its resources to be devoted to the supervision of high-risk probationers.

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Family Court Intake. The Intake Center is producing savings at an estimated rate of \$4 million annually. Assessment of the needs of detained juveniles and the risks they pose now takes place at the onset of their stay. Appropriate interventions can be introduced quickly for those youngsters in need of them, while those posing no risk to the community can be returned to their families promptly.

Operation Neighborhood Shield. Measurement of program outcomes has begun in the following key areas: crime, probationer compliance, recidivism rates, violations processing, Probation/Police cooperation and visibility, probationer services, and community interaction. Improvements have already been observed in several areas. Community Service teams have made a positive impact in quality of life areas such as graffiti removal and vacant lot cleanup. NYPD/DOP cooperation have increased arrests and warrant returns and decreased crime rates. Probation Officers in schools have increased compliance with court-mandated curfews. Probation violation processing has been dramatically expedited.

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| Further Challenges |
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TEAMS. While the Department of Correction focuses on extending access to and knowledge of TEAMS to all its personnel, the challenge faced by other City agencies is to develop, implement and use performance management systems of the same kind. TEAMS, and similar systems in several agencies, have been shown to be an effective approach to establishing top-down goal-oriented management and enhanced accountability in New York City government.

DOC Management Issues. The interlinked issues of overtime control and capacity management remain top priorities for the Department. DOC is committed to keeping overtime expenditures down while providing for the care, custody, and control of the City's inmate population. To do this, it must continue to develop innovative strategies to deal with a fluctuating population and changing service requirements. The Department will seek to further maximize the use of its cell capacity through aggressive management of inmate placement, reducing the number of "down" cells and the downtime required for repairs, and increasing savings and productivity through the efficient use of available resources.

DOC Inmate Programs. Using the information now being gathered through performance-based contracts for drug treatment services, DOC should be able to make a determination as to the effectiveness of jail-based drug treatment programs. DOC will also seek to expand the quantity and increase the sophistication of SAID outcome measures to include relapse rates for participants as well as changes in attitudes and behaviors as a result of participating in drug treatment. Similarly, the greatest challenge facing DOC's Aftercare program is the further development of performance-based contracting, including expansion of the service milestones that form the basis of payment to include clinical outcomes such as relapse rates and changes in behavior.

Due to the high turnover rate of the inmate population, the Department will explore installing and utilizing advanced technology to provide more rapid linkages between various facilities and the Board of Education's headquarters to access school records and other relevant educational information.

DJJ Management Issues. The Department continues its efforts to plan for optimal detention capacity in secure detention. To ensure the availability of sufficient beds in secure detention, DJJ continues to work collaboratively with the Department of Design and Construction on possible expansion of its existing facilities. In addition, DJJ will continue its initiative to privatize all non-secure detention facilities. In keeping with this goal, DJJ issued a Request for Proposals (RFP) in June 2001 to privatize its directly operated girls Non-Secure Detention group home in Manhattan. The RFP would also provide for vendors to operate additional group homes should the need arise.

Youth Programs. DJJ will implement a new assessment instrument and process for determining the appropriateness of open remands for transfer to Non-Secure Detention. The new process will add observational information concerning the youth's adjustment and behavior in detention to existing criteria concerning the current charge and previous history.

Utilizing federal funds, DJJ will enhance the special support dormitories within its Secure Detention facilities to house youth with severe mental health, behavioral, or other adjustment problems. The Department will also work to replicate education services that exist in secure detention for Non-Secure Detention residents. This includes shifting education services in Non-Secure Detention to the Passages Academy; establishing pre-GED classes and open school nights; and ensuring residents' transition back into their home schools.

Restructured Supervision Model. The installation of computers to extend the Adult Restructuring Tracking System (ARTS) to every Supervising Probation Officer is a primary goal. In case management, DOP plans to develop specialized case management methods for drug and sex offenders and for psychiatric cases, with state-of-the-art methodology and training to enhance the expertise of Probation Officers who handle these cases.

Family Court Services. The Department of Probation envisions wider use of the Intake Center by other service units, including the development of oversight reports. The future challenge for the Data Center is to expand its scope to provide all appropriate Department staff with greater access to information, and to serve as a primary training center to educate staff in accessing the various databases of other City and State entities. In the future, a comprehensive automated information network is envisioned for all of Family Court Services.

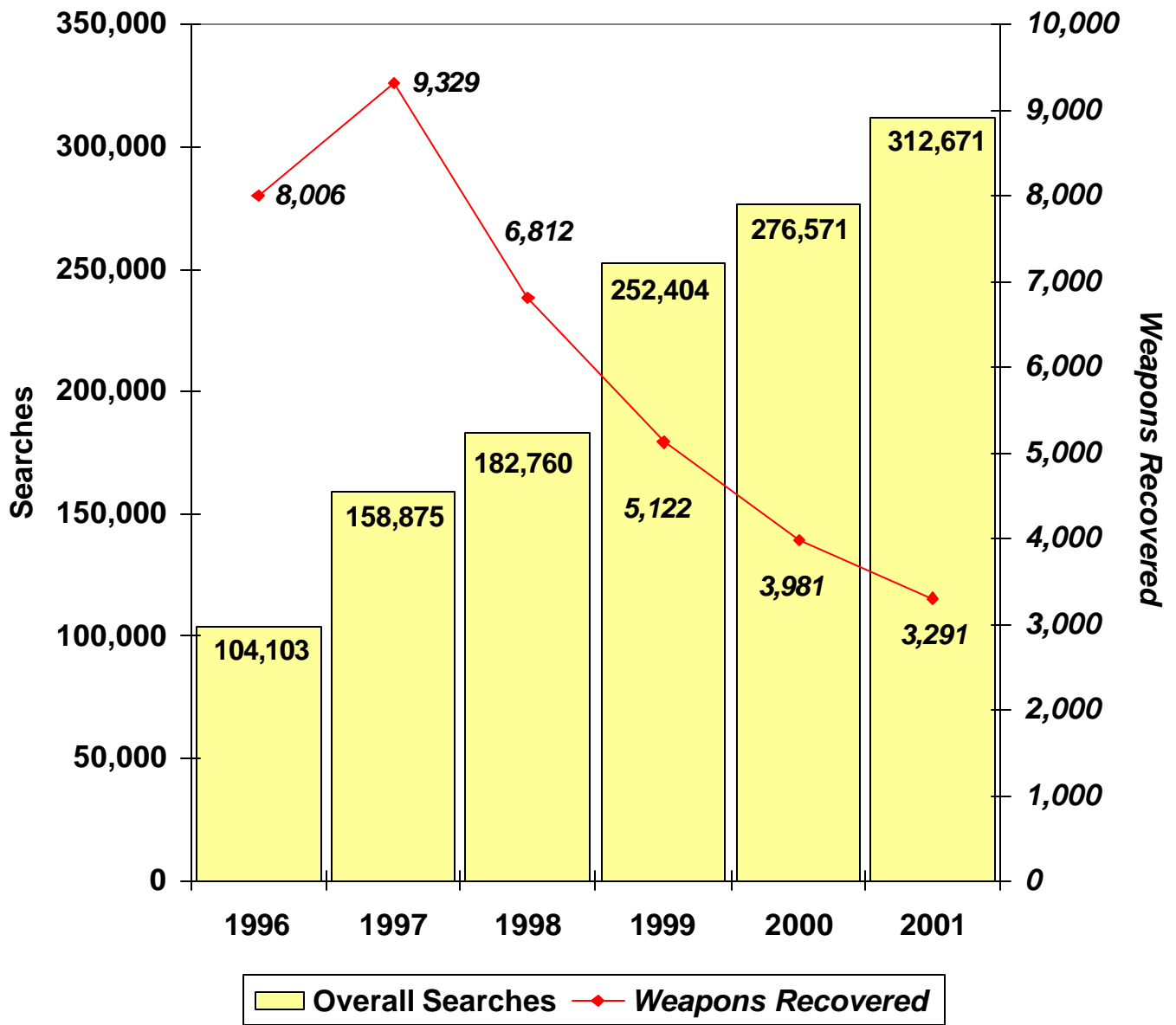
Operation Neighborhood Shield. The most immediate challenge facing Operation Neighborhood Shield is to begin operations in the next three targeted precincts (the 44th and 47th Precincts in the Bronx, and the 67th Precinct in Brooklyn). The working hours

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for all Community Based Response Team sites must be expanded to provide multi-shift coverage. Evaluation methodology must be improved. The Department will seek to expand collaboration with other City agencies and offer more intensive services within the community.

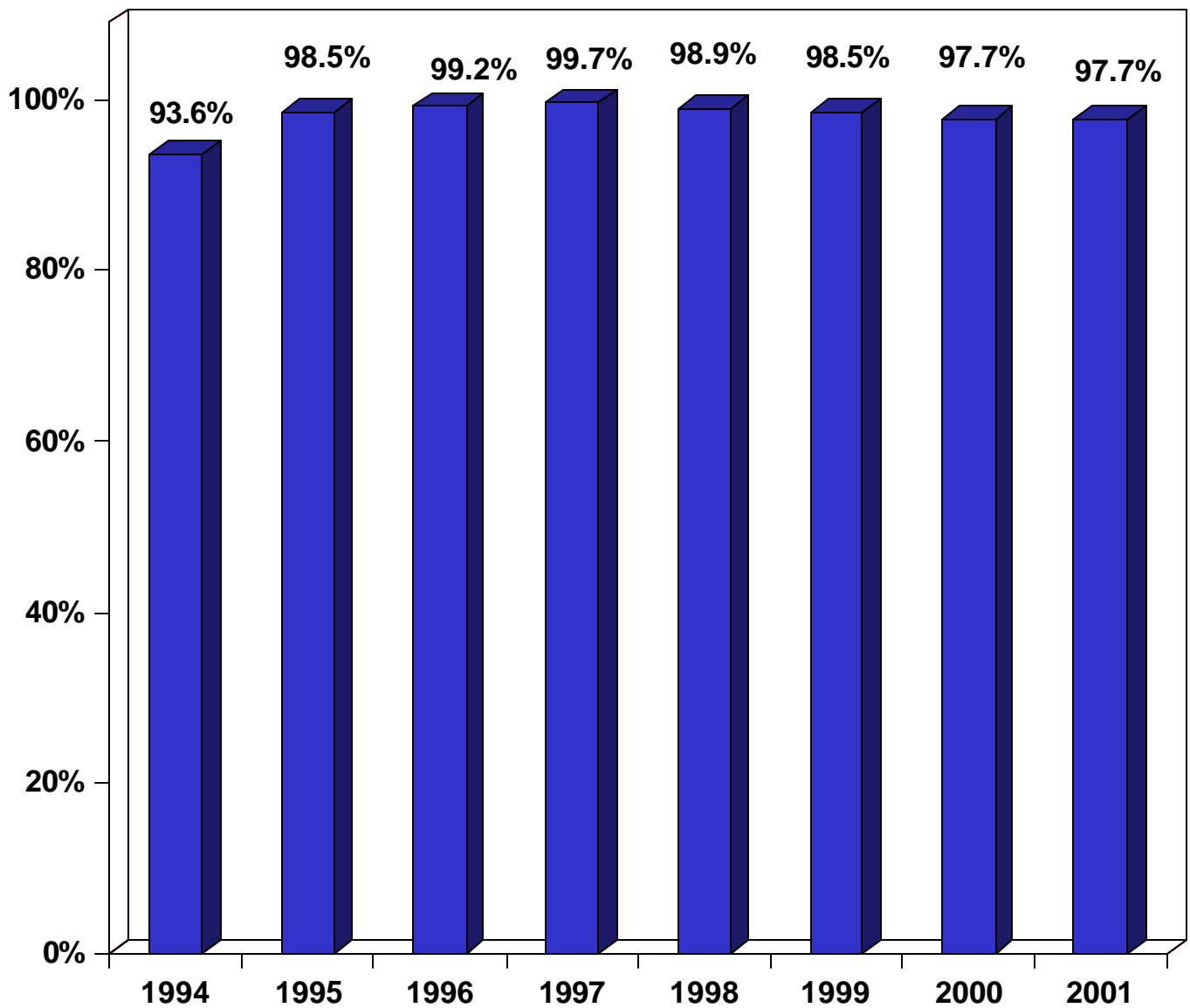
Department of Correction

Number of Searches vs. Weapons Recovered Fiscal 1996-2001



Department of Correction

Population as Percent of Capacity Fiscal 1994-2001



EMERGENCY MEDICAL RESPONSE

The Challenge

Pre-hospital emergency medical care needed improvement due to high response times experienced by the City's Emergency Medical Service (EMS). Response times to Segments 1-3 Life-Threatening Emergency Medical Incidents ranged from 8 minutes and 45 seconds in Fiscal 1994 to 8 minutes and 58 seconds in Fiscal 1996. In addition, response time to cardiac arrest incidents averaged approximately 6 minutes and 30 seconds citywide. The American Heart Association (AHA) recommends a response in less than 6 minutes to heart attack victims in order to have the best chance of saving their lives; EMS units were reaching heart attack victims within 6 minutes only 56 percent of the time.

The task of improving emergency medical response was complicated by the fact that EMS was part of the Health and Hospitals Corporation, which does not report directly to the Mayor. In most large American cities, non-private emergency medical response units report to the Fire Department or another public safety agency performing emergency response functions.

The Solution

The City's response took two forms: training fire-fighting personnel to perform critical types of emergency medical responses, and reorganizing the Emergency Medical Service under the auspices of the City's Fire Department.

Certified First Responder-Defibrillation (CFR-D). In Fiscal 1994 the Fire Department began training its companies, on a phased-in basis, in cardiopulmonary resuscitation (CPR) and as Certified First Responders equipped with defibrillators. The purpose of this training was to make additional units available to respond to selected critical health threats without compromising fire protection. Since engine companies typically responded to structural fires in less than five minutes, their response times were expected to meet AHA standards for serious medical emergencies.

In July 1994, firefighters in engine companies that were already trained in cardiopulmonary resuscitation as part of a pilot program in Brooklyn began to be trained to a higher level as Certified First Responders. They were equipped with defibrillators and enabled to assist EMS on a wider variety of life-threatening medical emergencies, such as cardiac arrest, choking, major burns, respiratory distress, and prolonged seizures. CPR training for all engine companies citywide was completed in Fiscal 1995, and CPR training for ladder companies began in Fiscal 1996. At the same time, the Fire Department began training uniformed personnel in Queens as Certified First Responder-Defibrillators (CFR-D). By Fiscal 1998, the Department's CFR-D units were responding to Segments 1-3 incidents (the most serious medical emergencies) in all five boroughs.

Emergency Medical Response

Emergency Medical Service/Fire Department Merger. In March 1996, EMS was merged into the Fire Department in order to provide a uniform and consistent response time that would eliminate extreme ambulance response time variances and decrease response time to life-threatening emergencies. The purpose was twofold: to enhance EMS management and supervision as part of another agency whose primary mission is emergency response; and to achieve economies of scale and greater efficiency in sharing administrative functions.

At the time of the merger, the Mayor and the Speaker of the City Council signed a Memorandum of Understanding outlining plans for the merger and expected outcomes. This agreement included the following plans:

- Increase the number of ambulance tours currently available in the system on each tour within six months of the merger, through redeployment of existing medically trained EMS personnel currently performing administrative functions to direct medical service functions.
- Within three years, augment the number of ambulance stations in the system, in addition to the 16 stations already utilized by EMS.
- Establish EMS as a separate bureau within the Fire Department under the command of a Fire Department bureau chief.

Expected outcomes for EMS medical response times included in the Memorandum of Understanding were as follows:

- Response time of under six minutes for Basic Life Support units (including CFR-D) in 90 percent of potentially life-threatening calls.
- Response by Advanced Life Support units to incidents requiring advanced life support in less than 10 minutes in 90 percent of potentially life-threatening calls.
- Response time of under 10 minutes in 90 percent of non-life threatening calls.

Organizational, procedural and technical enhancements since the merger have included the following:

- In July 1996, the Department was funded to proceed with construction of 24 new ambulance stations, representing the first phase of the plan to establish ambulance stations throughout the City. The first new station opened at Elmhurst Hospital in Queens in October 1996, and 11 additional stations have been opened since.
- The number of voluntary tours in the 911 system has increased significantly since the merger. The increase in the voluntary tours coupled with the increase in municipal tours immediately following the merger has enabled the Department to increase the average daily ambulance tours from over 600 per day to over 900 per day at present. All 28 voluntary hospitals have entered into agreements with the Department which became mandatory for participation in the 911 system post-merger. The agreements

Emergency Medical Response

cover requirements for service operation, performance measures, responsibilities and quality assurance oversight by the Department.

- As part of the City's comprehensive asthma initiative, the State Department of Health approved the Fire Department's two-year pilot program to train Emergency Medical Technicians (EMTs) to administer a commonly used asthma medication. Prior to Fiscal 1999, only paramedics were trained to administer medications. Since the project was initiated in December 1998, EMTs have administered the treatment to a total of 2,382 asthma patients citywide. An initial evaluation of pulmonary function parameters demonstrates significant patient improvement following treatment. In addition, 93 EMTs were upgraded to paramedics, allowing EMS to provide greater coverage for incidents requiring advanced life support.
- Beginning in Fall 1998, Advanced Life Support ambulances were upgraded with the latest medical equipment. Now, with equipment comparable to that in hospitals and medical doctor's offices, paramedics can perform a full electrocardiogram (EKG) to identify the type of cardiac problem a patient may be having. The detailed information provided by this equipment allows paramedics to provide external electrical pacing for patients whose hearts have an irregular rhythm or are beating too slowly.
- As of Fiscal 1999 all EMS ambulances and support vehicles have been equipped with medications appropriate for patients contaminated by hazardous materials. The Department also fields Hazardous Material Tactical Units, staffed by EMTs and paramedics who have undergone special training in the proper handling of patients contaminated by hazardous materials.

Emergency Medical Response

| Chronology of Implementation | |
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| July 1994 | Certified First Responder-Defibrillation (CFR-D) begins on a pilot basis for engine companies in Brooklyn. |
| June 1995 | All fire companies are trained and responding using cardiopulmonary resuscitation (CPR). |
| February 1996 | Memorandum of Understanding between the Mayor and City Council regarding plans and outcomes for the EMS/Fire Department merger. |
| March 1996 | Merger of the Emergency Medical Service into the Fire Department. EMS senior management offices are relocated to Fire Department headquarters. |
| September 1996 | EMS ambulance tours are increased by 10 percent through redeployment of personnel. |
| July 1997 | CFR-D units begin responding to serious medical emergencies citywide. |

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| Outcomes |
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The baseline period for pre-merger response times is Fiscal 1995 (the merger took place in the third quarter of Fiscal 1996). Following the phased-in training of engine companies in medical response techniques, the number of CFR-D responses to medical emergencies increased from 11,798 in Fiscal 1995 to 154,458 in Fiscal 2001. Most importantly, CFR-D units' average response time to medical emergencies was 4 minutes 15 seconds in Fiscal 2001, well within AHA recommendations for patient survival during cardiac arrest; this response time has consistently averaged under 5 minutes in the past four years.

EMS ambulance response time to life-threatening medical emergencies is at an all time low. Average response time to Segments 1-3 life-threatening emergencies ranged from 8 minutes 45 seconds to 8 minutes 58 seconds during the period Fiscal 1994-1996; response time has been reduced to 7 minutes 4 seconds for Fiscal 2001. Response time to Segment 1 emergencies (the most critical emergencies) was 6 minutes 23 seconds in Fiscal 1995, compared with 5 minutes 19 seconds in Fiscal 2001. Currently, EMS units are reaching heart attack victims within 6 minutes 70 percent of the time, compared to 56 percent prior to the merger.

EMS is making progress toward the response time goals outlined in the February 1996 Memorandum of Understanding (MOU):

Emergency Medical Response

- The percent of responses in under six minutes by Basic Life Support units (including CFR-D) to potentially life-threatening calls has increased from 34 percent in Fiscal 1995 to 60 percent in Fiscal 2001.
- Advanced Life Support (ALS) unit responses to ALS incidents occurred in under 10 minutes in 78 percent of cases during Fiscal 2001, compared with 64 percent in Fiscal 1995.
- The percent of responses in under 10 minutes by all units to non-life threatening calls increased from 51 percent in Fiscal 1995 to 72 percent in Fiscal 2001.

The clearest indication of how these initiatives have affected medical emergency response can be seen by combining response time data for ambulance units and fire companies. In Fiscal 2001, EMS response time to Segments 1-3 life-threatening incidents was 7 minutes 4 seconds, but when CFR-D responses are included, average response time was 5 minutes 19 seconds. EMS response time to Segment 1 life-threatening incidents was 6 minutes, but when CFR-D responses are included, response time was 4 minutes 12 seconds.

Further Challenges

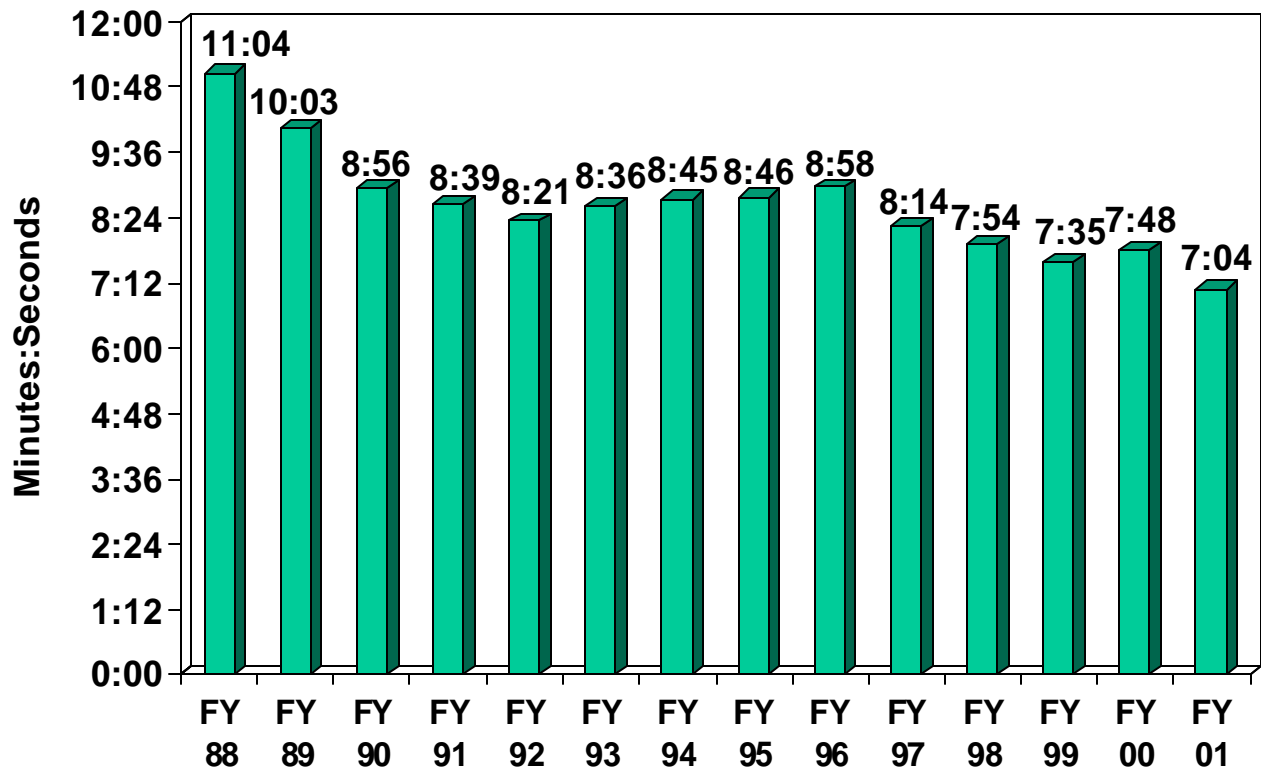
From 1990 to 1991 the Emergency Medical Service participated in the landmark PHASE study, which evaluated patient survival rates following out-of-hospital cardiac arrest. The American Heart Association has now designated the New York City Fire Department as the Principal Investigator in a follow-up and expanded the scope of the PHASE II project planned for Summer 2001. PHASE II will provide the Department with an important opportunity to revisit the issue of out-of-hospital cardiac arrest, and to critically evaluate the impact of early cardiopulmonary resuscitation (CPR) and defibrillation by Certified First Responders (CFR-Ds).

In order to meet the response time goals set by the February 1996 Memorandum of Understanding, several additional initiatives must be realized:

- The remainder of the ambulance support stations must be built to improve citywide deployment of ambulance units. The Fire Department is working with the Department of Citywide Administrative Services on the identification and acquisition of sites for this purpose.
- The Department is working to rehabilitate the physical plants of its five Borough Communications offices. This project will integrate the EMS and Fire dispatching systems into a unified FDNY Emergency Communications infrastructure.
- The Department is also in the process of procuring a joint Fire/EMS Computer Aided Dispatch (CAD) system. The system will include an Automatic Vehicle Location feature for ambulances, which will assist in making optimum dispatch choices.

Fire Department

Response Times to Segment 1-3* Life-Threatening Medical Emergencies (in minutes) EMS Units Only Fiscal 1988-2001



No comparable data prior to Fiscal 1988.

*Segment 1-3 incidents reflect the most serious life-threatening situations, ranging from cardiac and choking, to conditions such as difficulty breathing, unconsciousness, major burns and major trauma.

FIGHTING ORGANIZED CRIME

The Challenge

The influence of organized crime on sectors of New York's economy impacts the City's prosperity and quality of life in several ways: by introducing endemic corruption, intimidation, and cynicism; by stifling healthy competition; and by imposing a hidden "tax" on the cost of doing business that is passed on to residents and consumers. The most common method of attacking this problem has always been through criminal investigation and indictments; however, experience has shown that more is needed. This point was made by Manhattan District Attorney Robert Morgenthau in testimony before the City Council in 1996. Commenting on a wave of indictments in the private waste hauling industry, he stated: "Indictments alone cannot do the whole job...Systematic corruption must be addressed not only by the criminal law, but by the regulatory structure. Once law enforcement has done its job, there must be a regulatory structure in place with sufficient muscle behind it to ensure that systematic corruption can not return."

The challenge for the City was therefore to loosen the grip of organized crime on areas it had historically controlled, to expand and enhance law enforcement efforts against racketeering, and to set up effective regulatory mechanisms using both new legislation and a new level of interagency coordination. Agencies involved in these efforts include the New York City Police Department, the Department of Investigation, the Department of Business Services, the newly-created Trade Waste Commission and Gambling Control Commission, the Law Department, the Department of Sanitation, the Department of Health, and the Economic Development Corporation. To fully understand how the City's approach has been engineered to address this challenge, it is necessary to examine the nature of the problem in critical areas of organized crime influence.

Commercial Waste Hauling. Since 1956, when the City ended the municipal collection of commercial waste, approximately 300 private carters have provided waste removal services to more than 200,000 commercial business establishments. Until 1996, the private carting industry in New York City was operated as an organized-crime cartel engaging in a pervasive pattern of racketeering and anti-competitive practices. Virtually all of the approximately 300 carting companies operating in the City were members of one or more of four local trade waste associations. The purpose of those trade waste associations was to enforce an industry-wide customer allocation scheme. The cardinal rule of this scheme was that carting companies did not compete against each other for customers. Customers had no choice about which carters they would deal with. All but a handful of the City's carting companies played by these rules, which kept carting rates two or three times higher than anywhere else in the nation, and kept carters' profits correspondingly high.

Under organized crime control, the carting industry was rife with coercion, violence, and anti-competitive practices such as customer allocation, price fixing, bid rigging, and other contractual abuses. Disputes among carting companies were resolved by the mob, and

Fighting Organized Crime

organized crime took its cut of the huge revenues generated by customer route sales. In short, the New York City commercial carting industry was a mob-run cartel. The economic cost imposed by the cartel on the businesses that were at its mercy was staggering. The anti-competitive effects of the cartel resulted in the maximum rates that were established by the Department of Consumer Affairs, which regulated the carting industry until 1996, effectively being the only rate available to businesses. In 1995, the maximum rates for the removal of loose waste were \$14.70 per cubic yard and \$46.70 for pre-compacted waste. At the time of the Manhattan District Attorney's Office's indictments of the carting industry in 1995, the "mob tax," as Mayor Giuliani described the increased costs paid by businesses due to the mob-enforced absence of competition among carting companies, was estimated at \$500 million per year.

Construction. Organized crime maintains influence over the construction industry through labor racketeering – that is, by gaining control of the work force. By manipulating the right of union democracy through fear and intimidation, criminal organizations were able to rig union elections and elevate “their people” to positions of power within the union. Organized crime then effectively manipulated union workers by controlling collective bargaining agreements, and was able to levy the power of the union in favor of, or against, certain contractors. The influence of corrupt union officials over the workforce gave organized crime the power to take action against a contractor, often to the detriment of the workforce itself. Contractors paid a “mob tax,” kickbacks that could equal up to five percent of the construction contract costs from large projects, in exchange for labor peace. This also enabled corrupt contractors to manipulate signed collective bargaining agreements with labor unions, thereby generating huge profits.

The deep roots that organized crime had grown in the New York City construction industry have perpetuated a perception among many that it is totally under the control of organized crime and is rife with corruption. This very perception gives leverage to organized crime to capitalize on the expectations of contractors and union officials, who have adopted a “business as usual” attitude and freely accept the notion that payment of graft is the cost of doing business in New York City.

As a result of several federal civil actions, such as the successful civil prosecution of the Mason Tenders Union and the Consent Decree by the Teamsters International, federal monitors were assigned to the construction industry. In spite of this, evidence of widespread corruption still existed. Independent monitors are the mechanism for expulsion of corrupt individuals; however, these agencies are understaffed and rely on law enforcement to supply evidence of corruption.

This problem represents a challenge not only for the private construction industry, but also for City government in addressing its urgent infrastructure needs through capital construction. The City, through its constituent agencies, is the largest single builder of capital construction projects in the region. Bid rigging, price fixing, labor racketeering, and fraud are among the crimes that have been perpetrated against the City and other public entities as a result of organized crime influence in the industry. Generally, the government agency seeking to award a capital contract will concern itself with some

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aspect of a particular contractor's past behavior or affiliations; these may provide the basis for a finding that the contractor lacks the requisite business integrity to justify being awarded a contract. In some cases, however, the entity under review may have severed ties with the persons implicated in questionable conduct and otherwise demonstrated a sincere commitment to address and allay the City's integrity concerns. It is the City's responsibility to accurately evaluate these factors, to afford rehabilitated contractors and vendors the opportunity to demonstrate their restored integrity, and to monitor contractors' adherence to ethical standards of business conduct.

Wholesale Markets. The problem of organized crime at the Fulton Fish Market is to some extent typical of problems in all the City's public wholesale markets. For decades, organized crime influenced and corrupted the operations of the Market through extortion schemes, violence, conspiracies in restraint of trade, and "phantom" businesses. As a result, a lawless atmosphere pervaded the Market, high costs and inefficiencies hindered operations, and many companies refused to do business there.

Historically, Fulton Fish Market operations followed a consistent pattern. Seafood delivery trucks arrived in the Market from up and down the east coast, as well as from Canada and other areas of the U.S. The trucks lined up along South Street in lower Manhattan, where, at approximately 10 p.m., unloading companies unloaded the seafood from their trucks and delivered it to Market wholesalers. The wholesalers would then prepare and display the seafood for sale to retailers. Beginning at about 3 a.m., buyers arrived in the Market. They parked their cars or trucks in several parking areas, or "loading zones," in the Market, operated by fee-charging "loading" companies.

The "old guard" former unloading companies created a cartel that tightly controlled the movement of seafood from the delivery trucks to the wholesaler stalls. Delivery trucks could only be unloaded by the crew to which they were assigned by the cartel. The truckers could not choose their unloading company, nor could the truckers or wholesalers unload the trucks themselves. Due to the perishable nature of seafood and the tight schedule of daily Market activities, control of the unloading function gave the unloaders enormous power. Those who attempted to circumvent the system typically were unloaded last, if at all, or suffered other harm.

Similarly, retail buyers were "assigned" designated parking spaces by the former loading companies. Although most of these spaces were located on City streets, the loaders charged a fee for parking, even though they lacked the City's permission to do so, or their City permits had expired long ago. Needless to say, the City received no revenue for this use of its property. Those who refused to play by the rules often had their vehicles vandalized, their seafood stolen, or were subject to threatened or actual bodily harm.

In the past, wholesale operations in the Market were also marked by significant fraud and abuse. Many of the wholesale stalls located on City property were "sublet" by the lessees to other businesses without the City's knowledge or approval, and at rents that far exceeded the terms of the original lease. This extensive "gray market" in wholesale stalls deprived the City of revenue and prevented it from exercising effective control over

Fighting Organized Crime

wholesale operations. In addition, there were instances in which wholesalers ordered seafood from suppliers, took delivery, and then “disappeared” from the Market before paying for the delivery, only to later re-emerge under a different name.

Gambling Cruises. Due to a series of amendments to applicable federal law during the 1990s, U.S. and foreign flag vessels were permitted to engage in gambling on the high seas during so-called “cruises to nowhere.” These amendments also granted the individual states the authority to enact statutes prohibiting such cruises from departing and arriving in their waters; New York State did not choose to exercise this option. As a consequence, it became legal for ships to engage in gambling activities beyond the three-mile territorial water limit while leaving and returning to New York Harbor.

Gambling activities are particularly susceptible to criminal activity and have historical associations with organized crime. In order to protect consumers and the general public in New York City from fraudulent practices and other criminal acts, to assure public safety during such voyages, and to prevent businesses from being infiltrated by organized crime, it became imperative to create a regulatory mechanism that would assure the good character, honesty, and integrity of those individuals becoming involved in the gaming industry in New York City.

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| The Solution |
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Trade Waste Commission. In response to the pervasive corruption problem in the carting industry, the Mayor introduced and the City Council enacted Local Law 42 of 1996, intended to remove corrupt individuals and organized crime influence from the carting industry and to create an environment that allows competition to flourish. Local Law 42 transferred the licensing jurisdiction over private carters from the Department of Consumer Affairs to the newly-created Trade Waste Commission (TWC), which is both a law enforcement and a regulatory agency.

As a regulatory agency, the Commission makes determinations on applications submitted by new market entrants as well as carters who were licensed by the Department of Consumer Affairs at the time of enactment of Local Law 42. A carting company cannot operate in New York City unless it and its principals have the requisite "good character, honesty and integrity." The TWC conducts extensive background investigations on applicants and their principals, including but not limited to comprehensive depositions, utilization of various public and non-public databases, surveillance, and undercover work. As described below, a team of experienced NYPD detectives is assigned to the Commission to conduct background checks and criminal investigations. These investigations are supported by civilian enforcement units, including investigative attorneys, forensic auditors, and inspectors.

In addition, Local Law 42 authorizes the Commission to establish the maximum rates for the collection, removal, or disposal of trade waste. Within two years after the enactment of Local Law 42, the carting costs paid by New York City businesses have declined

markedly. The Commission estimated the aggregate value of this cost saving at approximately \$400 million in the first year alone; that is, \$400 million that would have gone into the pockets of carting companies and their mob associates as inflated cartel profits was remaining in the pockets of thousands of businesses for re-investment and business growth.

The reduction in carting costs is partly due to the Commission's 1997 action to lower the maximum rates that carting companies may charge. The Commission reduced the waste removal rates from \$14.70 per cubic yard of loose waste to \$12.20, and from \$46.70 per cubic yard of pre-compacted waste to \$30.19. This represented an overall reduction of 26 percent in the maximum rates that carting companies can charge businesses for waste removal services.

The second factor pushing down carting costs is competition. The Manhattan District Attorney's indictments and subsequent convictions of carting companies and mob-associated individuals and the enactment of Local Law 42 effectively ended organized crime's domination of the industry. Three national companies have entered the New York City market, and a total of new 173 market entrants have applied for carting licenses since 1996. In addition, honest local carting firms that could not previously compete due to the domination of the cartel are able to compete now. The surge of competitive forces into the market has had the predictable effect of lowering the rates charged for carting services.

To inject competition into the industry, Local Law 42 made all contracts in existence at the time of the law's enactment terminable by the customer on 30 days' notice. Many of these contracts were long-term in duration, which served to prohibit competition and perpetuated organized crime control in the carting industry. The new law permitted carting companies to request waivers of this terminability provision for their contracts and to continue to enforce those contracts while their license applications were under review by the Commission. This waiver application process required an examination of the background and contracting practices of each waiver applicant. TWC reviewed 215 waiver applications and denied 148 applications.

NYPD and the Private Carting Industry. Personnel assigned to the Trade Waste Commission from the NYPD's Organized Crime Investigation Division (OCID) have two functions. First, they conduct background checks on waste hauling firms to determine whether the firm or its principals have organized crime ties. Various public and non-public databases are searched; criminal records are assessed; tax records are reviewed; and real property and indebtedness are identified. Fieldwork, surveillance, registered confidential informants, and, when necessary, undercover work are employed. The results of the background check are reviewed by at least two OCID supervisors and submitted to TWC attorneys for consideration in assessing the character and integrity of the applicant.

The second function of the OCID personnel assigned to the Commission is to investigate alleged criminal complaints related to the waste hauling industry. Allegation of criminal activity is reported to the Commission from varied sources. These include referrals from

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TWC attorneys, referrals from other law enforcement agencies, complaints from customers, and complaints from carters or other industry-related professions. Once apprised of the alleged criminal activity, OCID personnel conduct investigations utilizing all available Police Department investigative techniques. Substantiated criminal cases are submitted to the appropriate agency for prosecution.

Overall, the OCID contingent assigned to the TWC acts as intelligence gathering unit and investigative arm for the Commission. The intelligence derived from background checks and criminal investigations is ultimately used in granting or denying licenses. An added benefit to the OCID is the fact that intelligence information gathered on behalf of the TWC has led to self-initiated criminal investigations involving organized crime involvement in other legitimate businesses.

Since the unit's inception, OCID-TWC, working with the TWC's enforcement inspectors, has investigated 230 complaints alleging criminal activity with respect to the private carting industry. The referrals have ranged from allegations of unlicensed activity to grand larceny, coercion, fraud, and racketeering. Sixty five arrests have been made, which include charges of coercion, grand larceny, criminal mischief and systematic fraud conspiracies. In addition, OCID and the TWC are currently involved in four ongoing self-initiated investigations focusing on racketeering and organized crime control within the industry. It is anticipated these cases will result in numerous arrests and long-term policy changes with respect to other corrupted legitimate industries.

Construction. The New York City Police Department's (NYPD) Operation Textbook was designed to identify construction contractors and union officials operating systematic criminal enterprises, and to enforce existing laws to preclude these individuals and corporations from public and private projects within the City. Industry regulatory mechanisms would then assist law enforcement in their efforts to purge members and associates of criminal organizations from entrenched positions within the industry.

From January 1997 through September 2000, Operation Textbook conducted extensive electronic eavesdropping and physical surveillance. Armed with the resulting information, NYPD detectives were then able to identify the individuals and corporations involved with organized crime.

This initiative was a "textbook" example of effective, coordinated criminal investigation on a large scale. Utilizing subpoenas and court-ordered eavesdropping, the Operation Textbook unit compiled and analyzed a database of in excess of 133,000 phone records. Over 400 surveillance operations were conducted, yielding 6,000 photographs and videos needed to corroborate evidence from conversations and overt acts. In all, a total of 94,328 telephone conversations and 19,116 digitized pages of visual evidence were intercepted and recorded. A total of 59 court ordered search warrants were executed between June of 1999 and February of 2000, resulting in the recovery and/or confiscation of six firearms, 243 computer systems, 475 boxes of financial records, \$307,000 recovered from the residences of organized crime members and associates, and the identification of nearly

\$900,000 held in financial accounts. A special Grand Jury was empanelled on February 24, 2000 which concluded hearing evidence on August 17, 2000.

Monitoring the City's Construction Contractors. To afford the opportunity for rehabilitated contractors and vendors to demonstrate their restored integrity, the Department of Investigation (DOI) established an Independent Private Sector Inspector General (IPSIG) program. Under this program, DOI, in conjunction with the Law Department and individual contracting City agencies, has negotiated and entered into monitoring agreements with particular contractors designed to address the contractors' specific outstanding responsibility issues.

Among the generic conditions included in these agreements is the requirement that the subject company retain, at its own expense, an independent monitor – generally referred to as an “IPSIG” – to review and report to DOI on aspects of the contractor's operations that have been identified as problematic. The standard IPSIG agreement also requires that the contractor adopt a strict code of business ethics (“Code”) as well as a corruption prevention program, and agree to have all of its personnel undergo training in the Code.

An IPSIG is an entity (or group of entities or individuals) with the demonstrated legal, auditing, and investigative skills necessary to monitor contractor compliance with the IPSIG Agreement, together with all relevant laws and regulations, and to detect and report on unethical or illegal conduct by the contractor. In many instances, IPSIGs are seasoned former law enforcement and investigative personnel with demonstrated expertise in fraud prevention and detection.

The standard IPSIG agreement states that the contractor is required to provide the IPSIG unfettered access to its books, records, personnel, and operations, with the IPSIG being required to report all findings directly to DOI. In addition, the IPSIG is bound to maintain a 24-hour “hot line” telephone number to be used by employees or other persons to report instances of wrongdoing or corruption involving or affecting the contractor, especially with regard to its performance of City contracts. If the contractor fails to comply with its obligations under the IPSIG Agreement, the City may declare the contractor in default of both the Agreement and any existing City contracts that the contractor is performing. DOI supervises the implementation of the IPSIG Agreement, working with the appointed IPSIG in developing and implementing the Code and formulating a comprehensive corruption prevention program tailored to address areas which DOI may have identified as warranting particular oversight.

Fulton Fish Market. The Giuliani Administration responded to the problems of the Fulton Fish Market by proposing Local Law 50 of 1995, which amended the Administrative Code of the City of New York. Local Law 50 was approved by the City Council and took effect on June 15, 1995.

Local Law 50 creates a structure of regulation governing all significant aspects of the operation of the Fulton Fish Market. This regulatory scheme is implemented and enforced by the Department of Business Services (DBS) with the assistance of the

Fighting Organized Crime

Department of Investigation (DOI). The centerpiece of the law is a requirement that all loading and unloading businesses operating in the Market be licensed by DBS. The Commissioner of Business Services is authorized to initiate the licensing process by issuing requests for licensing proposals (RFLPs). The RFLPs solicit information regarding the qualifications of the applicant for the loading or unloading license, its proposed methods of operation, the rates to be charged, and any other information relating to performance standards, responsibility, and service that the Commissioner deems appropriate. The Commissioner has the discretion, after reviewing the proposals, to issue that number of licenses that she determines is necessary to provide the Market with adequate and efficient service. Any license issued for a loading or unloading business will specify the rates to be charged to wholesalers, standards of customer service, and any other appropriate requirements. By issuing licenses on the basis of responses to RFLPs, DBS is able to restrict licensure to those businesses that offer the best service at the most attractive price, thereby injecting competition into the delivery of services that have, in the past, suffered from many anti-competitive practices.

The personal fitness and integrity of applicants for loading and unloading licenses is given close scrutiny by DBS and DOI. The principals of applicants for licensure must be fingerprinted, and the applicants must provide DBS with extensive background information, which is then fully investigated by DOI's Markets Investigation Unit. The Commissioner of Business Services may refuse to issue a license based upon a finding that the applicant lacks good character, honesty, or integrity, following notice and an opportunity to be heard. In making such finding, the Commissioner may consider various factors, including, among others, the applicant's failure to provide truthful information in connection with the application, conviction for a crime that has a direct relationship with the licensed activity, commission of racketeering activity, or knowing association with publicly-identified members or associates of government-recognized organized crime groups. The ability to consider such factors in connection with licensing decisions gives the City a powerful tool to rid the Market of the corrupt influences which have proven so intractable in the past.

Local Law 50 also requires wholesaler, market, and seafood delivery businesses operating in the Market to register with DBS and to undergo a background check and fitness evaluation. The Commissioner may refuse to register any business, after notice and an opportunity to be heard, if she finds that it or its principals lack good character, honesty, or integrity, based on the fitness criteria described above.

In order to end the "gray market" created by the unauthorized subleasing of wholesaler stalls, Local Law 50 prohibits the transfer of registration numbers from a registered wholesaler to another party. Subleases and assignments of all or part of leases is also prohibited, unless the sublessee or assignee is also registered with DBS. In addition, Local Law 50 seeks to protect suppliers against losses caused by "phantom" businesses by requiring DBS to maintain a publicly-available list of registered businesses.

As a further measure to rid the Market of corruption and criminal activity, Local Law 50 requires all principals, employees, and agents of businesses operating in the Market to

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obtain a photo identification card from DBS. Principals and employees of loading and unloading companies who apply for photo ID cards must be fingerprinted and undergo the same intensive background investigation that applicants for loading and unloading licenses do. Principals and employees of wholesale, market, and seafood delivery businesses must also undergo a background check and fitness evaluation. The Commissioner may deny an application for a photo ID card based on a determination that the applicant lacks good character, honesty, or integrity, based on the fitness criteria described above.

Gambling Control Commission. New York City Local Law 57 of 1997 created the Gambling Control Commission (GCC). The GCC consists of five members, three appointed directly by the Mayor and two appointed by the Mayor in consultation with the City Council. It is empowered to implement an extensive regulatory scheme governing the shipboard gambling industry operating from New York City piers. Local Law 57 authorizes the GCC to license shipboard gambling businesses themselves and their managerial and supervisory personnel, as well as certain key outside vendors providing types of services as determined by the GCC. In addition, the GCC must issue certificates of approval to all employees whose duties include the conduct, operation, or facilitation of gambling as well as to those who repair or maintain gambling devices. Finally, the GCC must issue registrations to all other employees of shipboard gambling businesses, and to vendors providing services related to the maintenance of a vessel, or facilities or equipment aboard a vessel, food, soft beverages, entertainment, or other activities that the GCC may require by rule to register.

Prior to issuing any of the forms of approval described above, the GCC must first conduct extensive background checks to determine the good character, honesty and integrity of the applicants. Among the issues examined are criminal histories, involvements with known associates of organized crime groups, direct or indirect associations with racketeering activities, and the existence of civil suits or proceedings relating to an applicant's fitness and financial ability to conduct the business or perform the services for which approval is being sought. The GCC is also authorized to promulgate rules and regulations governing the conduct of licensees in order to assure the health, safety and welfare of the patrons of these businesses. Consistent with this mandate, the GCC may conduct investigations related to gambling in order to assist the City in formulating policies pertaining to the further regulation of shipboard gambling.

In July 2000, the staff functions of the GCC were merged with those of the Trade Waste Commission.

Fighting Organized Crime

| Chronology of Implementation | |
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| June 1995 | Local Law 50 creates a regulatory structure governing operations of the Fulton Fish Market. |
| June 1996 | Local Law 42 establishes the Trade Waste Commission. |
| January 1997 – September 2000 | Operation Textbook investigates New York City’s construction industry. |
| April 1997 | The Trade Waste Commission enacts an overall 26 percent reduction in maximum allowable carting fees. |
| May 1997 | Local Law 28 establishes a regulatory structure governing all New York City public wholesale markets. |
| July 1997 | Local Law 57 creates the Gambling Control Commission. |
| August 2000 | As a result of Operation Textbook, a special Grand Jury returns a 57-count indictment under the Organized Crime Control Act |

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| Outcomes |
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Private Carting. The Trade Waste Commission estimates that businesses paid an average rate of \$7.70 per cubic yard of loose waste as of March 2001, which is 37 percent below the current maximum allowable rate of \$12.20, and 48 percent below the maximum allowable rate in effect before creation of the Commission. Since virtually all customers paid the maximum under cartel-enforced conditions, average carting costs have been cut approximately in half.

As of July 2001, the Commission has received 532 carting license applications; so far, 172 applications have been granted, while 79 companies are permitted to operate pending a determination on their applications. In addition, the Commission has removed 323 individuals from the carting industry through denials of licenses, debarments, withdrawal of applications, or sale of companies; this includes 163 persons agreeing to life-time debarment from the industry. These individuals were active members of one of the four local trade waste associations and participated in the cartel's control over the carting industry in New York City. The debarments further ensure that old cartel members are removed from the industry. In addition, the TWC has the power to grant licenses on the condition that licensees be subject to independent monitors, or IPSIGs. The TWC has granted licenses to 11 companies with IPSIG requirements. The IPSIGs furnish periodic reports to the TWC regarding these companies’ operations.

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Construction. As a result of Operation Textbook, a special Grand Jury was empanelled on February 24, 2000 and concluded hearing evidence on August 17, 2000. This Grand Jury voted the largest Organized Crime Control Act indictment to date. This 57-count indictment, involving 158 pattern acts of criminal conduct, accused 49 defendants of committing Enterprise Corruption in violation of Penal Law section 460.20. This indictment was unsealed on September 6, 2000, and arrest warrants were executed for 41 individuals, including the acting boss of the Luchese crime family, two captains, five soldiers and four associates of organized crime. Other arrests include 11 labor officials, including the presidents of three union District Councils or locals, as well as 17 contractors. Operation Textbook crippled organized crime in the construction industry and significantly reduced the economic incentive for corrupt contractors.

Fulton Fish Market. Through the enactment and implementation of Local Law 50, the City has been able to reassume administrative control and oversight of the Market – a role that had, in large measure, been abdicated in the years prior to the Giuliani Administration. As a result, the Market’s operations have become more efficient and profitable for both the industry and the City. For example:

- The cost of unloading seafood from trucks arriving at the market has been reduced by 20 percent.
- The award of loading licenses has led to a nearly 70 percent reduction in the price charged for loading services in the Market. Because the loading zones at the Market service more than 250,000 vehicles annually, this substantial decrease has resulted in an overall savings of at least \$2.5 million annually for retailers and restaurateurs who come to the market to purchase seafood.
- The City has entered into long-term leases with tenants at the Market which initially generated approximately \$1.8 million in annual rents. This is an 80 percent increase over the rent revenues collected prior to passage of Local Law 50. Currently, the City receives in excess of \$2.13 million in rent revenue from Market properties.
- The volume of seafood entering the Market has increased significantly. Successful enforcement of Local Law 50 has attracted new wholesalers to the Market.

The success of the Fulton Fish Market initiative prompted the Giuliani Administration to propose a regulatory scheme similar to that established by Local Law 50 for the City's other public wholesale markets, which have also been plagued by chronic corruption and racketeering. The new regulatory scheme, set forth in Local Law 28 of 1997, became effective on May 16, 1997, and affects the following markets: New York City Terminal Market (Hunts Point Produce Market), Hunts Point Cooperative Market (Hunts Point Meat Market), Bronx Terminal Market, Brooklyn Terminal Market, Brooklyn Wholesale Meat Market, and Gansevoort Meat Market.

Gambling Control Commission. In January 1998 the GCC received six applications for Shipboard Gambling Licenses. Subsequently, five of these applications were withdrawn

Fighting Organized Crime

or became inactive, while one applicant – grandfathered by the provisions of Local Law 57 – began operations in Brooklyn. The background investigation process for this applicant led to review of applications for provisional authorization of nine key vendors, 27 auxiliary vendors, and 412 employees. Between March 1999 and March 2000, four criminal investigations were undertaken by GCC resulting in a total of 22 arrests. In February 2000, the grandfathered licensee suspended its operations in Brooklyn, but remains an active licensee.

Further Challenges

Organized Crime Control Commission. In July 2001 a staff report to the New York City Charter Revision Commission outlined preliminary recommendations for changes to the City Charter, including the creation of a permanent Organized Crime Control Commission. This agency would consolidate the regulatory, licensing and investigative functions of the existing City agencies that combat organized crime activities. The Trade Waste Commission and the Gambling Control Commission, as well as the programs dealing with the Fulton Fish Market at the Departments of Business Services and Investigation, would be merged into the new agency.

Trade Waste Commission. Three major national companies now involved in the City's private carting industry have asserted that they cannot remove and dispose of a portion of the commercial waste that is extremely heavy at the maximum rate of \$12.20. In addition, one major firm's agreement with the Commission to limit its transfer station disposal rates will expire in the end of November 2001. To address these issues, the Commission is re-examining carting costs as they directly affect business customers, and is compiling financial data to update previous research on carting costs in selected major cities around the country.

In keeping with its mandate to keep organized crime out of the carting industry in New York City, the Commission will give heightened scrutiny to certain license applicants, including new market entrants, to ensure that members of the cartel and organized crime do not re-enter the carting industry through the use of designees in smaller companies or into areas of the waste industry not directly regulated by the TWC.

The Construction Industry. As the members of organized crime capitalize on advancing technology, enabling them to further complicate the schemes of their criminal enterprise, the NYPD will continue its efforts by taking advantage of counter-technology and by implementing new and innovative investigative techniques.

Wholesale Markets. Current conditions at the Fulton Fish Market are cramped and chaotic. There is inadequate space for unloading, refrigeration, and display of product. There is no room for expansion. Narrow, cobblestone streets also contribute to health concerns and unpleasant odors because it is difficult to remove fish debris trapped between the cobblestones.

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To improve Market conditions, the Giuliani Administration, under the leadership of the Deputy Mayor for Business Services and Community Development, is sponsoring the construction of a 451,000 square foot, two-story, state of-the-art wholesale seafood distribution facility at the Hunts Point Food Distribution Center in the Bronx. The proposed market will accommodate approximately 55 businesses and will include numerous improvements to achieve a more efficient and comfortable environment for all concerned. The relocation of the Market from South Street to Hunts Point will also bring new jobs for local Bronx residents and increase the area's business profile. Plans call for construction to be completed as of December 2002.

Gambling Control Commission. The Commission must address the issue of promulgating regulations concerning the conduct of shipboard gambling businesses. A study of regulatory schemes in other jurisdictions is now under way. In addition, GCC staff is working with the Trade Waste Commission to develop a broadened intelligence database regarding organized crime in the New York City area.

TRAFFIC SAFETY AND CONTROL

The Challenge

In 1994 there were a total of 266,244 traffic accidents and 488 traffic fatalities citywide, both unacceptably high statistics. Each year, the increased number of people traveling into New York City every day has generated an increase in overall traffic congestion. It is now estimated that approximately one million vehicles a day enter the City, increasing to over 1.1 million vehicles during the holiday traffic season. In addition, new construction of buildings and roadways as well as general infrastructure repair has increased rapidly, directly affecting the expeditious flow of traffic. In 1996 the City issued approximately 100,000 permits to construct in or under the City's streets; current requests have increased to approximately 180,000 permits per year.

Prior to the Giuliani Administration, the New York City Police Department (NYPD) and the Department of Transportation (DOT) maintained separate traffic control centers. The NYPD Traffic Situations Room coordinated the response of police personnel and equipment to traffic incidents and conditions from an office located at what is now the Traffic Control Division's headquarters on 30th Street in Manhattan. DOT's Traffic Management Center monitored traffic conditions and maintained the City's signal light system from a center located in Long Island City. There was little coordination between the two centers toward the common goal of improving traffic flow and responding to traffic incidents.

The City's challenge was to ensure the safe and orderly flow of traffic, enforce traffic laws and ordinances, and reduce vehicular and pedestrian accidents through a new approach based on increased interagency coordination, innovative and aggressive enforcement, engineering and planning improvements, and public education.

The Solution

Traffic Control Division. NYPD organized the Traffic Control Division (TCD) in 1995. At that time, TCD consisted of the Manhattan Traffic Task Force, the Surface Transportation Enforcement District, a Mounted Unit, an Investigations Unit, the Traffic Management Center (TMC), the Movie / TV Unit and Highway District, and the newly-created Highway Unit #4 (Manhattan Patrol), whose mission is to ensure that traffic moves as smoothly as possible through Manhattan's central business district. In addition, several transfers of staff and/or responsibilities across agency lines have contributed to consolidation of traffic enforcement under the NYPD.

- Traffic Enforcement Agents. In July 1996, the Department of Transportation transferred all Traffic Enforcement Agents (TEAs) and support staff into the NYPD. These personnel became the Parking Enforcement District (PED) within the Traffic Control Division. As a result, the Police Commissioner now has the ability to direct all traffic control resources throughout the City in a unified and targeted manner.

Traffic Safety and Control

Traffic managers are held accountable for improving chronic traffic congestion problems and for rapid redeployment of personnel as needed.

- Taxi Unit. Responsibility for Medallion Taxi Enforcement was transferred from the Taxi and Limousine Commission to the NYPD in December 1995. This resulted in the creation of the Taxi Unit, and the implementation of a more effective enforcement scheme.
- Reorganization of the Bus Unit. Following merger of the Transit Police with the NYPD, the former Transit Authority Police Department Bus Unit was reorganized under the Traffic Control Division. The Bus Unit is the primary unit enforcing regulations regarding illegal activities by commuter vans throughout the City, and conducts enforcement to address violations that contribute to traffic congestion along primary bus routes.

TrafficStat, a key element in the NYPD's approach to traffic control and enforcement, was introduced in the Department's *Traffic Safety/Quality of Life Plan of Action* in 1998 and modeled on the successful CompStat process. At weekly TrafficStat meetings, selected precincts are required to present their traffic safety plans to the Department's executive staff. TrafficStat presentations include an analysis of the command's accident data and accident-prone locations, with particular attention to traffic fatalities. Quality of life conditions that may affect traffic and pedestrian flow, such as squeegee windshield washing and panhandling, are also scrutinized at TrafficStat. Agencies such as the Department of Transportation, the Triborough Bridge and Tunnel Authority, the Port Authority, and others are invited to the TrafficStat meetings to collaborate on traffic problems and solutions.

Traffic Management Center. The transfer of TEAs to the NYPD was only the start of an extensive reorganization designed to consolidate and coordinate citywide traffic management. The NYPD's separate Traffic Situations Room was closed and its functions and personnel were incorporated into DOT's existing Traffic Management Center. The joint NYPD/ Department of Transportation Traffic Management Center is now located at 28-11 Queens Bridge Plaza North, as is the newly established New York State Department of Transportation Joint Traffic Operations Center. NYPD, DOT and State Department of Transportation personnel work together to improve traffic flow and manage traffic incidents as follows:

- Incident Management. NYPD Traffic Management Center personnel coordinate the response of police resources to traffic incidents and conditions citywide. They work closely with the Department's upper echelon, forwarding statistics and conditions to the executive staff of each borough command. This includes requests for traffic agents and other Traffic Control Division personnel such as Highway Patrol, Manhattan Traffic Task Force, and the Bus and Taxi units.
- Traffic Accident Management System (TAMS). The Traffic Management Center, in conjunction with NYPD's Management Information Systems Division, designed a

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Traffic Accident Management System (TAMS) to enhance the Department's accident reduction procedures. This mainframe computer-based application automates the identification of accident-prone locations and the reporting of enforcement, engineering, and education efforts.

- Traffic Signal Control. DOT manages approximately 6,000 computerized traffic signals from the Traffic Management Center, adjusting signal timing as appropriate to divert or expedite traffic in congested areas. After the completion of enhancements to DOT's Vehicular Traffic Control System in February 2002, DOT will control an additional 2,200 computerized signals from the Traffic Management Center.
- Traffic Surveillance Cameras. There are nearly 100 traffic surveillance cameras, installed by both the State and the City, viewable from the Traffic Management Center. These cameras are used to detect and verify traffic incidents as they occur, and to direct responding police personnel. Traffic Management Center personnel also monitor conditions and disseminate timely traffic information to the public through media contacts. The cameras are located at various sites in Manhattan around the Williamsburg and Queensboro bridges, and on the Brooklyn-Queens, Cross Bronx, Major Deegan, Long Island, and Van Wyck Expressways. Cameras are also planned for the Manhattan bridge, the Third Avenue Bridge, Grand Central Parkway, and the Joe DiMaggio Highway.
- Live Traffic Video. In December 2000, DOT made available on its web site streaming video showing live traffic conditions. Viewing images from surveillance cameras installed throughout the City, the public now has access to up-to-the-minute traffic conditions.
- Variable Message Signs (VMS). A total of 34 portable and permanent variable message signs, placed by DOT and the State Department of Transportation at locations including the Williamsburg and Queensboro Bridges, are controlled from the Traffic Management Center. Through the use of the Center's traffic surveillance cameras and information provided by field units, the Traffic Management Center uses these signs to keep the public informed of current traffic conditions and construction projects.
- Data Sharing. Through the Traffic Management Center, the NYPD has access to the Department of Transportation's construction permit database, MOSAICS, which is described further on in this chapter. MOSAICS provides the NYPD with a listing, including authorized stipulations, of each of the more than 300 construction permits issued by DOT each day. Construction permits that may significantly impact traffic are sent to the appropriate patrol borough and traffic command for necessary enforcement and traffic control steps. DOT's Highway Inspection and Quality Assurance unit also enforces the terms of these permits, issuing summonses for violating permit stipulations and working without proper authorization. In addition, DOT is provided access to the NYPD's computerized On-line Accident Index, which

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contains information on all motor vehicle accidents and injuries reported to the police.

Enforcement Initiatives. NYPD's Traffic Control Division has mounted numerous initiatives to achieve the Department's objectives of increased traffic mobility and enhanced pedestrian and vehicular safety. Some of these are listed below:

- DWI Initiative. In February 1999 the Police Department implemented a new policy authorizing arresting officers to seize vehicles owned and operated by intoxicated drivers. Vehicles are subject to civil forfeiture upon drivers' conviction. This aggressive measure, targeting an irresponsible and potentially lethal offense that is a major cause of traffic fatalities, has withstood court tests and has had a positive impact on road safety.
- Operation Safe Transportation. Begun in January 1999, Operation Safe Transportation, an interagency enforcement initiative, was developed to facilitate the safe and expeditious flow of traffic at major transportation hubs and along primary transportation corridors throughout the City. From January 1999 through June 2001, 58 Safe Transportation enforcement campaigns have resulted in nearly 100,000 summonses and 351 arrests for driving with a suspended license.
- Operation On-Board. Initiated in June 1997, Operation On-Board deploys Traffic Enforcement Agents on Metropolitan Transportation Authority (MTA) buses along Second, Third, and Lexington Avenues to enforce Bus Stop / Bus Lane regulations.
- Overnight Tow Program. In October 1997, the Overnight Tow program was initiated at the Manhattan Tow Pound, located at Pier 76. Its mission is to respond to locations that generate late night traffic congestion, noise, and obstruction of bus stops and traffic lanes. including double parking and other hazardous violations.
- Canal/Broome Street Truck Enforcement. Begun in 1997, this project was implemented with strong community support to assist in reducing the number of unauthorized commercial vehicles traveling in lower Manhattan and to help preserve the area's aging roadways.
- Bicycle Enforcement. In 1998 the Department initiated a bicycle enforcement squad to address the problem of bicyclists and motorists who endanger pedestrians and other bicyclists by their actions.
- Seat Belt Enforcement Initiative. In conjunction with the New York State Police and the Governor's Traffic Safety Committee, the Police Department received a grant to conduct enforcement in an effort to help increase seat belt usage throughout the City. Seven enforcement campaigns were conducted from May 1999 through May 2001.
- Mobile Video Recording Equipment. In May of 2000, the NYPD Highway District installed mobile video/audio equipment in its patrol vehicles. This equipment has

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been demonstrated to be of value in the prosecution of traffic violations and criminal offenses, particularly Aggressive Driving.

- Combat Aggressive Driving. In January 2000, a new program began to address incidents of Aggressive Driving on the limited access highways in New York. The Combat Aggressive Driving program was established in an effort to reduce accidents and accident fatalities caused by aggressive driving and specifically to apprehend motorists who operate their vehicles aggressively. The program focuses on the zero tolerance enforcement of traffic violations.
- Highway Emergency Local Patrol (HELP) Program. The Highway Emergency Local Patrol (HELP) Program is a State-funded initiative designed to facilitate the flow of traffic on limited access highways by detecting obstructions in traffic lanes. Under this program, ten HELP trucks, operated by NYPD civilian traffic agents, patrol selected highways providing assistance to stranded motorists.
- Don't Block the Box. Begun in August 1999, "Don't Block the Box" is designed to reduce incidents of "spillback" at select intersections located throughout the City.
- Operation Safe Taxi. In March 1998, Operation Safe Taxi was developed to involve precinct and Patrol Borough Task Force personnel in addressing unsafe driving by medallion taxis.
- Taxi/Livery Mobile Safety Check. In May 2000, the NYPD's Surface Transportation Enforcement Division began a citywide program designed to reduce robberies and homicides victimizing taxi and livery drivers. Deployment is targeted to times and locations identified through coordinated crime analysis with the Taxi Unit and the Department's Patrol Boroughs.

Transportation Safety Improvements. The Department of Transportation has taken innovative steps to enhance the safety of streets and intersections, moderate traffic speeds and traffic offenses, and educate the public about traffic safety. Some of these steps are described below:

School Safety Program. Beginning in 1998, the Department inspected all intersections around 1,359 elementary and middle schools. DOT contractors are in the process of replacing the 20,000 old yellow school crossing warning signs with new fluorescent yellow green signs. As of June 2001, over 18,000 new signs were installed, more than 90 percent of the total needed; sign installation will be completed by October 2001. In addition, more than 11,000 "School X-ING" messages painted on roadways were completed, approximately 56 percent of the total needed.

Speed Humps. Beginning in 1996, DOT has installed speed humps or similar speed reducers on an as-needed basis, to restrict traffic speeds in critical areas. As of the end of Fiscal 2001, a total of 555 speed humps have been installed, 282 of these near schools.

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Expanded Pavement Marking Program. Refurbished and upgraded pavement markings, such as intersection boxes and lane markings, have been prioritized since 1995 to foster traffic safety. Annual average pavement markings installed have doubled since 1994, with over 19.2 million square feet of markings installed during 2000.

Red Light Cameras. Concealed camera recording of red signal offenses at intersections, with automatic generation of violation notices accompanied by a picture clearly showing the offender's license number, are an effective deterrent to the practice of running red lights. Fifty red light cameras are operational as of July 2001.

Traffic Signal and Sign Installation. DOT has devoted concentrated resources to ensuring timely decisions and installation work for new traffic signals at intersections where they are needed. The Department reassigned employees and filled vacancies to eliminate a backlog of hundreds of signal studies, which are required before installation at a proposed intersection; the backlog meant that pending signal studies could take nearly three years to complete. DOT's response time to install new approved traffic signals has also been reduced. In addition, the Department eliminated a backlog of 7,750 traffic sign work orders.

Safety City Program. DOT opened a Safety City center in each of the five boroughs in 1997. Third grade students visit Safety City centers to learn about safety when walking, riding in a car, bicycling, and skating.

Site-Specific Safety Improvements. Perhaps DOT's most important method of addressing pedestrian and traffic accident risks has been to target, design and implement changes for specific streets, main corridors, and high-volume squares and intersections around the City. Locations are selected based on the Department's own data as well as information made available through the NYPD's TrafficStat program. Improvements often involve a combination of relatively quick changes and long-term capital work. Some of the improvements that may be implemented include mid-block crosswalks with traffic signals, extension or widening of medians, widening of sidewalks, signal timing adjustments, changes to roadway geometry and markings, changes to traffic directions, and many more. Among other areas, DOT began safety improvements at Brooklyn's Grand Army Plaza in Spring 1997; at Park Avenue and East 33rd Street, which was the City's single most dangerous intersection for pedestrian accidents, in 1999; on Queens Boulevard in Fall 1999; in Manhattan's Herald Square in August 2000; and a pilot program for its Downtown Brooklyn Traffic Calming Program in March 1999.

Congestion Pricing. DOT began a pilot program in a section of midtown Manhattan in October 2000 to help relieve traffic congestion by encouraging vehicle operators to reconsider parking in this area for long periods. From West 43rd to West 48th Streets between Fifth Avenue and the Avenue of the Americas, commercial vehicles are allowed the standard three-hour limit and are charged \$1.00 for the first hour, \$2.00 for the second hour and \$3.00 for the third hour. Additional phases of the program will be implemented in Fall 2001. Pending the implementation of an administrative rule change, a similar pricing structure will be introduced on 51st Street through 56th Street between Fifth

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Avenue and Broadway, and on 43rd Street through 49th Street between the Avenue of the Americas and Broadway.

Construction Management. DOT established three programs to manage and reduce the impacts of construction on City streets:

- Citywide Coordination of Permit Issuance. Since 1998 the Department has worked with the Mayor's Office of Operations to have all City agencies that authorize street work enter their permits into DOT's Management Oriented Street Attribute Information Control System (MOSAICS). The MOSAICS databases uses Geographic Information System (GIS) technology to coordinate all permit information and make it available through an easy to use, screen-based mapping interface. By reducing conflicting uses of streets by various agencies and coordinating street openings for multiple uses where possible, the negative impacts on the traveling public are minimized. Participating agencies include the NYPD, the Mayor's Office of Film, Theater and Broadcasting, and the Mayor's Street Activity Permitting Office. DOT is also working with the Department of Design and Construction to capture data on completed roadway reconstruction work and to limit openings on newly constructed streets by designating them as protected.
- Highway Rule Changes. Over the last few years, DOT has amended the Highway Rules to require greater accountability from construction permittees. In June 2001 the Rules were amended to require that all plating and decking on streets and pedestrian walkways be skid resistant. Compliance was mandated by mid-July 2001, and all major utilities indicated that they will comply with the new regulation. DOT also decreased the time frame permitted under a standard construction permit from 30 days to 15 days. DOT continues to monitor the need to update the Highway Rules. Stronger rules governing the use of streets for emergencies are currently being finalized for publication.
- Increased Enforcement. In response to the growing volume of construction permits, the Department's Highway Inspection and Quality Assurance Office has added three dedicated enforcement units. DOT created an Emergency Unit in July 1997 to ensure the validity of emergency construction work. Work must commence within two hours of obtaining authorization, and the contractor must work continuously. The Department also established a Night Unit in July 1997, to inspect all complaints occurring between 7 p.m. and 7 a.m. The unit patrols all five boroughs, responding to complaints including water main breaks, shifted or noisy plates, roadway cave-ins, illegal construction site activity, and roadway excavation problems. In addition, the Highway Enforcement Unit was created in October 1999 to ensure compliance by contractors working on limited access arterial highways.

CALLDOT. Prior to 1996, DOT had no single point of access for the public to call to register a complaint or obtain information, and no protocols were in place for staff to deal with the public. Easy access to centralized information on transportation and travel

conditions is critical to improving traffic mobility, and to establishing public confidence in the City's ability to manage traffic issues.

In 1996 the Department established a centralized Customer Service division dedicated to responding in a timely, courteous and accurate fashion to complaints, inquiries and requests from the public. Acting on the results of surveys, the Department also developed agency-wide telephone training and a Call Center. The Call Center, known by its easy-to-remember centralized telephone number (212- or 718-CALLDOT), handles all transportation-related problems, questions and complaints 24 hours a day. CALLDOT replaced several separate "hotlines" throughout the agency.

A caller who dials the CALLDOT Hotline has a choice to follow the Interactive Voice Response System (IVR), which is active 24 hours a day, seven days a week, or to request a Call Manager between 7 a.m. and 7 p.m.. The IVR contains an electronic menu of those services not requiring a Call Manager (for example, requests for application, permits, schedules, etc.). Callers can also listen to a "hot topic" message highlighting current important issues, such as suspension of Alternate Side Parking regulations or Ozone Alert messages. The Call Center serves as the main contact for the public when DOT undertakes special projects such as rerouting of traffic at Columbus Circle and the Queensboro Bridge, the rehabilitation of East River Bridges, or Pothole Blitz street repairs. CALLDOT is also a focal point for information on major events or issues such as the West Nile Virus alert, potential transit strikes, Opsail 2000, the New York City Marathon, and World Series parades. The Call Center now handles a daily weekday average of 1,560 transportation-related calls, a 56 percent increase from the initial 1,000 calls daily in 1996.

Traffic Safety and Control

| Chronology of Implementation | |
|------------------------------|--|
| April 1995 | Enforcement of the medallion taxi industry is transferred from the Taxi and Limousine Commission to the NYPD. |
| November 1995 | NYPD establishes its Traffic Control Division. |
| July 1996 | Transfer of over 2,000 Traffic Enforcement Agents from DOT to NYPD. |
| November 1996 | Department of Transportation Call Center (CALLDOT) becomes operational. |
| January 1999 | Operation Safe Transportation is launched. DOT achieves goal of installing 95 percent of traffic signals within six months of approval. |
| February 1999 | The NYPD begins its DWI initiative, including vehicle seizures. |
| August 1999 | The NYPD begins “Don’t Block the Box” to fight spillback at high-volume intersections. |
| September 1999 | DOT begins improvements for pedestrian safety on Queens Boulevard. |
| October 2000 | DOT begins “Congestion Pricing” pilot for parking on selected Midtown blocks. |
| December 2000 | DOT completes installation of capital improvements on Queens Boulevard between 67 th and 70 th Roads, including midblock signalized crosswalks, median extensions, and neckdowns. |
| | DOT implements additional safety improvements on Queens Boulevard, including introduction of a traffic calming strategy on the service road, signal timing changes, installation of pedestrian fencing, and installation of signs and word messages for pedestrians. |

Outcomes

Traffic Fatalities. Over the course of the Giuliani Administration, total annual traffic fatalities have declined by over 20 percent. Pedestrian deaths have fallen from 249 in Fiscal 1994 to 181 in Fiscal 2001, while total fatalities decreased from 472 to 367 over the same period.

Midtown Travel Speeds. Since Fiscal 1981 the Mayor's Management Report has listed average travel speeds for Midtown Manhattan crosstown streets and avenues. While vehicular travel in Midtown, one of the world's most crowded street grids, has not yet become speedy, there are hopeful signs. Average speed on crosstown streets increased from 5.6 miles per hour in Fiscal 1994 to 7.5 miles per hour in Fiscal 2001, the highest figure yet recorded for crosstown travel. Avenue speeds have also increased, from 8.2 miles per hour in Fiscal 1994 to 10.2 miles per hour in Fiscal 2001, the highest figure yet recorded for avenues.

NYPD Traffic Initiatives. Without detailing the tens of thousands of summonses, vehicle tows, seizures, and arrests generated through the Police Department's battery of enforcement initiatives, it is clear that the Department's overall traffic strategy has brought concentrated pressure to bear on motorists to comply with traffic laws, targeting the critical problems affecting both safety and congestion. Examples of the effect of these initiatives are as follows:

- Since the commencement of the DWI initiative on February 22, 1999, roughly 4,000 vehicles have been seized under DWI forfeiture. The publicity surrounding this program was a contributing factor in reducing the number of City DWI fatalities from 51 in 1997 to 35 in 2000.
- Since the consolidation of medallion taxi enforcement under the NYPD, crimes against taxi and livery drivers have been significantly reduced citywide. For example, homicides of non-medallion taxi drivers decreased from 16 in 1995 to 10 in 2000; there were two such homicides in the first half of 2001. Robberies of medallion taxi drivers decreased from 408 in 1995 to 174 in 2000, with 56 in the first half of 2001. Robberies of non-medallion taxi drivers decreased from 1,284 in 1995 to 748 in 2000, with 167 in the first half of 2001. Taxi/Livery Mobile Safety Checks of occupied cabs and encounters with taxi drivers during routine taxi patrols have contributed to this reduction in crime. Over 60,000 checks have been conducted since the program's inception in May 2000.
- Since its inception, the HELP Program has met with nearly universal praise from customers. The HELP Program has provided assistance to 14,102 motorists.

DOT Traffic Initiatives. Some outcomes of the Department's initiatives are as follows:

- DOT assessed the effectiveness of speed humps and other speed reducers early in the program. The study showed a 17 percent decrease in average vehicle speeds and a 67 percent decrease in accidents.
- During Fiscal 1997, DOT eliminated a backlog of 872 requests for traffic signal studies. The waiting period from initial study request to final determination was reduced from 34 months to 12 weeks. DOT's goal is to complete all signal studies within 12 weeks of the request. Since January 1999, the Department has exceeded its

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goal of installing 95 percent of new traffic signals within six months of approval. In Fiscal 2000 203 traffic signals were installed citywide.

- From 1996 through 1998 the intersection of Park Avenue and East 33rd Street in Manhattan led the City in pedestrian accidents. Beginning in 1999, fencings, pavement markings and barriers have been installed, turn restrictions were introduced, and alternate side of the street parking restrictions were removed. For 1999, pedestrian accidents declined by 20 percent from 1998 and by 40 percent compared with 1997.
- Safety improvements began for Grand Army Plaza in Spring 1997 and are still ongoing. The number of total traffic accidents has declined from 231 in 1998 to 203 in 1999.
- On Queens Boulevard, the number of accidents has declined from 449 during the first months of Calendar 2000 to 385 during the same months of Calendar 2001, a 14 percent reduction. Over the same period, the number of accidents causing injuries declined from 96 to 84, or 13 percent; the number of pedestrians struck by vehicles fell from 29 to 23, a reduction of 21 percent; and the number of pedestrian fatalities was reduced from five to two.

CALLDOT. After the first few months of operation, the Call Center conducted a customer service satisfaction survey. Survey results revealed that 85 percent of the respondents were satisfied with the way DOT resolved the reported problem, and 86 percent were satisfied with the way the Call Center staff handled their calls.

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|---------------------------|
| Further Challenges |
|---------------------------|

Traffic Management Center. New types of automated technology represent a challenge and opportunity for the City's integrated Traffic Management Center. By increasing the scope of the Center's real-time oversight of traffic conditions around the City, these solutions will enhance coordinated response by all responsible agencies. Several new or enhanced systems are planned:

- Integrated Remote Video Network (IRVN). IRVN will provide access to more than 300 traffic surveillance cameras operated throughout the region by the various public agencies, including the Port Authority and Metropolitan Transit Authority. Each image will be viewed from a computer workstation by selecting the desired location. This system will allow the Traffic Management Center to directly monitor and respond to traffic conditions at the City's major crossings, including the East River and Hudson River bridges and tunnels.
- TRANSCOM System for Managing Incidents and Traffic (TRANSMIT). TRANSMIT uses EZ-Pass technology to provide a color-coded computerized map that displays the speed of traffic on a roadway. This system will allow the Traffic

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Management Center to monitor traffic conditions and detect incidents on the following limited access highways: West Shore Expressway, Staten Island Expressway, Brooklyn-Queens Expressway, Cross Bronx Expressway, Major Deegan Expressway, Bronx River Parkway, Hutchinson River Parkway, and the New England Thruway.

- Integrated Incident Management System (IIMS). Funded by the Federal Highway Administration and State Department of Transportation, the IIMS project is designed to test the feasibility of transmitting incident information in a digitized format between emergency responders and the agencies responsible for managing incidents. Using laptop computers, digital cameras, and wireless communications equipment installed in NYPD Highway Patrol and DOT vehicles, field personnel will be able to receive and transmit text, graphic maps and visual images from an incident scene to command centers located throughout the City. Initially, these command centers will include the Traffic Management Center, NYPD Command and Control Center, DOT headquarters, and Department of Sanitation headquarters and local yards. The IIMS project should expedite incident clearance by reducing the time necessary for secondary responders to get equipment and personnel to an incident scene.
- TOPICS IV. In October 1997 DOT began design work on an enhancement of its Vehicular Traffic Control System; the enhanced program will monitor and adjust signal cycles according to traffic volumes at intersections throughout the City. The system is scheduled for implementation in February 2002. TOPICS IV will add 2,200 more computerized signals to the current plant of 6,000, enabling vehicles to flow through highly congested areas more quickly, and a more effective response to weather and traffic emergencies.

DOT Traffic Safety Initiatives. The Department's agenda for traffic initiatives includes the following:

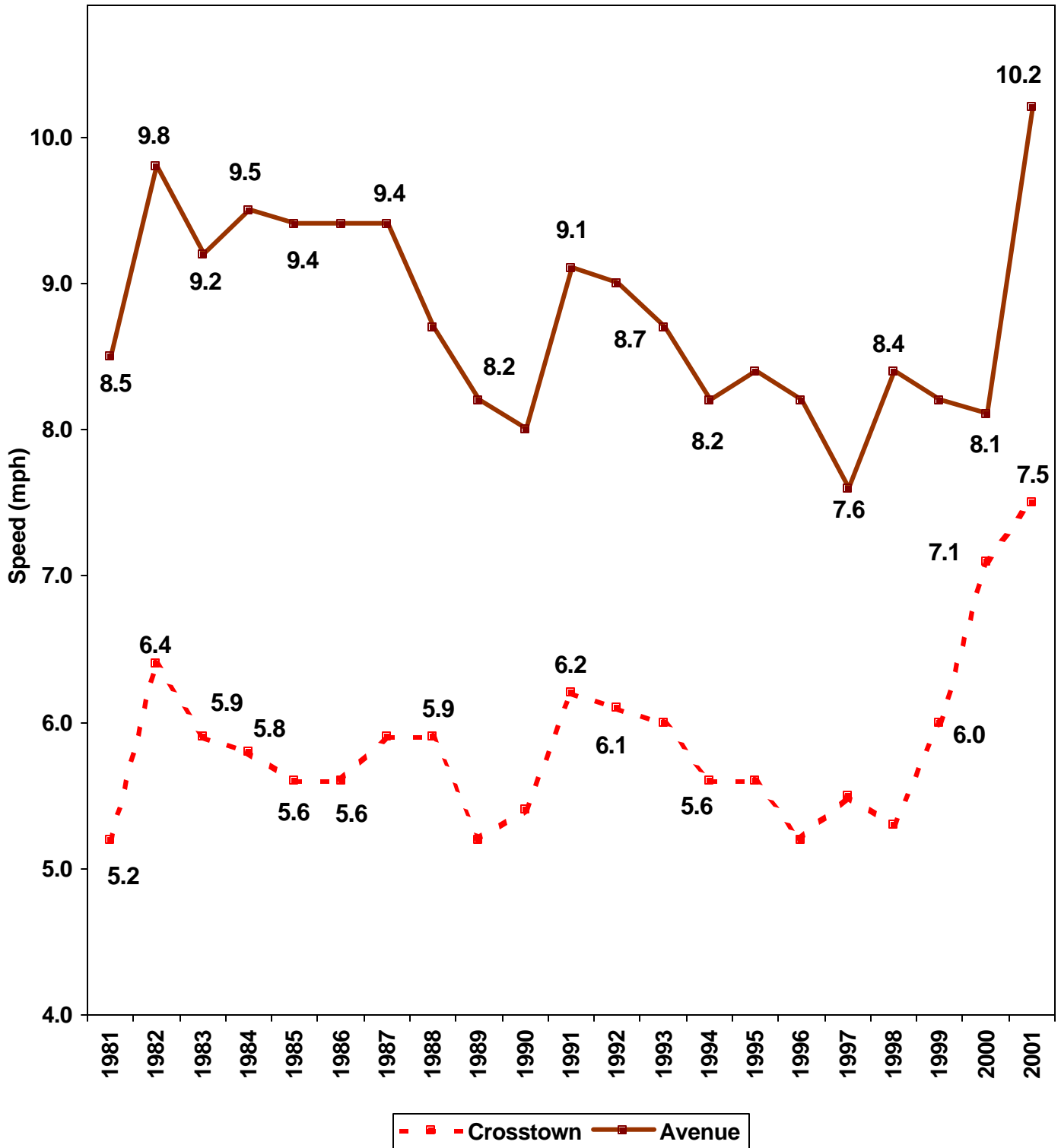
- DOT will seek greater coordination with the School Construction Authority to enhance and extend the School Safety program.
- The Department will continue data collection in order to analyze the effectiveness of safety improvements at high-accident locations, and to assess possible new locations for safety improvements.
- DOT is seeking legislation to increase the number of authorized locations for Red Light Cameras to 75, to introduce new high-speed cameras to the program, and to make the law authorizing their use permanent.

CALLDOT. The Department of Transportation Call Center will also utilize new technology to improve services. The unit plans to create an Integrated Customer Service Information System (ICSIS), which will utilize information technology to allow for a computerized response to all customer requests and complaints, providing more streamlined and efficient delivery of services and a "one-stop shopping" customer

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experience. The ICSIS system will integrate the Call Center operation with other information systems in the agency. The system will provide the ability to maintain a record of every inquiry received on any transportation-related issue, track when and how the agency responded to every complaint, and send a reply to the customer.

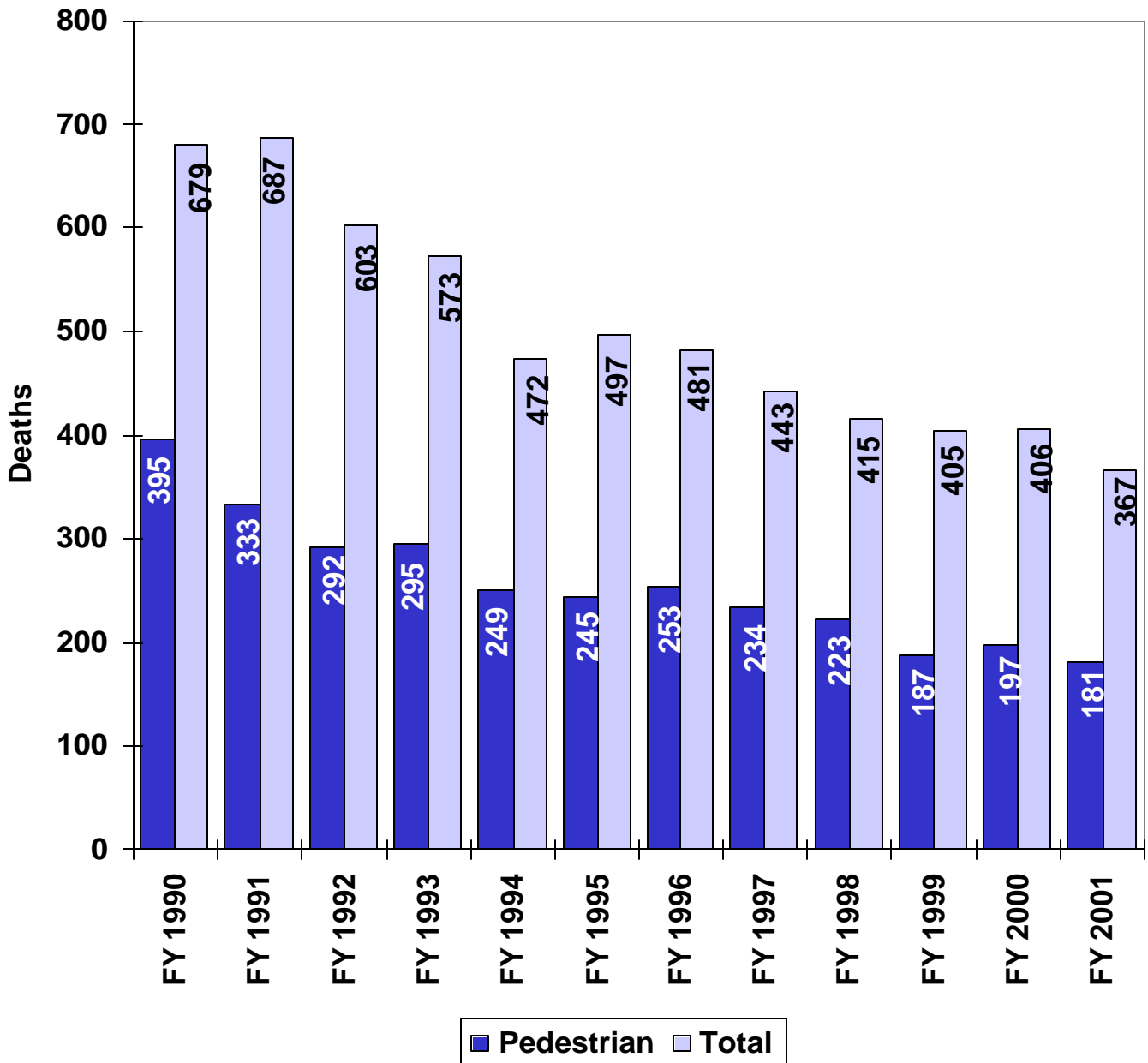
Average Midtown Travel Speed Fiscal 1981-2001



Source: New York City Police Department.

Department of Transportation

Traffic Deaths Fiscal 1990-2001



DOMESTIC VIOLENCE

The Challenge

The Giuliani Administration vowed to bring the issue of domestic violence out from behind closed doors, and sought to provide a coordinated, comprehensive strategy of municipal action and public-private initiatives to combat this hidden crime. The Administration recognized that a multi-disciplinary approach was needed to attack this complex problem – to improve the enforcement of domestic violence as a serious crime, to assist victims of domestic violence, to increase the accountability of offenders, and to prevent further abuse.

In Fiscal 1994 the Police Department made only 1,877 arrests for violating orders of protection. In that year, 17,673 family-related arrests were made. There was no centralized domestic violence hotline, and the City lacked a comprehensive domestic violence strategy. The Administration determined that it must address domestic violence through a coordinated and collaborative effort among government agencies, community-based organizations, schools, private businesses, and individual City residents.

The Solution

The Mayor's Commission to Combat Family Violence. In April 1994 the Mayor created the Commission to Combat Family Violence to work with City agencies and private organizations to develop and implement a comprehensive citywide strategy that addresses all aspects of family violence. The Commission formulates policies and programs, coordinates systems and services, develops mechanisms to ensure that affected City agencies respond appropriately to domestic violence situations and that there is coordination among those agencies, and implements public education campaigns to raise awareness of family violence and its devastating effects on children and families. Comprised of Mayoral appointees who serve without compensation, Commission members represent a broad spectrum of public and private sector experts from the fields of health care, social services, law, education, and housing. Since 1994 the Commission has provided a mechanism for ensuring that government agencies and other organizations work together to effectively address domestic violence throughout the City. Key initiatives coordinated by the Commission include:

- Domestic Violence Hotline. In February 2000 the Mayor announced an \$860,000 expansion of the City's Domestic Violence Hotline (1-800-621-HOPE), the first citywide hotline of its kind in the nation. Since the Hotline's creation in 1994, the number of calls received has more than doubled, reaching a total of 131,412 calls in Fiscal 2001. The average waiting time for calls to be answered has decreased to 11 seconds in Fiscal 2001, compared to 44 seconds in Fiscal 1995. The City's successful public education campaigns have contributed to increased awareness about domestic violence, and have increased the usage of the hotline.

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- Public Education Campaigns. Public education has been a critical component in the City's strategy to combat domestic violence. Since 1995, the City has implemented five campaigns that feature visually compelling posters and provide the Domestic Violence Hotline telephone number. In Fall 2001 the City will launch its sixth public education campaign, which will emphasize that domestic violence is a crime that can affect anyone. The campaign will be displayed on buses and run the entire length of subway car interiors.
- Teen Relationship Abuse Campaign. In 1997 the Commission partnered with public and private organizations to develop a comprehensive public education campaign to stop teen relationship abuse. The Commission continues to increase public awareness of this important issue by disseminating information throughout the City, including thousands of brochures to individuals and organizations that work with teenagers. These brochures are available in English, Spanish, Chinese, Russian, Creole, and Korean. The 2000 public education campaign was designed specifically to convey the important message that domestic violence occurs at all ages, and happens too frequently in the context of teen dating. The campaign was displayed on subways and buses during October 2000, Domestic Violence Awareness Month. In October 2000 the Hotline received more than 1,000 calls from teenagers, approximately 300 more calls from teenagers than the previous month. In Fiscal 2001, the Hotline received an average of 700 calls a month from teenagers.
- Adopt-A-School. In November 1999 the Commission, in collaboration with the Human Resources Administration (HRA) and the Board of Education, piloted an innovative program to address teen relationship abuse. The program is currently operating in 10 high schools, with plans to expand to 10 additional high schools in Fall 2001. The program provides comprehensive relationship abuse services including prevention, counseling, intervention, community outreach, and parent education.
- Domestic Violence/Substance Abuse Pilot Program. This pilot initiative, which was developed as a result of collaboration among the Commission, HRA, and the Department of Mental Health, Mental Retardation, and Alcoholism Services, is currently operating in eight substance abuse programs. Designed to address the high level of co-occurrence of domestic violence and substance abuse, this program integrates substance abuse treatment and domestic violence services. The program includes domestic violence screening of all substance abuse clients, assessment, education groups about domestic violence, individual counseling, and support groups.
- Alternative to Shelter Program. This program is a collaboration among the Commission, the New York City Police Department and HRA that allows victims of domestic violence to remain in their homes rather than relocate to a shelter. The program provides victims with home and pendant alarms, and cellular telephones. These victims are also afforded a priority response when a call for assistance is received. The program has been expanded to 36 police precincts with plans to expand citywide.

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- P.H.O.N.E.S. The Commission sponsored a cellular phone drive for the P.H.O.N.E.S. (People Helping Others Needing Emergency Services) Initiative in Spring 2000. New Yorkers donated over 22,000 cellular phones, which were re-programmed to dial only 911 and distributed to domestic violence victims, senior citizens, neighborhood watch groups, taxi drivers, and others in need of immediate access to emergency services.
- Juris Monitor Program. In cooperation with the NYPD, in July 1999 the Department of Probation began monitoring convicted domestic violence offenders who have been fitted with electronic bracelets. A pendant alarm is also issued to the victim. If the offender comes within 500 feet of the victim, the alarm is sounded and 911 is automatically notified. The program is currently operational in Brooklyn.
- Shelter Family Literacy Program. The Commission and HRA have implemented this program in one of the City's domestic violence shelters and are in the process of expanding to four additional shelters. The program improves the literacy skills of both parents and children while engaging them in a positive educational experience. Individual and group literacy instruction is offered to both parents and children, in addition to activities such as reading hours, assistance with homework, and creative writing workshops.
- Art Therapy Program. This pilot program is offered to the residents and children at one of the City's domestic violence emergency shelters. It provides participants with a non-verbal method to express and address their experiences with domestic violence.

Police Department Domestic Violence Strategy. In 1994 the NYPD promulgated Police Strategy No. 4: Breaking the Cycle of Domestic Violence. The Department focused its efforts on the abatement of domestic violence in five areas:

- Instilling proactive, problem-solving practices by revising all pertinent Department policies and procedures.
- Expanding training to ensure that all Department personnel understand the implications of domestic violence, so that these cases are treated as seriously as other types of crimes.
- Refocusing the Department's enforcement efforts by the assignment of at least one Domestic Violence Prevention Officer (DVPO) in every Precinct and Housing Police Service Area (PSA), and at least one Domestic Violence Investigator (DVI) in every Precinct Detective Squad.
- Establishing a database of all Domestic Incident Reports and active orders of protection.
- Ensuring that an arrest is made whenever appropriate and possible.

Domestic Violence

Since the implementation of the Strategy, the Department has expanded enforcement against domestic violence in several ways:

- The establishment of the Domestic Violence Unit (DVU) to monitor the progress of the Domestic Violence Strategy. The DVU is also responsible for identifying emerging issues and formulating an appropriate Department response. In addition, the DVU serves as the central repository for all Strategy statistics and as the Department's liaison to other government agencies and domestic violence advocacy groups.
- Expanding opportunities for specialized training. In addition to extensive training in the Police Academy, all members of the Department regularly receive training to ensure strict compliance with the Department's revised policies and procedures, emphasizing the Department's mandatory arrest policy, timely service of orders of protection, evidence collection, and identification of the primary physical aggressor in misdemeanor cases.
- The creation of a Domestic Incident Report (DIR) to record every event that has, or may potentially, result in domestic violence. The Department's DIR has since been replaced by the New York State DIR, which was based upon the format of the original NYPD form.
- The assignment of over 240 DVPOs and 80 DVIs to all of the City's police precincts and public housing PSAs. DVPOs and DVIs are responsible for reviewing every Domestic Incident Report, whether involving violence or not, to determine if follow-up action is necessary. These actions include, when appropriate, follow-up telephone calls, letters or home visits.
- The establishment of a DIR database, which enables the Department to more easily identify high-risk households, such as those where multiple DIRs have been recorded, as part of a High Propensity Offender Tracking System. Currently, every Precinct and PSA has a stand-alone DIR system; these will soon be replaced with a citywide database which will enable police officers to ascertain domestic history, criminal history, and warrant checks on all perpetrators of domestic violence, regardless of the borough in which they reside.
- Submitting information regarding active orders of protection to New York State's Order of Protection Registry. Whenever an order is served, it is noted in the database to ensure that, regardless of where violations take place, an arrest can be made. The New York State system is in the process of being linked to the City's DIR database.
- The development of a Respondent Information Sheet to aid in the service of orders of protection. The Respondent Information Sheet supplies identifying information (physical description, known addresses, etc.) so that officers on patrol can be alerted that the individual is yet to be served.

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- In compliance with New York State law, in October 1998 the Department revised its policies and procedures to more effectively enforce out-of-state orders of protection.

In addition, NYPD administers the following programs:

- Model Domestic Violence Precinct. In August 1998 the Department received funding for the creation of two domestic violence programs to improve domestic violence-related investigations, increase apprehensions, and enhance services to victims. The 43rd and 44th Precincts in the Bronx were chosen as pilot sites due to high numbers of domestic violence incidents. Based on the success of the Model Domestic Violence Precinct program, 30 additional precincts were added to the project under for a total of 32 participating precincts. These precincts integrate the work of domestic violence, crime prevention, community policing, and youth officers to promote seamless service delivery and increased safety to victims.
- Anti-Stalking Initiative. In December 2000 a pilot project began in Brooklyn to improve the investigation of stalking cases. This project includes the development of enhanced investigative techniques, including risk assessment, through specialized training and the promulgation of new Department policies and procedures.

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| Chronology of Implementation | |
|------------------------------|---|
| 1994 | The Mayor's Commission to Combat Family Violence is established in April 1994. Domestic Violence Hotline established June 1994; expanded February 2000. |
| 1995 | Public Education Campaign: "Domestic Violence: Call It What It Is. A Crime." |
| 1996 | Public Education Campaign: "Domestic Violence: Our Kids are Worth NOT Fighting For." |
| 1997 | Public Education Campaign: "Relationship Abuse. Don't Settle for That." |
| 1999 | Public Education Campaign: "Domestic Violence is Violence. And Violence is a Crime." Expansion of Alternative to Shelter Program, March 1999. Juris Monitor program established, July 1999. Substance Abuse / Domestic Violence Pilot program established. Family Literacy Program established. |
| 2000 | Public Education Campaign: "You Don't Have To Be Married To Be a Victim of Domestic Violence." Citywide Cell Phone Drive conducted; more than 22,000 phones collected. Anti-Stalking Initiative begins, December 2000. |

Outcomes

It is difficult to provide a direct outcome measure for efforts against domestic violence. While enforcement seeks to reduce the number of violent incidents, public education campaigns and the implementation of new policies among City agencies seek to ensure that the reporting of these incidents will increase. The available measures are best interpreted as indicators of the implementation and enforcement of the strategy.

- The number of domestic violence shelter beds provided through the Human Resources Administration increased from 871 beds in Fiscal 1994 to 1,450 beds in Fiscal 2001.

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- Since the Domestic Violence Hotline's creation in 1994, the number of calls received has more than doubled, reaching a total of 131,412 calls in Fiscal 2001. The average waiting time for calls to be answered decreased from 44 seconds in Fiscal 1995 to 11 seconds in Fiscal 2001.
- Family-related arrests have increased by 35 percent, from 17,673 arrests in Fiscal 1994 to 23,905 arrests in Fiscal 2001. Arrests for violating orders of protection increased 114 percent, from 1,877 arrests in Fiscal 1994 to 4,013 arrests in Fiscal 2001. The NYPD's service rate for orders of protection increased from 89 percent in Fiscal 1999 to 95 percent in Fiscal 2001.

Further Challenges

Domestic violence continues to be a complex, pervasive problem that requires a comprehensive approach focusing on prevention, services for victims, law enforcement, and offender accountability.

In July 2001, a staff report to the New York City Charter Revision Commission outlined preliminary recommendations for changes to the City Charter. One of these proposals is to establish within the Office of the Mayor a permanent domestic violence office, entitled the Office to Combat Domestic Violence, responsible for coordination of City services to combat domestic violence and assist victims of domestic violence.

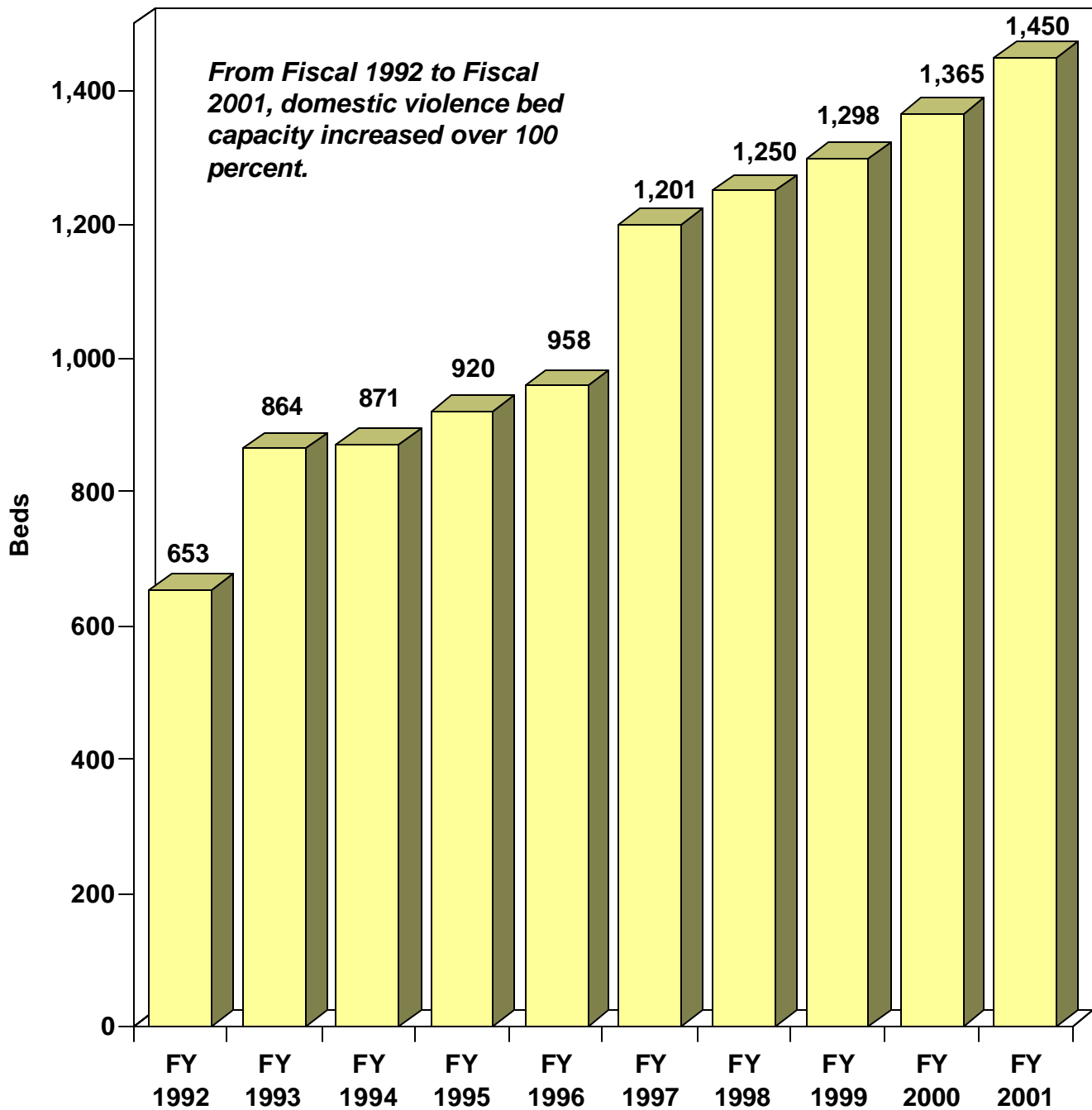
In Fall 2001 domestic violence shelter bed capacity will increase by 98 additional beds for a total of 1,548, and will further expand by approximately 308 beds. HRA will also complete additional units of transitional housing for domestic violence victims, for a total of 195 units by the end of Fiscal 2002.

Current public education, prevention and intervention programs should be expanded. The Adopt-A-School Program is expanding to 10 additional high schools in the fall, and further expansion should occur each semester. HRA has secured funding to expand the Substance Abuse/Domestic Violence Pilot Project once a best practices evaluation of the program has been completed and reviewed. The Shelter Family Literacy Program is currently expanding to four additional shelters. In the coming years, this program as well as the Art Therapy Program, should be expanded to improve services for shelter residents.

An important focus for future strategy is domestic violence and healthcare. An emergency room protocol will soon be published by the Health and Hospitals Corporation (HHC), which will provide procedures for treating victims of child abuse, domestic violence and elder abuse. Public education materials should be made available in doctors' offices and health clinics, particularly those that provide prenatal care. The Commission has applied for a grant to achieve that goal.

Human Resources Administration

Domestic Violence Shelter Bed Capacity



TRANSFORMING CHILD WELFARE

The Challenge

The tragic death of six-year-old Elisa Izquierdo at the hands of her mother on November 22, 1995 exposed a deeply flawed child welfare system in New York City, one that was part of a larger social services agency with a broader mission than child welfare. The Human Resources Administration's Child Welfare Administration (CWA) lacked adequate management structure, training and supervision, accountability and resources to meet the complex demands of responding to more than 50,000 reports of child abuse and neglect every year. The workforce was demoralized and poorly trained and supervised. Staff were without a computer system, adequate work facilities and support systems. The Child Welfare Administration was largely out of compliance with State and federal mandates. More than 30,000 abuse and neglect investigative reports were backed up in the system, child protective referrals to preventive services were low, and CWA's legal authority for more than 20,000 children in foster care had lapsed.

Inadequate Placement and Training Facilities. For years, children entered the City's child welfare system through a dilapidated Emergency Children's Services facility located in Lower Manhattan. The building's foster care placement and pre-placement services lacked the basic resource supports necessary for children undergoing the trauma of separation from home. The child welfare system also lacked a centrally located training facility for use by staff members and contract agency personnel. The former training facility located in Jamaica, Queens was difficult to reach and was not equipped to meet the system's training needs.

Geographically Scattered Services. Up to 80 percent of all children removed from their family and placed in foster care ultimately return home to their immediate or extended family. When the Administration for Children's Services (ACS) was created in 1996, child welfare services were delivered on a citywide basis. This meant that children would be removed from their homes and placed anywhere in the City where an appropriate foster home was available. The geographic distances made parental visiting more difficult. Often, the paperwork involved in the move to a new school would cause a child to miss classes for several weeks. Citywide services also posed a difficulty for connecting geographically scattered service providers to one another, which in turn led to a lack of coordination in decision-making about family needs and services.

Staff Development Needs. According to a survey conducted in October 1996 among ACS staff, training in every area was rated as fair, poor or not available by a majority of respondents; 94 percent of respondents believed ACS workers deserved better compensation; and 77 percent of respondents believed merit was not the most important factor in promotion. Individual caseloads were extremely high, and supervisors were perceived as having to spend more time completing paperwork than concentrating on improving the quality of caseworker activity and supporting their caseworkers. Prior to the creation of ACS an accurate assessment of vacancies had not been conducted, resulting in no long-term proactive strategy for filling vacancies. To compound these

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issues, ACS had no mechanism for rewarding good work and punishing poor performance. In short, ACS had no real means for providing or supporting the human resource needs of its organization.

Foster Care Provider Performance. When ACS was created in 1996 it faced many of the same problems as other child welfare agencies across the country. The foster care system was a centralized bureaucracy. There was no methodology for collecting data on children's well-being. Since there was no comprehensive way of monitoring contract agency performance in planning and providing for the children in their care, there was no basis on which to reward contract agencies with superior performance or determine which agencies needed assistance in improving the quality of their programs.

Adoption. As many as one-fourth of the children in foster care will not be able to return home safely and will need to find permanency through adoption. During 1991-1994, however, when the foster care population climbed toward a peak level of approximately 49,000, fewer than 2,500 foster children were adopted per year and the adoption process was cumbersome and time-consuming.

Child Support Enforcement. In Fiscal 1994 there were 144,500 cases with support orders in New York City and \$209 million in child support was collected. This left a significant number of children and families who were not receiving the support to which they were entitled. Establishing paternity and/or support obligations was difficult, the program was not able to handle the enormous quantity of calls and inquiries that came in, and effective enforcement was difficult on cases in which the non-custodial parent was not employed in traditional wage earning jobs or was unemployed.

Child Care Information Systems. In August 1992 the Human Resources Administration (HRA) recognized the need for a comprehensive database and child care management system which would replace the various systems used for processing claims, eligibility information, recertification, vacancy control, waiting lists, and voucher payments. The existing systems had been created at different times by different programmers and were incompatible with each other. Information had to be re-entered on each system, making the process time-consuming and inefficient. In addition, the hardware and software of these systems was outdated and did not allow for expansion. In 1996, when ACS was created, the two agencies continued to collaborate on the development of a new, more efficient system, because both agencies use many of the same providers and serve most of the same families.

Lack of Interagency Coordination. Ensuring the safety and well-being of children and families in the City is not solely the concern of ACS; the agency's service missions overlap with those of several agencies and systems, such as the Police Department, the Board of Education, the Housing Authority, and medical and mental health services. When ACS was created as a separate agency in 1996, it had no formal procedure for ensuring collaborative relationships with these agencies.

The Solution

Creation of the Administration for Children's Services. On January 10, 1996 the Mayor created the City's first free-standing agency devoted specifically to children's services. The Mayor appointed Nicholas Scoppetta, an attorney in private practice with a distinguished public service career at the City, State and federal levels, to head the new agency. By having the Commissioner of ACS report directly to him, the Mayor signified the importance of reforming child welfare and made himself accountable for the agency's actions. In December 1996 ACS released a Plan of Action outlining its mission, objectives and methods.

The Children's Center. To solve the problem of inadequate placement and training facilities, ACS, with the support of the Mayor, sought to develop an intake center that would minimize trauma to children entering foster care, and that would house a state-of-the-art training facility. The City identified a vacant building on the site of the Bellevue campus for rehabilitation and allocated \$67 million for the project. Today, the landmark six-story building houses modern, specially-designed facilities for children, as well as the Satterwhite Academy, the primary education and training center for ACS and contract agency personnel. The Children's Center maintains a child-friendly environment for children entering foster care, in which different agency personnel and care providers can work together and coordinate contacts with the child, eliminating duplicative interviews and examinations that make the experience more stressful.

Neighborhood Based Services. ACS is committed to providing child welfare and child care services in the neighborhood in which a family lives. The Neighborhood Based Services (NBS) unit was established in 1999 to implement neighborhood based services across the City. The Neighborhood Based Services model of service delivery incorporates the best-practice principle that the greater the access to services, the more effective these services can be. Under this model, which represents an historic shift in how child welfare services are delivered in New York City, more families will have access to preventive services in their communities to avoid out-of-home placement. If a child requires out-of-home placement, the child will be placed in his or her community, except where safety concerns or specific treatment needs dictate otherwise, to ensure significant contact with parents and allow for locally provided services that will speed reunification. ACS realigned the Division of Child Protection (DCP) by zones and community districts, allowing DCP workers to better understand the neighborhoods in which they work. Community Planning and Development workers are assigned by borough. As of Fall 2000 all foster care, preventive and homemaking providers were also assigned on a geographic basis.

Child Protection. ACS implemented several key initiatives to improve child protection case practice, make caseloads more manageable, comply with State and federal regulations, and improve management and supervision.

Improved Management and Supervision. Each Child Protective Manager's area of responsibility was reduced from eight units with 56 staff members and over 1,200 cases,

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to four units with 28 staff members and approximately 400 cases. Staff meetings were established to structure regular communication, monitor and evaluate staff work, introduce new policies, build teamwork, and discuss relevant issues. All supervisors and managers participated in a 10-day supervisor training session designed to hone their management skills. A new supervisory tool was created to accompany the Child Protective Services (CPS) Case Practice Guide and Recording Template.

Improved Case Practice. In addition to the new Child Protective Services (CPS) Casework Practice Guide and Casework Practice Recording Template, the Division of Child Protection introduced a new six-day training program for all its staff. These tools, taken together, established clear case practice standards by incorporating all elements of City, State, and federal requirements for quality investigations, set clear expectations for casework supervision, and introduced universal screening for domestic violence in all cases during the investigation process. A multi-level case review system has been developed and is in the process of being implemented throughout DCP in an effort to monitor and improve case practice.

Manageable Workloads. Instead of retaining management of a case in CPS until the disposition by Family Court on foster care placements – which can take up to a year – a new policy was implemented to transfer cases involving foster care placement to the Division of Foster Care and Preventive Services by the 90th day of placement. Although the transfer does not relieve CPS staff of the responsibility of appearing in court to testify, it does relieve them of case management responsibilities and allows them to focus their efforts on child abuse and neglect investigations and other child protection duties.

Preventive Services. Preventive services are vital to lowering the incidence of child abuse and neglect and reducing the number of children in foster care. ACS established a new policy that removed barriers to full utilization of preventive services in child protection cases. This has led to an increase in referrals to services. As of 2001, ACS now provides services to more children in preventive programs than in foster care.

Accountability. DCP established a series of management compliance and reporting systems to clarify expectations of field staff and to hold them accountable for results. Reports were developed to track activities related to placements, caseloads, case transfer, the completion of the State mandated 7-Day Safety Assessment and 60-Day Investigation Conclusion reports, the Uniform Casework Record, and other performance and efficiency parameters.

Staff Development. ACS realized that improving the quality of its workforce was central to achieving the goals of the newly created agency.

Improved Titles and Requirements. Immediately after its creation ACS revised the requirements for caseworkers to include a relevant college degree and passing an English proficiency examination at the time of interview. A new title series, unique to ACS, was created to address the needs of the Agency. The two competitive class titles of Child Protective and Child Welfare Specialist were created to enhance performance and offer

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salaries approximately 11 to 15 percent higher than former titles, including new higher maximums for each title. Exceptional performance is rewarded through a merit system that was the first example in the City. ACS has also established new salary structures for most managers in social service areas and for managerial attorneys.

Training. ACS expanded the existing training program for new Child Protection caseworkers from four weeks to 10 months; instituted core training for new Congregate Care Specialists/Caseworkers and caseworkers in the Office of Contract Agency Case Management; and created a program to encourage more employees to obtain their Master's in Social Work (MSW). The MSW Scholarship Program awards over 100 new scholarships annually to ACS employees.

Foster Care Provider Performance. The ACS plan to improve foster care provider accountability and performance included overhauling its data reporting systems; placing a new emphasis on the statistical analysis of performance data; instituting internal quality improvement systems; and creating a new contract agency performance evaluation process.

Quality Improvement. ACS implemented weekly quality improvement meetings at which staff representing different divisions participate, allowing issues to be addressed comprehensively and expeditiously. ACS also initiated Quality Leadership Teams (QLT), which are comprised of front line, managerial and clerical staff that work in collaboration with upper management to identify projects that will positively impact service delivery. In 1996 the Supervisory Conference Program (Sup Cons) was initiated as part of the creation of ACS. Sup Cons are a peer review of supervision and case practice through case conferencing. The goals of Sup Cons include improving the ability of supervisors to conduct quality assurance reviews of select cases in their units; reinforcing a best practice model, using State and City regulations, Agency policy and procedure, social work constructs, and programmatic mandates; supporting constructive feedback and increased accountability; and improving indicators of supervisory success, including increased case documentation, regular and weekly supervision, and the monitoring of caseworker practice and activities.

Contract Service Evaluation. ACS introduced performance-based contracts to enhance accountability for services provided by contract agencies and the method by which they are evaluated. This was done primarily through the creation of the Evaluation and Quality Improvement Protocol (EQUIP). EQUIP is a comprehensive evaluation that examines and compares overall service quality, including casework activities, foster care outcomes and indicators, and program quality and performance. EQUIP is a flexible document that can be adjusted annually to reflect ACS priorities. As of January 2000 ACS has begun to ensure that children are served by the most qualified agencies as indicated by their EQUIP scores. Agencies that perform well on EQUIP may be eligible for a higher percentage of their initial contracted capacity. Conversely, agencies that perform poorly, may receive a lower percentage of their initial contracted capacity or lose their contract entirely.

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Performance Rewards. The Safe and Timely Adoptions and Reunifications (STAR) program rewards agencies making appropriate and timely reunifications of children in foster care with their parents or finalizing adoptions for those children who are unable to return home. Foster care agencies that are able to increase the discharge rate of children to adoption or reunification will have the ability to reinvest the savings to enhance their current programming and decrease recidivism. The amount of savings is tied to an agency's performance on systemwide outcome indicators, and to the number of discharged children who return to foster care.

Adoption. ACS is committed to the idea that foster care is intended to be a temporary intervention, and therefore committed to ensuring timely adoptions for children who need them. In order to increase the number of children who are adopted each year and decrease the amount of time that they remain in foster care, ACS initiated multiple efforts to streamline the adoption process and identify potential adoptive parents. Efforts include the Foster Parent Recruitment and Retention Initiative, which includes contracting with a marketing firm to better recruit and retain foster parents. ACS works in collaboration with not-for-profit and private organizations in recruitment initiatives such as *Wednesday's Child*, which appears on a local television news show; *A Child is Waiting*, a monthly feature in a widely-circulated newspaper; *NYC Adopt: Finding Families for Children*, an event that brings prospective adoptive parents together with foster children; *The Parent Recruitment Hotline*, (212) 676 – WISH; the *NYC Family Album*, a photo album of City children waiting to be adopted; and the “*Should I Adopt?*” public service announcement campaign. The budget for parent recruitment was increased in Fiscal 2002, which will allow ACS to implement further initiatives for parent recruitment and retention.

Child Support Enforcement. The ACS Office of Child Support Enforcement (OCSE) recognized the need to develop more effective strategies for establishing child support orders and enforcing orders in hard-to-collect cases.

New Enforcement Processes. New enforcement processes for delinquent non-custodial parents were developed and integrated into OCSE operations. These included a mandatory work program; a Most Wanted poster; a Deadbeat Hall of Shame, which appears on the ACS home page on NYC.GOV, the City's web site; the suspension or denial of drivers' and professional/occupational licenses; an amnesty program prior to the implementation of the driver's license suspension process; the seizure of financial assets, through methods including computer matches with bank records; the expanded use of criminal prosecutions; the interception of awards received by respondents in accident/injury lawsuits against the City; and passport denials.

Public Assistance Cases. Operations at the OCSE borough offices were restructured to allow Public Assistance (PA) child support cases to be brought to court for establishment of paternity and support more efficiently. OCSE established a process in which cases with location leads are verified immediately and prepared for court referral on a priority basis; a policy to refer to court cases during the PA application process, rather than

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waiting for PA acceptance; and automated processes and contractor referrals for location of non-custodial parents in closed PA cases.

Fatherhood Employment Initiatives. In conjunction with the State and HRA, OCSE is participating in grant-funded programs aimed at strengthening the parenting skills, job skills and parental responsibility of non-custodial fathers who are unable to provide adequate support for their children. OCSE established partnerships and has entered into Memoranda of Understanding with a number of community-based organizations that provide employment and parenting services to noncustodial parents. OCSE also implemented a work program with a not-for-profit organization, in which delinquent non-custodial parents who are on Public Assistance and indicate an inability to pay child support are mandated by court order to participate in the program. Participants are placed in full-time paid temporary employment while receiving supportive and educational services. Income deductions for child support are made while in the program, and at the end of a six-month period, intensive efforts are made to place participants in non-supported jobs. The work program is now referring delinquent parents to agencies contracted with HRA to provide these services.

Hospital Outreach. OCSE established an Outreach and Liaison Unit to work closely with hospitals and other organizations to increase voluntary establishment of paternity at the time of a child's birth. Further improvements in the voluntary acknowledgement process were made through joint efforts between OCSE, the State, the Department of Health and the Human Resources Administration.

COLA Program. A Cost Of Living Adjustment (COLA) process was implemented to adjust child support obligations according to changes in the Consumer Price Index, thus enabling the obligation amounts to keep pace with inflation. OCSE also uses the COLA process to file objections to proposed PA COLA orders where warranted, resulting in hundreds of cases having support orders set significantly higher than the proposed COLA adjustment.

Automated Child Care Information System. Since 1996, HRA and ACS have collaborated on development of an Automated Child Care Information System (ACCIS). The new system merges separate child care information records into one unified system that can perform all necessary functions. As families move from welfare to self-sufficiency, they also move from HRA-administered child care to ACS child care; ACCIS ensures a smooth transition and prevents any interruption in child care services and payments. Child care providers benefit from a uniform payment system and procedure.

Interagency Coordination. In order to best serve children and families, ACS established collaborative relationships with agencies and advocacy centers throughout the City and State.

Coordinating Committee for Children. In 1996 the Mayor created the Coordinating Committee for Children (CCC) and appointed Commissioner Scoppetta as the chairman.

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The purpose of the CCC is to ensure that ACS is engaged in collaborative thinking, program development, problem solving and information sharing with all other child-serving systems and agencies in the City.

Instant Response Teams. In order to better coordinate interagency response in cases of child fatalities and severe child abuse, minimize the need for multiple investigations, and reduce further trauma to victims of severe child abuse, Instant Response Teams (IRT) were formed through a Memorandum of Understanding (MOU) with ACS, the Police Department and the five district attorneys. Since they were established in May 1998, IRTs have been deployed over 7,500 times.

Education. Every ACS field office and public school superintendent's office has a staff person designated as either the ACS Liaison or Board of Education Liaison. These individuals work to resolve education and child welfare issues on a case-specific basis. Following the 1997 MOU between ACS and the Board of Education, the two agencies began to regularly exchange data. ACS and the Board are currently implementing a real-time data exchange so that schools can target services to the most needy children, and ACS can better evaluate the educational performance of children in foster care.

Housing. One of the major impediments to reunifying parents with children in foster care is a lack of housing for the family. Inability to find affordable housing is also a problem for young adults leaving care who have a goal of independent living and no family on which to rely. In an effort to address this problem, ACS has engaged in collaborative projects with City, State and federal agencies and not-for-profit organizations to obtain affordable housing for these children and families.

Medical and Mental Health Services. ACS works with the State Office of Alcoholism and Substance Abuse Services, and with providers within the child welfare and substance abuse services systems, to improve coordination between the two systems. ACS helped develop the Cross-Systems Protocol, which is designed to inform practice and guide service delivery for families impacted by substance abuse who come to the attention of the child welfare system. In an effort to improve the coordination of care between the child welfare staff and the psychiatric hospital unit, ACS has worked with the State Office of Mental Health, the Department of Mental Health, and the Health and Hospitals Corporation to develop best practice protocols that specify actions, roles of pertinent individuals and associated timeframes, and provide guidelines for referral, consent, transfer, medication management, and discharge.

Incarcerated Parents. ACS and the Department of Correction (DOC) collaborated to designate Tuesdays as visiting days for children in foster care with parents incarcerated in DOC facilities. On Tuesdays children and their caseworkers are afforded special visiting privileges, including the ability to visit outside general visiting hours. In order to further improve the visiting process to and from Rikers Island, ACS offers a van service to children and their care providers. ACS also supplied toys for the female facility's visiting room.

| Chronology of Implementation | |
|------------------------------|---|
| January 1996 | Administration for Children's Services (ACS) created. |
| December 1996 | Plan of Action for ACS released. |
| 1998 | New Child Protection title series implemented. |
| 1998 | Instant Response Teams established to coordinate interagency response in cases of severe child abuse or fatalities. |
| 1999-2001 | Issued Requests for Proposals for neighborhood based foster care and preventive services; began realignment of all existing contract agency services to neighborhood based model. |
| October 2000 | Children's Center opened. |

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| Outcomes |
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Child Protection. ACS reduced the average child protective specialist's caseload from 28 cases in January 1996 to 13.2 cases in June 2001. In December 1997, 76 percent of 7-Day Safety Assessments were completed on time; by December 1998, that figure had gone up to 99 percent, and has continued at this level. In December 1997, 50 percent of investigations were completed within the required 60 days; compliance reached 96 percent in July 2001. Overdue investigative reports were reduced from 31,564 in January 1996 to 244 in July 2001. Overtime utilization by Child Protective Services (CPS) workers has been reduced from over \$20 million in 1998 to \$13.4 million in 2000. Referrals to preventive services by CPS increased from 31 percent of all new referrals received in 1996 to approximately 51 percent of those received in Fiscal 2001, resulting in the annual admissions rate for children coming into foster care decreasing from 12,000 in Fiscal 1998 to 7,908 in Fiscal 2001.

Neighborhood Based Services. As of June 2001, 19.4 percent of children were placed in their community district of origin and 54.9 percent of children were placed in their borough of origin. ACS has increased the number of preventive service slots to over 11,000 citywide, and opened 17 new community-based service sites as well as two new foster boarding home programs.

Foster Care Provider Performance. The City's foster care population has decreased from approximately 42,000 when ACS was established in 1996 to approximately 29,000 children in June 2001, the lowest level since 1988. The top four foster care providers with the highest EQUIP scores have been assigned 95 percent of their program's contract allocation. The four lowest scoring agencies have been assigned 60 percent of their allocation, and ACS has engaged the agencies in extensive corrective action plans.

Transforming Child Welfare

Adoptions. The City completed 21,189 adoptions in the last six fiscal years, an increase of 66 percent over the previous six-year period.

Child Support Enforcement. The City collected approximately \$447 million in child support in Fiscal 2001, a 113 percent increase in collections since 1994. There were 208,251 cases with support orders in Fiscal 2001, representing approximately 330,000 children, an increase of 64,500 cases or 100,000 children from 1994. In Calendar 2000 the paternity of approximately 39,000 City children was established through voluntary acknowledgement without the necessity for a court proceeding. This represents approximately 71 percent of the City's out-of wedlock births for that year.

Interagency Coordination. From May 1998 through June 2001 the Instant Response Teams (IRT) responded to over 7,500 cases. Because of IRTs, approximately 97 percent of children received no more than two medical exams, and approximately 96 percent of children were subjected to no more than one interview.

Further Challenges

ACS as a Chartered Agency. ACS currently exists pursuant to an executive order issued on January 10, 1996 by Mayor Giuliani. While ACS has functioned as a free-standing agency for the last five years, its powers and duties are not defined in the City Charter and it is not a permanent City agency. The bill that would establish ACS as an independent agency, Intro 772, is pending in the City Council; the bill would amend the Charter to establish ACS as an independent agency, which would be responsible for all children's services including foster care, adoption, child support and child care. The Commissioner would have the powers and duties of a commissioner of social services under the New York State Social Services Law. ACS and the Mayor's Office are working closely with the Council to move this bill forward. Establishment of ACS as a Charter agency is also included in preliminary proposals to the New York City Charter Revision Commission as of July 2001.

Child Welfare Funding. Currently, expenditures for all of the following services are included in the State's Children and Family Services Block Grant: foster care, independent living, adoption excluding adoption subsidy, preventive services, and the care, maintenance, supervision and tuition for juvenile delinquents and Persons In Need of Supervision (PINS). The block grant is a capped funding stream, meaning that any expenditures above the allocation of the grant are not reimbursed by the State and must be paid by the City. To increase its ability to attract and retain quality contract agency caseworkers, ACS is working to increase funding so that contract agencies can offer salaries commensurate to that of ACS staff. In close collaboration with ACS, the Office of Management and Budget is working with the State to develop a more appropriate funding system for child welfare. The proposal would include a block grant for foster care expenditures, including juvenile delinquents and PINS, and 65 percent reimbursement for independent living, adoption excluding adoption subsidy, and preventive services.

Social Service Needs of Abandoned Infants. The State Abandoned Infant Protection Act (AIPA) removed criminal liability for abandoning a child less than five days old, provided that the child is left with an appropriate person, in a suitable location (such as a Police Department, Fire Department, or hospital facility), and an appropriate person is promptly notified of the child's location. The new law, however, did not address social service issues for abandoned infants. Two bills have been introduced which would allow social services agencies to free abandoned children for adoption more quickly without having to conduct a search for the parents or file a petition in Family Court. ACS has been working to ensure that the City's concerns are properly addressed in the new legislation.

Family Court Reform. Current State law regarding review of the status of children in foster care is complex, disjointed and time-consuming, and contributes to prolonged foster care placements. ACS has drafted legislation, which has been introduced in the State Senate, to restructure the Family Court process of reviewing the status of children placed in foster care pursuant to Article X of the Family Court Act. By maintaining representation for parents, providing the court with more up-to-date and relevant information, and informing all parties of the next court date at the conclusion of the current hearing, this proposal will allow cases to proceed more rapidly and help children achieve permanency more quickly. ACS is continuing to work with the Legal Aid Society, New York Public Welfare Agencies, and the State Office of Children and Family Services, as well as advocacy groups, to garner support for the bill.

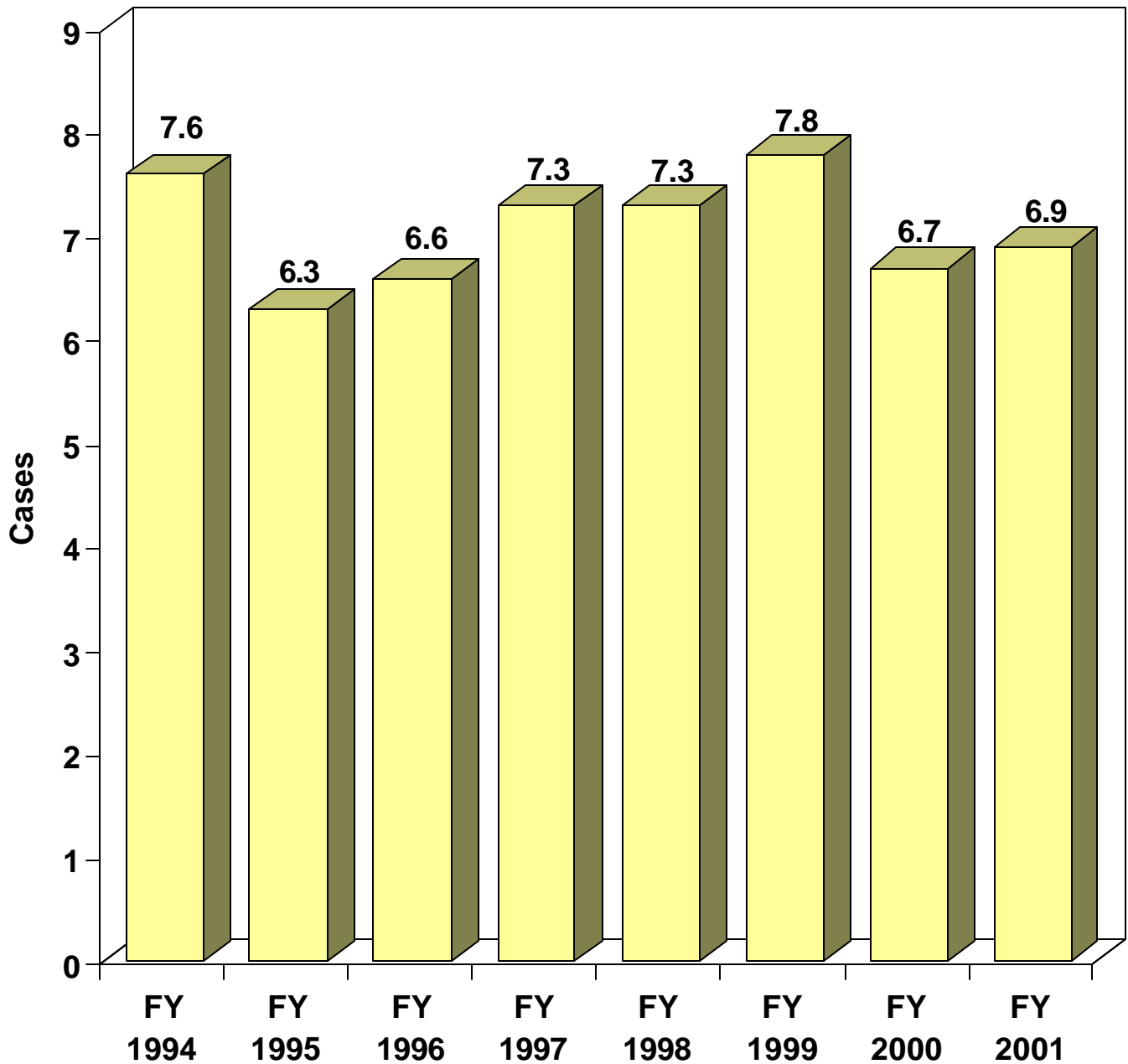
Open Adoption. ACS, in conjunction with the Mayor's Office, has drafted legislation which will clearly establish the validity of open adoption in New York State. Specifically, the bill would amend the Domestic Relations Law to permit adoptive parents and birth parents to enter into an agreement concerning communication with or contact between the adopted child, adoptive parents, and the birth parents.

Housing. ACS is working with the Department of Homeless Services to obtain Section 8 Vouchers for ACS families. The program would distribute vouchers for family unification for families at risk of losing their children because of housing issues, or whose only barrier to reunification is a lack of housing. ACS hopes to expand the use of these vouchers so that they may also be distributed to adoptive parents and to foster families willing to take large sibling groups, but who are currently unable due to inadequately-sized apartments. The New York City Housing Authority is seeking approval from the federal Department of Housing and Urban Development for this alternate use of Section 8 vouchers.

CONNECTIONS. The City's collection and use of child welfare data relies on the State's automated CONNECTIONS system, which has experienced years of problems. There are many types of data that ACS would like to capture for management and performance purposes that as not yet available because of the continued delays in implementing the State's ongoing CONNECTIONS upgrades.

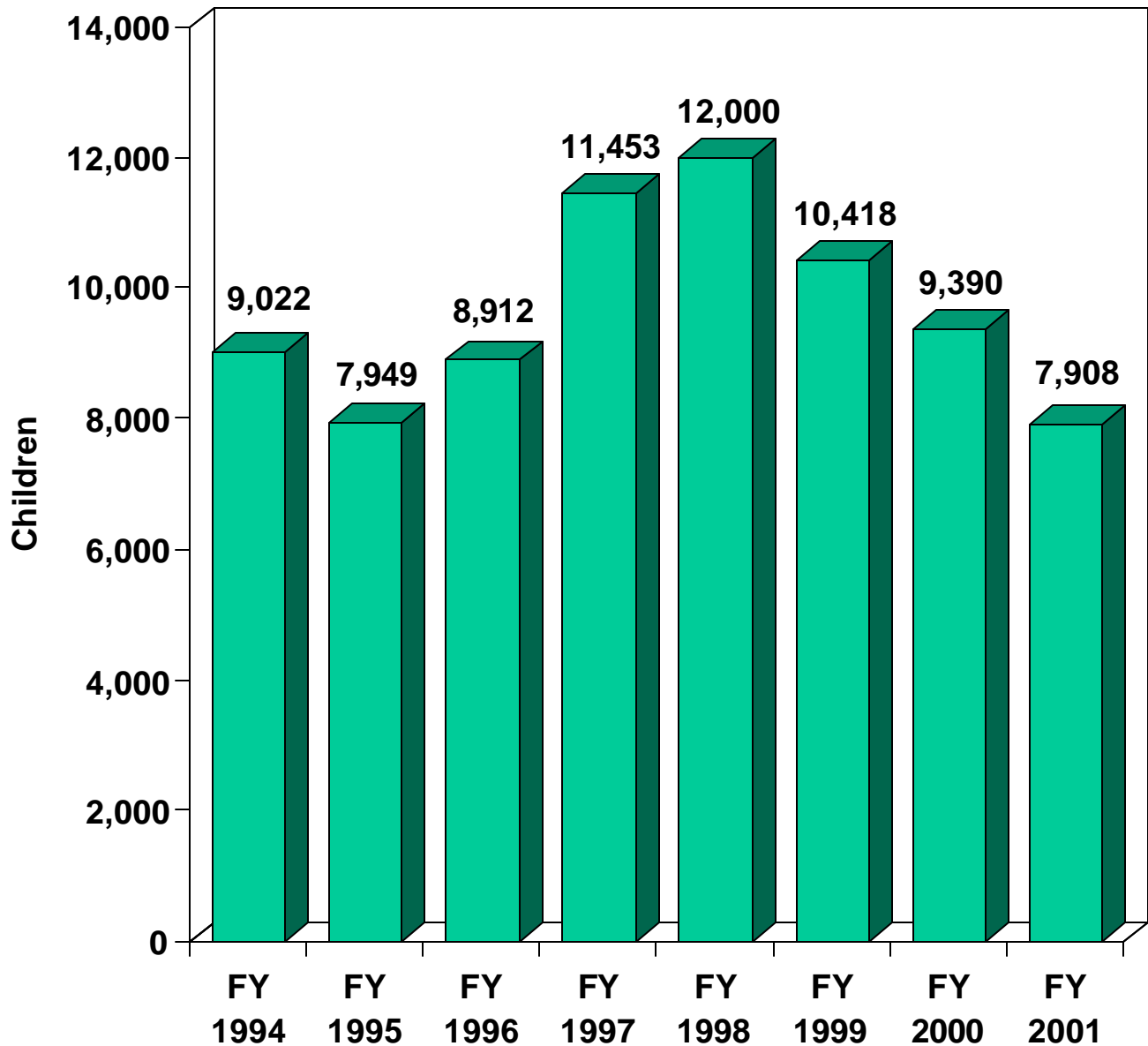
Administration for Children's Services

New Cases Per Worker Per Month (Pending Rate) Fiscal 1994-2001



Administration for Children's Services

New Children Entering Foster Care* Fiscal 1994-2001



*This decrease is attributed to fewer removals and an increase in preventive services.

WELFARE REFORM

The Challenge

At the start of the Giuliani Administration in 1994 there were nearly 1.16 million people, or one in seven New Yorkers, receiving welfare. The number of people on welfare was the highest in the City's history, and was rising sharply, increasing by 36 percent from December 1987 to December 1994. New York City was spending ten times as much on welfare as other major American cities. While originally intended to provide a safety net for those truly unable to support themselves, welfare had evolved into a dead end for large numbers of New Yorkers. Federal welfare reform was still two years away, with State enabling legislation coming three years later.

Rather than wait for changes in federal and State law, the Administration decided to act immediately. The challenge for the Human Resources Administration (HRA) was to change the City's welfare program from one that promoted a culture of dependency to one that promoted a culture of work and self-sufficiency.

The Solution

New York City's welfare reform plan begins with the belief that every public assistance recipient capable of some level of work should work. The services and programs that New York City has developed are intended to promote self-sufficiency, restore personal dignity, reduce dependency, and create a better future for individuals and families by fostering hope and opportunity.

Work Experience Program. The Administration's first major welfare reform involved the Work Experience Program (WEP). Work Experience provides participants who can work with structured work assignments. Participants engage in work activities that enhance the quality of life for New Yorkers. Through their involvement, WEP workers develop work-related skills and learn how to balance the demands of work with personal obligations. The City operates the largest work experience program in the nation. More than 250,000 people have participated in WEP.

Currently, HRA assigns eligible Public Assistance recipients in what is called "concurrent WEP." Eligible individuals meet with a caseworker, who arranges for the participant to be engaged in a 35-hour simulated work week, of which 20 hours are in WEP. The remaining 10-15 hours are filled with job search, education and training. The point of the 35-hour simulated work week is that participants become used to being productively engaged on a full-time basis, while receiving the support services they need to find and maintain employment. The Work Experience Program has made considerable progress in enrolling WEP participants into concurrent, contractor-managed activities, including job search, training, education, and substance abuse services. In addition, HRA is expanding the available programs to which participants can be assigned, focusing on

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programs that offer specialized work-experience services to help participants become self-supporting whenever possible.

Job Centers. To change the culture of welfare, the City set about converting its traditional welfare offices into a strong network of local Job Centers that are effective at helping participants focus on self-sufficiency and pursue employment. In March 1998, HRA began converting Income Support Centers into Job Centers that help applicants resolve problems and explore job possibilities. Conversion of all centers was completed in July 2001, creating 27 Job Centers citywide.

Job Centers provide on-site access to job search and placement services, child care information, vocational, educational and training services, as well as referrals for Medicaid and Food Stamp benefits. Sometimes information and referral services are all a participant needs to resolve their issues, thereby avoiding welfare. Job Centers feature resource rooms that provide a place for participants to pursue their job search. A variety of contracted social service providers assist Job Centers in their effort to develop skills and find participants jobs. Through performance-based contracts, these providers are paid an initial amount for a job placement, and receive full payment by assisting participants to retain employment.

Among the providers that participants may be referred to, depending on their particular needs, are Skills Assessment and Job Placement (SAP) providers and Employment Services and Placement (ESP) providers. SAP providers are given 30 to 45 days to assess the skills of applicants for Public Assistance, develop individualized employment plans, and place applicants in jobs that enable them to become financially independent. They receive payment at job placement and at 90 days' job retention. SAP providers served 37,331 individuals during Fiscal 2001.

If the applicant becomes a Public Assistance recipient, he or she may be referred to Employment Services and Placement (ESP) providers for additional services. ESP providers are paid at job placement, and require full payment at 180 days of job retention. Primarily, ESP contractors provide classroom training and on-the-job training designed to lead participants to employment. They also provide job placement, retention and post-program follow-up services for those who achieve job placements. ESP providers served 40,425 Public Assistance and 4,105 non-Public Assistance participants in Fiscal 2001.

In 1999 HRA was challenged by Mayor Giuliani to achieve “full-engagement” of all welfare recipients by the year’s end. This meant that the agency needed a means to assure that all participants could be counted in one of five categories: working, participating in work-related activities, in the process of being evaluated or assigned to activities, resolving their failure to participate in required activities, or determined appropriately exempt. This was a challenging goal; at any given moment during the summer of 1999, nearly 31,000 public assistance cases were unengaged. Nevertheless, HRA achieved the full engagement goal for all participants at the end of Calendar 1999, and the Agency has maintained full engagement since then.

Job Placements. During 2000 HRA sought to build on these accomplishments and focus local Public Assistance offices' efforts on helping recipients obtain employment. HRA made job placement a central goal of the welfare program for Calendar 2000 and sought to achieve at least 100,000 new job placements by the end of the year.

Prior to 1999, HRA counted only employment reported by recipients as job placements. In 1993 and 1994, approximately 21,500 recipients reported jobs each year. This figure climbed to 33,000 jobs in 1995, the year of New York City's all-time peak in welfare dependency, when nearly 1.2 million persons received welfare. During the next few years, as welfare caseloads dropped, the annual number of self-reported placements increased to over 50,000.

In 1999 the City began to use counts of employer-reported placements supplied by the State, resulting in an estimate of approximately 67,000 placements made that year. By the end of 2000, the number of public assistance cases had fallen to less than 538,000. Achieving 100,000 job placements thus became more of a challenge. To eliminate any ambiguity in tracking performance against this goal, HRA decided to include toward the count only jobs for 100,000 separate individuals (that is, persons obtaining more than one job during the year were to be counted only once). In addition, jobs were to be counted only if the earnings obtained were sufficient to close a Public Assistance case, to enable an applicant to avoid opening a case, or, if the recipient remained on welfare, to raise their earned income to at least \$100 per week. Job placements for non-Public Assistance Food Stamp recipients were also included.

HRA's ability to track and monitor this type of information has been enhanced by production of computer-based engagement and job placement reports, now available to HRA staff through the agency's intranet. The Agency's increased focus on and improved ability to detect employment has important long-term benefits. HRA staff's awareness that given participants are employed, or have had employment, enables them to help participants find better jobs and secure transitional benefits and, perhaps, other services important to their employment success.

Eligibility Determination. To enhance program integrity, HRA initiated the Eligibility Verification Review process in January 1995. Under this process, staff conduct individual assessments of every applicant and recipient eligible for Public Assistance. Key components of this review include an office interview, a home visit, and a data match to compare information on identity, resources and income. Since July 1995, fraud prevention efforts have been enhanced by Finger Imaging technology, which takes an image of fingerprints to be used internally within the welfare system to confirm participant identity and prevent fraud.

Performance-Based Management. HRA has undertaken numerous reforms intended to improve Job Center performance. The Agency uses a technique it calls JobStat to promote quality management in local welfare offices. The performance of each center is regularly measured using a JobStat Index that combines data on several dozen performance factors. The report groups data under three major categories: employment

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(including measurements for job placements and recidivism reduction), administrative (including measurements for timely application processing, reduction of error rates and processing of fair hearings), and progress in Self-Sufficiency. JobStat reports are used to allow Job Center senior staff to discuss the strategic direction and overall performance of the Center's operation with HRA management.

Another performance measurement system, introduced in August 2000, is termed VendorStat. Using VendorStat, HRA is able to monitor the performance of social service providers who are under contract with HRA to place public assistance applicants and recipients in jobs. The system facilitates comparison of the job placement and retention performance of individual vendors operating at various locations. VendorStat reports are used to facilitate periodic dialogue among HRA senior managers, regional managers and contractors.

In October 2000, HRA introduced a new performance management process called CenterStat. This modified and localized version of the JobStat model allows for the discussion of Job Center performance on location with a wider range of Job Center staff. The purpose of CenterStat is to enlist all levels of Job Center organization and staff in understanding the overall operation and moving it toward desired performance outcomes.

Performance-Based Contracting. All of HRA's contracts for the provision of human services now include outcome-based payment elements – financial incentives and/or disincentives tied to the vendor's success in achieving programmatic outcomes for clients. The Agency's move to performance-based contracting was part of a new citywide policy, originating in 1995, that is still being implemented. The steps HRA took to implement performance-based contracting were as follows:

- To begin working with the provider community, several City agencies participated in an Outcome Funding Pilot Project beginning in 1996. HRA's Home Care and Head Start programs took part in the pilot. The results of the pilot showed that vendors were willing to participate in an approach to service delivery and reimbursement which involved payment based on outcomes and vendors' assumption of risk.
- Federal welfare reform legislation enacted in 1996, which set time limits for cash assistance to Public Assistance recipients, brought new urgency to the Administration's goal for all employable recipients to be given the opportunity to achieve financial independence. HRA responded by sending a letter of solicitation to prospective vendors in October 1997 requesting Expressions of Interest from not-for-profit and for-profit organizations interested in obtaining a contract for placing large numbers of public assistance recipients into unsubsidized employment. To be considered for a contract award, each applicant was required to have the capacity to place at least 250 clients into unsubsidized jobs in each full year of operation.
- As a result of this solicitation, in 1998 HRA successfully awarded 10 contracts to qualified providers and started moving individuals from welfare to work. The

proportion of performance-based human services contracts let by HRA has increased in each successive year, until today all such HRA contracts are performance-based.

- In April 1999, the Mayor transferred the Department of Employment's Job Training Partnership Act (JTPA) Title II-A program to HRA. In May 1999, HRA solicited expressions of interest from approximately 700 for-profit and not-for-profit organizations to administer the Skills Assessment & Job Placement and Employment Services and Placement programs, which emphasized training, job placement, and long term employment retention. These services would be offered to economically disadvantaged persons with high barriers to employment. Seventeen such contracts were awarded to organizations in Fiscal 2000; these contracts are 100 percent performance-based with payment tied to outcomes.

Substance Abuse. Too often, substance abuse services do not offer effective treatment, integrated case management, or tracking of treatment progress. Treatment providers who are successful at helping their patients are no more likely to obtain referrals than those who are not. To address this problem, HRA has launched several initiatives aimed at coordinating case management and measuring outcomes of treatment providers:

- Substance Abuse Tracking and Reporting. During Fiscal 2001, HRA continued the integration of substance abuse treatment services with welfare-to-work activities. Participants who may be substance abusers according to State criteria are referred for drug treatment assessment and subsequently assigned to concurrent WEP activities and drug treatment as appropriate. To better monitor the progress and compliance of participants in substance abuse programs, the Agency continued to pilot a system to exchange information over the Internet between HRA and a State-certified substance abuse treatment program. By the end of Fiscal 2001 HRA made the Substance Abuse Tracking and Reporting System (STARS) available to 60 substance abuse treatment programs over the Internet from the City's official web site at NYC.GOV. The Agency will add 30 organizations to STARS by the end of Fiscal 2002, for a total of 90 programs. The ultimate purpose of STARS is to gather data that will permit HRA to hold each treatment agency accountable for progress in treatment. Eventually, HRA will only refer Public Assistance applicants and recipients with substance abuse disorders to treatment programs that have demonstrated their effectiveness.
- Comprehensive Service Model. Many clients in substance abuse treatment require comprehensive, coordinated services, including assessment, case management, and tracking, to recover from addiction and become economically self-reliant. Significant numbers of treatment programs do not have the resources to coordinate these services.

To address this issue, HRA has selected the National Association on Drug Abuse Problems and University Behavioral Associates to implement comprehensive service models for Brooklyn and Bronx Public Assistance applicants with substance abuse disorders. Each vendor is providing comprehensive clinical assessments, referrals for treatment, and case management, and is monitoring progress toward sobriety and self-

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sufficiency. When this model is operating at capacity, two thousand clients will be served at any point in time. Both programs began accepting referrals in March 2001.

- Clinical Case Management Services. Many individuals in substance abuse treatment have multiple obstacles to recovery and self-sufficiency. Some of these problems require intensive intervention and coordination that many substance abuse treatment programs cannot offer. HRA has selected the Visiting Nurse Service of New York – Home Care to provide clinical case management services to a subset of the substance abuse treatment population with multiple barriers to self-sufficiency, such as medical, psychiatric, legal, child welfare, domestic violence, and/or housing problems. Clinical case managers are responsible for linking clients to necessary services, ensuring continuity of care, monitoring client progress, assessing work readiness, and facilitating required work participation when appropriate.
- Substance Abuse Service Center. In June 2001 HRA opened the Substance Abuse Service Center (SASC) in Manhattan. Trained Job Opportunity Specialists (JOS) are responsible for case managing clients who have been mandated into outpatient treatment. Rather than working with multiple Job Centers, treatment providers work with designated JOS at the SASC to move clients to sobriety and self-sufficiency. The aim is to foster collaboration among providers, facilitate the resolution of problems, and enhance communication.
- Residential Treatment Service Center. HRA developed the Residential Treatment Service Center (RTSC) in September 1999 to conduct eligibility determinations for clients entering residential treatment. In August 2000, the RTSC began conducting face-to-face recertification for Public Assistance recipients at least once a year. Furthermore, in September 2000 Credentialed Alcoholism and Substance Abuse Counselors (CASACs) began comprehensive drug and alcohol assessment of clients referred from residential treatment programs, ensuring that clients are matched with the appropriate level of care.
- Queens Hospital Center and Albert Einstein College of Medicine. HRA funded two hospital-based treatment programs, each providing enhanced services for parents on Public Assistance who have substance abuse disorders. These programs supplement substance abuse treatment with services, including medical care, social services, work attachment and vocational services. The program at the Queens Hospital Center began accepting referrals in January 2000, and the Albert Einstein College of Medicine began accepting referrals in October 2000. Each program has the capacity to serve 140 clients.
- CASA WORKS. HRA has been included in The National Center on Addiction and Substance Abuse's (CASA) national demonstration project, "CASA Works for Families." The focus of this unique program is to remove multiple and interrelated barriers to employment faced by alcohol and substance abusing mothers on Public Assistance through the provision of comprehensive, integrated and individualized services designed to enable families to become self sufficient. The project, which

began in February 1999, will screen and assess at least 140, and enroll at least 70, mothers on Public Assistance and their children over three years.

- Probationers. HRA and the Department of Probation have established programs to speed the assessment and assignment of probationers to substance abuse treatment. For those probationers who are receiving Public Assistance, HRA and the Department of Probation now coordinate case planning to avoid conflicting goals and to foster private sector employment of substance-free probationers.

Workforce Investment Act. The Department of Employment (DOE) works to develop a qualified and skilled workforce for local employers and offers New York City residents a full range of job training and placement services. The programs administered by DOE are largely federally-funded; prior to Fiscal 2001, the majority of the Department's program services were authorized under the Comprehensive Employment and Training Act (CETA) and the Job Training Partnership Act (JTPA).

On August 7, 1998, President Clinton signed into law the Workforce Investment Act (WIA), replacing the 1983 Job Training Partnership Act. WIA restructures how employment and training services are provided by requiring a one-stop delivery system which increases customer choice, uses vouchers for providing some training services, and provides year-round services for youth. WIA consolidated funding into three funding streams – Adults, Dislocated Workers, and Youth. Accountability is increased through an enhanced system of performance measurements. The new legislation required states and local areas to achieve 17 performance standards in the areas of placement, employment retention, wage gain, and skills and credential attainment.

On July 1, 2000, New York State and its localities transitioned to WIA. New York City, in consultation with the Local Workforce Investment Board, developed a comprehensive five-year local implementation plan for the new workforce system and delivery of WIA services. The Department of Employment is responsible for providing services for dislocated workers and youth, while the Human Resources Administration oversees the delivery of adult services.

WIA also focuses on the needs of businesses and employers in order to develop a workforce of the size and skill level necessary to compete effectively in national and international markets. WIA emphasizes strong linkages to businesses and employers for planning and implementing employment and training services, an issue not stressed under JTPA. WIA offers local areas the opportunity and challenge of attracting businesses and employers to participate in the workforce investment system. Communicating the value of the workforce system in ways that are “business friendly” and meets business needs will contribute to successful performance under WIA.

The One-Stop system is a collaboration among eleven partners: the Department of Employment, the Human Resources Administration, the Department of Youth and Community Development, the Department for the Aging, the New York City Housing Authority, the City University of New York, the New York State Department of Labor,

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the State Department of Education, the State Department of Education/Vocational and Educational Services for Individuals with Disabilities (VESID), the South Bronx and Brooklyn Job Corps, and the American Indian Community House. One-Stop centers are the primary access points for WIA-funded services for adults and dislocated workers. These centers provide services to both job seekers and employers. Job seekers are provided access to labor market information, with services including self-service job search and access to training programs. The delivery of one-stop services began on July 1, 2000 at the City's Queens One-Stop Career Center. Additional One-Stop Centers are planned in other boroughs.

| Chronology of Implementation | |
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| March 1995 | The City's welfare-to-work reform initiative begins. |
| August 1996 | The number of Public Assistance recipients falls below one million for the first time since 1992. |
| March 1998 | Conversion of HRA Income Support facilities into Job Centers begins. |
| December 1999 | HRA achieves full engagement of all participants in the welfare system. |
| May 2000 | JobStat reporting begins. |
| July 2000 | New York City begins implementation of the Workforce Investment Act. |
| December 2000 | HRA records over 132,000 job placements for Calendar 2000. |
| July 2001 | Conversion to Job Centers is complete; HRA operates 27 Job Centers citywide. |

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| Outcomes |
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Public Assistance Recipients. The number of public assistance recipients was 475,463 as of August 31, 2001, representing a decline of roughly 685,000 or 59 percent since March 1995, when the City's welfare reform initiative began. This is the lowest number of recipients since February 1966.

HRA Job Centers. Skills Assessment and Job Placement (SAP) providers at HRA's Job Centers obtained 7,386 job placements during Fiscal 2001. Employment Services and Placement (ESP) providers obtained 8,353 job placements during the fiscal year.

Job Placements. HRA's Calendar 2000 total of 132,954 job placements exceeded the goal of 100,000. This achievement is due to substantial improvements in the Agency's ability to help participants find jobs and orient their efforts toward pursuing employment. It also reflects an improved ability to detect employment among recipients and those leaving welfare. For Fiscal 2001, job placements totaled 151,376.

This result confirms the facts that many jobs are available for welfare recipients and that large numbers of welfare participants are taking jobs. This point is also demonstrated by data on current Public Assistance recipients who are also employed. As of June 2001, there were more than 28,396 active Public Assistance household members employed. By

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comparison, in June 1998 there were 22,379 Public Assistance household members employed, although there were approximately 50 percent more Public Assistance recipients at that time. The number of employed public assistance cases is also substantially more than the 17,577 cases participating according to federal and State guidelines in the Work Experience Program as of June 2001. The proportion of Public Assistance recipients who also have paid employment has risen from 2.6 percent in Fiscal 1995 to 10.6 percent in Fiscal 2000 and 12.1 percent in Fiscal 2001.

Substance Abuse Treatment and WEP. HRA assessed 36,549 individuals in Fiscal 2001, 9,222 more than in Fiscal 2000. Of these, 16,593 persons, or 45.4 percent, were referred for intensive substance abuse treatment; 15,176 persons, or 41.5 percent, were referred for substance abuse treatment concurrent with WEP assignments. There were 4,108 persons, or 11.2 percent, who did not need substance abuse treatment and were assigned for full-time WEP participation. Of those remaining, 58 clients did not complete their assessments, and 614 individuals refused treatment after assessment and were either found ineligible for Public Assistance or sanctioned.

Further Challenges

HRA's major welfare reform objectives for Calendar 2001 are reducing the incidence of welfare recidivism (i.e., recipients who leave for employment and return to welfare within three to six months) and achieving 150,000 job placements. Some of the steps necessary to meet these goals are detailed below.

Job Opportunity Specialists. HRA has begun training staff for the position of Job Opportunity Specialist (JOS) to further improve service delivery in the Job Centers. By handling every aspect of a participant's case, JOS workers will assure that obtaining private employment is the foremost objective of the participants. Participants and caseworkers will stay together during the life of the case. JOS is a further step in implementing the Ladders to Success model, designed to achieve continuity of services and to ensure that individuals receive appropriate services in a timely fashion.

The primary functional change resulting from the creation of JOS is the integration of employment and eligibility responsibilities, which will enable all workers to provide job and benefit information and referrals to recipients. Case management consists of a core set of functions to assist individuals and families:

- initial engagement (entrance interview) and/or referral to community resources;
- assessment and evaluation of needed services, programs and resources;
- development and implementation of a service plan, e.g. an employment plan;
- service linkage and coordination;
- follow-up and monitoring of effort to ensure that program actions address identified needs; and
- exit interview and follow-up services, e.g. a job retention plan.

Reducing Recidivism. HRA is using several strategies to keep people employed and prevent them from returning to public assistance:

- All of the agency's employment contracts contain a job retention requirement for the vendor to receive full payment. For example, while ESP providers receive a payment upon placement, the individual must be employed for 90 days to receive an additional payment, and 180 days in order to receive full payment.
- Using the JobStat process, HRA is using several indicators to monitor Job Center's efforts to improve clients' job retention. JobStat includes indicators to reflect each center's recidivism rate three months and six months after an individual obtains employment.
- HRA has implemented a new child care system that improves the agency's ability to maintain child care payments as the individual moves to employment. Previously, when an individual obtained a job, child care information had to be manually transferred to a new system. Now, four of the five boroughs use a single payment system so that individuals can move from engagement to employment and off Public Assistance while remaining in the same database, thus avoiding payment cutoffs. The Bronx will be moving to the new system in Fall 2001.

Paperless Office System. POS, or Paperless Office System, is an effort to place all applications and records in computer format as soon as the information is obtained from the participant. Interview responses are immediately recorded, and documents are scanned into the system. A computer-based record system allows for automatic calculations of budgets and determinations of eligibility, easier retrieval of records and reduced time for administrative work. POS has the potential to increase the efficiency and quality of case work. Efficiency will be improved by spending less time on the mechanics of information gathering, retrieval and distribution, and more time working with clients to achieve program goals; the quality of case work will benefit through easy access to accurate and complete case information.

Five-Year Limit for Cash Assistance. Under federal and State law, one of HRA's most important challenges is to help families avoid using up their federal welfare time limit of 60 months and/or the New York State 60-month limit for cash assistance. The State limit applies to any five-year combined receipt of federally-funded Family Assistance and State-funded Safety Net Assistance. Under State rules, after five years of cash assistance, a person is only eligible for non-cash assistance, which includes a combination of direct payments to contracted providers and a small cash allowance. HRA does not expect the State to fully implement its non-cash system until Spring 2002 at the earliest.

As of June 2001 there were 43,373 cases (individuals or households) facing a December 2001 cutoff of cash assistance due to the amount of time they have spent on welfare. Of these, 38,323 were engageable, meaning that they were capable of some form of work activity. Of the engageable, 12,058 were actually working in paid employment, but were not earning enough for the case to be closed. Others were involved in other productive

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activities, such as the Work Experience Program, subsidized employment, or education and training. In addition, 10,957 cases facing the December 2001 time limit are in a sanction process for failure to comply with work requirements. HRA continues to look for innovative ways to engage all able-bodied recipients in productive work-oriented activities, and is actively participating in the statewide effort to reduce the number of people facing the December 2001 time limit. HRA's approach for each of the groups facing this time limit is as follows:

- The largest single part of the five-year group is those who are employed. To determine what is preventing them from moving further up the economic ladder, HRA will work with the City University of New York (CUNY). Following the assessment of each case, individuals will be referred to an appropriate activity to be performed in conjunction with their paid employment. These activities might include participation in a training program designed to upgrade their skills, or a program with HRA's contracted service providers for job search and other needed activities. The aim is to upgrade individuals' work skills so that they can attain self-sufficiency.
- Another significant portion of the five-year group are successfully engaged in employment activities but have not been able to find paid employment. If individuals in this group continue unable to find employment, HRA will offer them subsidized employment. This program has already resulted in over 1,100 individuals working in the city's Department of Parks and Recreation, and approximately 50 individuals in the Department of Transportation. These jobs are six-month positions; during the six-month period, individuals are excused one day a week to work with a program designed to find them unsubsidized employment. HRA plans to expand this approach with other local government organizations such as the New York City Housing Authority. HRA will also identify and make available subsidized jobs in private sector companies, such as home care and security firms.
- For individuals who are currently unemployable – including individuals with substance abuse problems and temporary disabilities – HRA will closely monitor their condition and engage them as soon as they are ready. For those going through the sanction process, HRA will continue to urge these individuals to settle the sanction and participate in work activities.
- Finally, there are approximately 5,000 already-sanctioned individuals within the five-year group. Individuals in this group have already been contacted and asked to participate in work activities; those who refused have been referred for a medical assessment to determine if hidden physical or mental issues are preventing their participation. HRA also plans to use faith-based service providers under contract to the State University of New York to conduct additional outreach and urge these individuals to participate. During Fiscal 2001, 877 individuals returned to the Work Experience Program after being supported by faith-based providers.

The City has recommended to New York State that individuals who have consistently refused to engage in work activities, and who remain sanctioned when their five years run

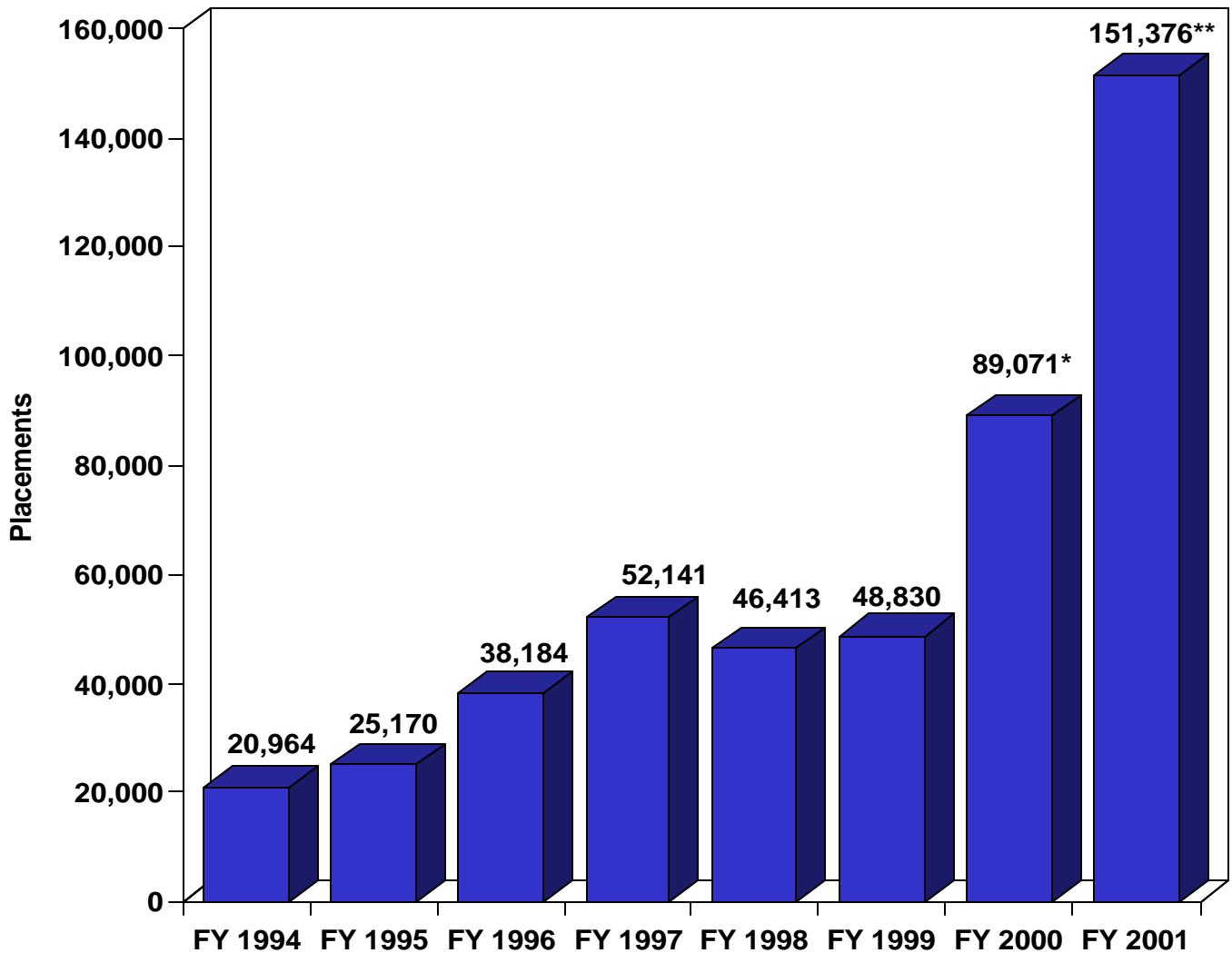
out, will be contacted by HRA and asked to re-apply for public assistance if they still need it. In August 2001, HRA received approval from the Governor's Office. The State Office of Temporary and Disability Assistance has informed HRA that it is revising State Regulations to "require all able-bodied adult household members in a case that becomes ineligible for Family Assistance because of reaching the State 60 month time limit, to file an application for Safety Net Assistance (SNA) and comply with all SNA program requirements."

Workforce Investment Act. Additional One-Stop Centers are being planned in other boroughs. In implementing the workforce investment system, DOE's aim is to increase the competitiveness of the City's businesses through a more qualified workforce, thereby increasing employment opportunities and economic self-sufficiency for its residents. Achieving this goal for workforce development will be measured by the degree to which workers acquire the skills and knowledge they need to secure and retain productive employment, and by increased business investment in incumbent worker training and best workplace practices necessary for competitiveness. The City's workforce investment system must be designed to meet this challenge through:

- timely and accurate information about programs and resources that will benefit businesses.
- quick response to requests for customized training services to meet the individual needs of businesses for new and incumbent workers.
- commitment from training providers who are interested in and understand the need of businesses for skilled and qualified workers.
- capacity to meet multiple needs of businesses, employees and job seekers.
- focus on results of invested funding and services provided.

Human Resources Administration

Job Placements Fiscal 1994 - 2001



*This figure reflects 12 month Employer Reported data.

** This figure now includes approximately 10,000 job placements for non-public assistance food stamp recipients.

HOMELESS SERVICES

The Challenge

By the early 1990s, the homeless population in New York City had increased drastically and visibly. Despite the unprecedented level of resources devoted to solving the problem, about \$2 billion in government funds over the preceding decade, growing numbers of people continued to inhabit subways, parks, abandoned buildings, and other public places. Use of the City's emergency homeless shelters and services also continued unabated. In Fiscal 1993, an average of 5,543 families and 6,535 single adults were housed in the shelter system each night. The system, originally devised as a safety net of last resort, had become a routine means of aiding the needy, and the strain was evident. Of the average of 84 families that entered the system per day, nearly half could not be referred to temporary housing within a day. It became commonplace for individuals and families to remain in the system for years, but because it was designed for emergency purposes, the system did not provide housing, but offered mainly hotels and congregate arrangements. In short, the system attempted to impose only emergency and temporary solutions, no matter how lasting the problems. This system of dead-end benefits tended to promote dependency and make it extremely difficult for individuals and families to regain their independence.

The report of the New York City Commission on the Homeless, published in 1992, revealed a number of other problems with the existing approach to homelessness. Homelessness, the report indicated, was not just a housing shortage problem, but went hand in hand with substance abuse and mental illness, conditions inadequately considered within the shelter system. Mismanaged resources also drove up expenses, with the cost of a single cot in a congregate facility reaching as high as \$18,000 a year. These issues were also complicated by a series of legal battles including *Callahan v. Carey* (1981) and *McCain* (1986), in which the courts established a right to shelter in New York City and issued a variety of decrees regarding the manner in which services must be provided. In response to these concerns the Department of Homeless Services (DHS) was established on July 1, 1993.

When Mayor Giuliani entered office in 1994, he inherited a DHS in its infancy stages, having not yet completed the transition from a division within the Human Resources Administration. The new agency would serve as the foundation for efforts to implement drastic reforms not only within the system, but also with regard to the City's overall strategy in caring for homeless families and individuals. The shelter system needed to be returned to its original emergency capacity, and more permanent solutions for the long term needs of the homeless population needed to be found.

The Solution

Establishment of the Agency. The Department of Homeless Services was made a permanent independent mayoral agency in April 1999, with the passage of Local Law 19.

Homeless Services

DHS aims to provide a continuum of care, where the client assumes responsibility for achieving the goal of independent living, through its two service divisions: Family Services and Adult Services. In January 2000, the City's shelters were renamed New START Centers (Self-sufficiency, Treatment, Addiction control, Rehabilitation, and Training) in order to better describe the types of services offered. During Fiscal 2001 the Family Services division served an average of 5,563 families per night, up from 5,543 families in Fiscal 1993. Adult Services served 7,187 individuals, up from 6,535 in Fiscal 1993. The agency's budget has grown from \$424.3 million in Fiscal 1994, to \$494 million in Fiscal 2001.

Reform Plan. In September 1994 the Administration issued a report titled "Reforming New York City's System of Homeless Services," establishing the City's policy for what a temporary housing system should be. The focus is primarily towards providing emergency services to those who truly need them, assessing their needs within a short time frame, and referring them to appropriate services to meet those needs and end their homelessness. To do this, the reform plan calls for the implementation of a continuum of care strategy: outreach, prevention, diversion, eligibility determination, assessment, temporary housing, social services, and permanent and supportive housing.

Outreach. The first step in the continuum of care, outreach, targets individuals who appear to be living on the street, within transportation facilities, in parks, and in other spaces not intended to be used for human accommodation. Since these homeless individuals are often resistant to participating in service programs, the key objective of each of these outreach and engagement services is to get them out of inappropriate spaces where they are at risk and unable to access services, into appropriate entry points in the continuum of care where they can obtain supportive services and acquire the specific skills they need for self-sufficiency. In 1995 DHS established six borough-based outreach teams (two teams for Manhattan and one each for the other boroughs) and continues to operate one citywide outreach team. DHS increased outreach efforts in 1996 by cooperating with the New York City Police Department's initiative to actively encourage unhoused homeless people to seek temporary housing and services. During the first quarter of Fiscal 2001 DHS expanded contracted outreach to provide additional coverage by greatly increasing capacity between midnight and 8 a.m., adding additional psychiatric and clinical social work staff, offering more staff training, and adding performance-based incentives to providers' contracts. These stipulations call for outreach providers to be evaluated based on the number of their contacts who complete detoxification programs, enter job-training programs, or are deemed eligible for housing placement.

These outreach efforts are often coordinated with the nine drop-in centers which operate throughout the five boroughs, 24 hours a day, and provide hot meals, counseling, shower and laundry facilities, clothing, medical care, recreation space, referrals for employment, assistance in applying for benefits, and other social services. Service providers to operate these drop-in centers were selected through the Request for Proposal process in 1997. Drop-in centers, as well as outreach efforts, aim to smooth the transition into more permanent facilities, with more intensive services.

Assessment and Eligibility. Once individuals and families arrive at intake centers, they are assessed to determine their eligibility to receive temporary housing, as well as to determine what other services they require. The assessment and eligibility procedures are designed to create a cooperative environment of reciprocal benefits and responsibilities between DHS and its clients. In November 1998 DHS created a centralized intake center for homeless men seeking services in the single adult system. With one entry point into the system, resources were utilized more efficiently, bed assignment efforts were conducted expeditiously, and this better controlled “front-door” system served to enhance the Department’s ability to more accurately verify the identity of clients. The assessment period for individuals has been shortened over time from 90 days in 1994 to 21 days in 2000. This was accomplished by phasing in more specialized staff to evaluate clients more effectively, creating more programs to accommodate clients, and establishing performance incentives that encourage providers to assess clients quickly and effectively. DHS also introduced the Automated Finger Imaging System (AFIS) during 1998 in each of the intake sites for homeless individuals, in order to identify clients more quickly and accurately, ensuring proper assessment and placement within the DHS system.

For families, the assessment period is just 10 days, during which time the Emergency Investigation Unit (EIU) seeks to determine their eligibility. Eligibility procedures for families underwent many stages of evolution, from no eligibility requirements at all, to a simple interview, to requiring that families obtain a hotline referral, before arriving at the comprehensive method currently used, whereby the EIU deploys a number of field investigators to study each case. Families are deemed eligible if the EIU discovers that they have no other housing options available; if they are deemed ineligible, families may reapply. Beginning in 1994, Diversion teams from the Human Resources Administration (HRA) were also located at the EAU, in order to provide assistance in obtaining entitlements, special needs allowances to pay back rents or other costs, referral to legal services or apartment-locating services, and mediation with friends and family who could possibly provide accommodations.

Privatization. Since 1994, DHS has worked to privatize its facilities and programs, transitioning from the role of a direct service provider to an overseer of contracts with not-for-profit agencies. Over the last eight years, DHS has issued a number of RFPs, advertising in publications such as the *City Record*, and sending direct mailings to thousands of community-based social service providers, soliciting providers to deliver a variety of comprehensive services. As of August 2001, DHS operated only six family service facilities directly while contracting for the operation of 70 facilities. The Department has also contracted out 37 of its 44 adult service facilities. DHS also closed all of its Emergency Assistance Units (EAUs) that served homeless families, by the beginning of 1994, except for the EAU located in the Bronx, which now serves as the citywide intake point for DHS emergency assistance. As mandated by local law, DHS has also ceased to place families in congregate shelters or in hotels without private kitchen and bathroom facilities.

The goal of the privatization effort was to better integrate services into the DHS system, including health care, substance abuse treatment, mental health services, education and

Homeless Services

job training, and domestic violence resources, while cutting waste and thereby reducing costs. Private organizations selected via the RFP process are responsible for maintaining a certain quality of services and level of efficiency, ensured by the inclusion of performance-based incentives in contracts, and by hiring managers at DHS to closely monitor the providers.

New Services for Clients. DHS has undertaken several other initiatives to increase the quality and breadth of services available to eligible individuals and families, and to make services more flexible so that they can meet the specific needs of clients. One specialized New START Center, LIFE (for Learning Independence & Family Empowerment), currently houses 94 families and was created to offer more in-depth educational and job training services. Other New Start Centers offer similar educational and vocation training to single adults, including the teaching of specific skills such as culinary arts, organic farming, and security, as well as more generalized work experience and job skills and the opportunity to work towards a Graduate Equivalency Diploma (GED). Customer service has also been improved, including increased recreation services provided to clients using private donations to the Homeless Trust Fund. In 1999 DHS began increasing the security presence in the New START Centers through the use of uniformed peace officers. In February 2000 DHS hired a medical director who works closely with the Departments of Health and Mental Health to improve the quality of clinical care and health services to clients.

Increasing Management Efficiency. The implementation of performance-based incentives for contracted New START Center providers, and other efforts such as management training for DHS employees, have helped to increase management efficiency and streamline the DHS system. Incentive programs established in 1998 reward providers for exceeding specific outcomes, with bonuses of up to three percent of the contract operating budget. To develop outcome targets, DHS met with the service providers and set initial benchmarks for performance levels, which are adjusted upwards over time based on past performance. The goals of the incentive program are to measure outcomes consistent with the DHS goal of assisting clients to achieve and maintain independence, and to reward programs that successfully move clients along the continuum of care. Outcome targets were set in areas including placements into housing, substance abuse programs, mental health and medical facilities; placement of the chronically homeless; reduction of length of stay in DHS facilities; school attendance; and employment placements. Over time, the emphasis has shifted increasingly towards placing clients into employment programs and permanent housing, especially for the chronically homeless.

Permanent Housing Programs. The aim of all of the components of the continuum of care, from outreach to transitional housing, is to smooth the transition of the homeless into permanent housing or supportive housing, while providing them with the foundation of skills necessary for independent living. Consequently, during the last eight years, one of the key aims of DHS has been to better prepare clients for independent living, so that clients are able to maintain independence and not return to the DHS system. Towards this end, a number of publicly supported permanent housing programs have been created in

conjunction with the New York City Housing Authority (NYCHA), Human Resources Administration, Department of Housing Preservation and Development (HPD), and Department of Mental Health (DMH). Families are housed primarily through the Emergency Assistance Rehousing Program (EARP), which uses Section 8 subsidies and offers financial incentives to landlords for assisting families in relocating to private apartments. In 1994, the number of units offered through this program was increased by over 50 percent, and by Fiscal 2000 2,428 families were placed into permanent housing via the EARP program. DHS continually works to augment and streamline these services, and in Fiscal 2001 issued a series of mass advertisements targeting landlords eligible for EARP incentives, increased the EARP bonus incentive, and decreased the amount of time needed to inspect apartments for the program.

Single adults, similarly, have a variety of subsidized permanent housing options, including supportive Single Room Occupancy (SROs), licensed residential facilities, Section 8 rental assistance, NYCHA units, and other housing programs. Over the last eight years DHS has worked to increase these opportunities, including a \$21 million SRO capital loan financed with HPD, which funded six new projects creating 304 new units. DHS has also begun work on two new initiatives, the Family Rental Assistance Program (FRAP), and the Rental Assistance Program (RAP), at an estimated cost of \$3.1 million. These initiatives served eight families and 77 adults during their initial stages in Fiscal 2001.

Internal Initiatives. DHS has also developed a number of internal initiatives to improve the efficiency of the Department itself. As a result of privatizing its facilities, DHS has been able to reduce headcount by nearly half since Fiscal 1994 through early retirement and the reduction of positions through attrition. DHS also consolidated its three administrative offices into one location during April 2000 to enhance intra-office communication. Finally, DHS is working with the Department of Information Technology and Telecommunications (DoITT) to increase the Department's technological sophistication, in order to be better able to keep track of clients and their needs.

Facility Maintenance. DHS began tracking the results of inspections of single adult facilities in the winter of 1997; 1,603 deficiencies were identified by the Coalition for the Homeless at the 28 facilities that they inspected. DHS decided that a new approach was necessary to reduce the number of deficiencies and create greater accountability throughout the single adult system. DHS drastically reengineered its Facility Maintenance and Repair operation to a decentralized work force, with individual supervisors having responsibility and accountability for the condition of the facilities in their portfolio.

Homeless Services

| Chronology of Implementation | |
|------------------------------|---|
| May 1994 | The City issues “Reforming New York City’s System of Homeless Services” |
| March 1995 | Single point of intake for Family system implemented. |
| July 1997 | DHS implements performance-based incentive program for contracted service providers. |
| November 1998 | DHS creates centralized intake process for men entering the Single Adult system. |
| April 1999 | DHS becomes a permanent Mayoral agency. |
| August 2001 | A total of 107 single adult and family service facilities, or 89 percent of all service facilities, are privately operated under contract with DHS. |

| |
|-----------------|
| Outcomes |
|-----------------|

Outreach. Expanded outreach efforts during Fiscal 1996 resulted in a dramatic 1,097 percent increase in contacts, an 884 percent increase in referrals, and a 1,069 percent increase in placements compared with Fiscal 1995. The second major outreach expansion resulted in a 111 percent increase in contacts, a 286 percent increase in referrals, and an percent increase in placements from Fiscal 1996 to Fiscal 2000. Placements totaled nearly 6,200 in Fiscal 2001, 85 percent more than in Fiscal 1996.

Placement. Long-term placements outside of the DHS system from assessment for single adults more than doubled from Fiscal 1996 to Fiscal 1999. Placements from assessment into program beds increased by 87 percent during the same period. All families have their eligibility determined within 10 days of arrival at the EAU. The number of families not placed within 24 hours of arrival at the EAU has decreased by 76 percent from Fiscal 1994 to Fiscal 2000.

Privatization. One of the benefits that the City has experienced as a result of privatization is a significant amount in expenditure savings. Estimated savings were \$3.9 million during Fiscal 1996 and approximately \$2.7 million annually thereafter. In addition, privatization has resulted in a substantial improvement in the quality of client services, by converting general beds to program beds – that is, creating more slots for clients to receive specific services – and by establishing smaller facilities that allow for personal relationships with clients and more specialized services to meet their needs. The number of specialized beds in the single adult system has increased by 82 percent from Fiscal 1995 to Fiscal 2001. Currently, 79 percent of single adult beds provide specialized services.

Facility Maintenance. From Winter 1997 to Winter 2000, the Department’s reengineering of its Facility Maintenance and Repair operation resulted in a 96 percent reduction in the number of deficiencies cited by the Coalition for the Homeless.

Performance Incentives. The performance incentive program has focused the attention of providers toward the goals of housing placement and moving clients towards independence. Many providers have noted that they begin the housing application process earlier in a client’s stay than before the program was instituted, and most programs have added housing specialists to their staff. Performance incentives, which encourage providers to increase the number of clients placed into permanent housing, resulted in a 30 percent increase in permanent housing placements for single adults over the number planned during 1998, the first year such incentives were offered. Permanent housing placements have continued to exceed target for single adults during subsequent years.

Further Challenges

Demand for Shelter. While the City’s homeless system is providing better services for families and single adults within its facilities, the system is strained by increasing demand for emergency assistance. Although the same trend is being seen in other U.S. cities, New York’s is the only shelter system in the nation that operates under a court-ordered right to shelter for the truly homeless. Demand is approaching record levels, with over 28,000 individuals in temporary beds on an average night during July 2001. While the causes of rising demand for shelter are being debated, the challenge for City government is to work with the construction industry, landlords, and community-based groups to reduce the costs of constructing and managing housing, and to continue to find new ways to make affordable housing available. The City’s approach to this challenge is described in the chapter on housing preservation and development.

Completing Privatization. DHS continues plans to replace the 30th Street Men’s New START Center in Manhattan with smaller facilities and relocate DHS operations at this site. The 850-bed 30th Street facility will be phased out gradually through a contract awarded to a not-for-profit provider.

Homeless Services

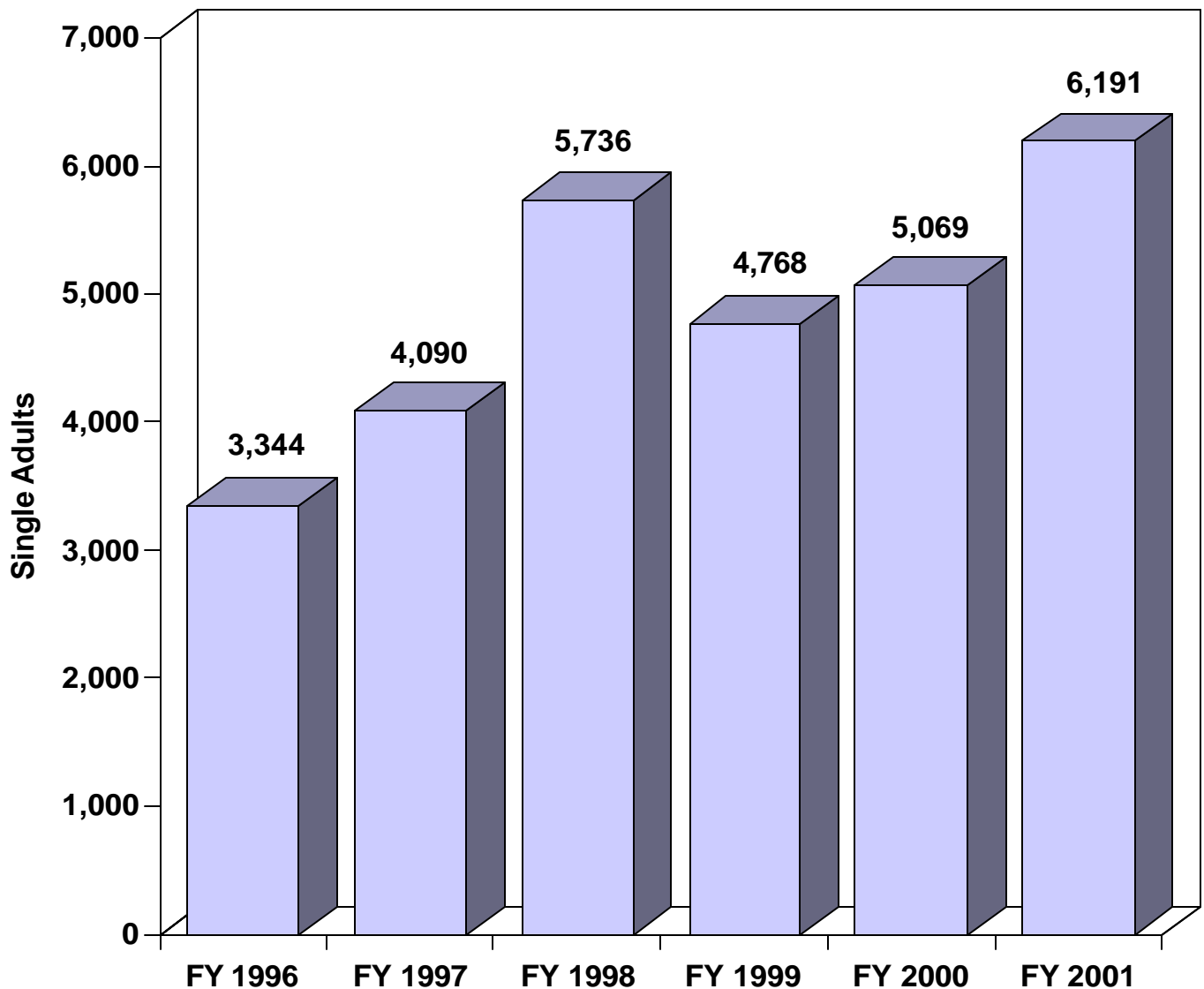
Improving the Incentive Program. Performance-based incentive targets for service providers are revised each year to reflect historical experience. Targets are set for each type of program at New START Centers in an attempt to compare similar programs; however, there remain differences in results between New START Center programs that have yet to be accounted for. Some programs may serve more difficult clients; others may have access to additional resources; still others may be in more favorable or unfavorable locations. All of these factors influence a program's ability to maintain and place clients. DHS will continue working to ensure that the implementation of the performance incentive program is fair to contractors despite these difficulties. DHS will continue to use performance indicators as a management tool. Programs that perform best will be asked to identify successful strategies in placing clients that will be shared with other clients, while programs that perform least well will be provided with hands-on technical assistance.

Court Orders. DHS is subject to court oversight on a wide range of issues pursuant to court orders dating back to 1981. These outstanding court orders set requirements for eligibility for temporary housing, conditions in the New START Centers and the EAU, and even DHS's obligation to assist with permanent housing under certain circumstances. They also institutionalize the role of the Legal Aid Society and the Coalition for the Homeless in the oversight and operation of the DHS system. In conjunction with the City's Law Department and the State Office of Temporary and Disability Assistance, DHS will develop a strategy and a time line for challenging court orders that interfere with the Department's ability to implement State reforms.

Implementing Eligibility Requirements. State regulations regarding the maintenance of eligibility for temporary housing place a number of obligations upon residents, including an obligation to comply with an Independent Living Plan, and to seek and accept alternatives to temporary housing. Failure to comply with these requirements results in a discontinuance of temporary housing assistance for up to 30 days. DHS is phasing in implementation of these regulations, but is prohibited from actually terminating a client's temporary housing benefit pending appellate court review of a lower court ruling in the City's favor. Having successfully implemented eligibility standards for family applicants, DHS would like to implement eligibility requirements in the single adult system. As with the family system, the criteria for temporary housing in the single adult system would include cooperation with assessment and application for Public Assistance benefits. Applicants who do not cooperate, or who have adequate resources, would be found ineligible, unless their non-compliance were due to mental, physical or social impairment.

Department of Homeless Services

Placements in Temporary Housing Resulting from Outreach Efforts Fiscal 1996-2001



Placements in temporary housing include: medical facilities, mental health and substance abuse facilities, and New START Centers.

HEALTH INSURANCE ACCESS

The Challenge

When Mayor Giuliani introduced HealthStat in June 2000, there were approximately 1.5 million low-income individuals in New York City without health insurance. An estimated 525,000 of these residents were eligible for existing public health insurance programs (Medicaid and Child Health Plus) and an additional 375,000 would be eligible for the newly enacted Family Health Plus. Thus, programs were available, or would soon be available, to provide coverage for the majority of low-income uninsured City residents. The challenge has been to find, educate, and enroll all eligible New York City residents – and keep them enrolled – in public health insurance programs.

There were many reasons some eligible families had not enrolled, including:

- Lack of knowledge of program eligibility;
- Lack of understanding of the need for health insurance (particularly among immigrant populations);
- Lack of convenient access to enrollment opportunities; and,
- Difficult and confusing enrollment and recertification processes.

The Solution

Launching HealthStat. Mayor Giuliani identified reducing the number of uninsured New Yorkers as a top priority for all City agencies. Agencies were instructed to use every possible contact they had with families to reach out and enroll eligible individuals.

The resulting project, known as HealthStat, is a prime example of effective coordination among multiple City agencies and other organizations in pursuit of a common goal. HealthStat was kicked off as follows:

- The Mayor met with the Commissioners of all appropriate agencies to make clear the importance of HealthStat and the expectations he had for the active involvement of their agencies. The Mayor repeated this charge regularly to the Commissioners at Cabinet meetings and through senior staff meetings.
- Mayor Giuliani established the Mayor's Office of Health Insurance Access to oversee the agencies' HealthStat initiatives.
- Weekly meetings attended by senior management of all relevant City agencies were established at the Office of Emergency Management to signify the importance of the initiative, that this problem is a City "emergency."

Health Insurance Access

- Accountability systems were set up to measure results on a timely basis and to disseminate successful enrollment models among City agencies.
- HealthStat regions were established throughout the City, with regional managers to coordinate outreach and enrollment events in each region and to ensure all areas of the City received appropriate attention.

City agencies were asked to:

- Identify key senior staff to be responsible for the initiative within their agency.
- Develop a HealthStat plan in which they:
 - identified goals for monthly enrollments and referrals;
 - examined their agency mission and functions to determine how to integrate these with HealthStat; and,
 - examined every point of contact with families, particularly those likely to fall within the income eligibility levels for public health insurance, to determine how to incorporate outreach, referrals, and enrollment into these contacts.

City agency efforts have evolved as HealthStat has progressed. While HealthStat initially focused on outreach and referrals, by early 2001 City agencies were asked to focus their attention on direct enrollment of families. Most City agencies are accomplishing this through partnerships with private enrollers (community-based organizations and health plans). In many instances, the City agency is inviting enrollers to attend agency-sponsored activities that are known to draw families who may be eligible for public health insurance. With the implementation of Family Health Plus in October 2001, these enrollment opportunities will be expanded to adults. Health plan representatives and community-based enrollers attend one HealthStat meeting each month to help identify additional enrollment opportunities and enhance these ongoing partnerships.

Outreach and Referral. One of HealthStat's goals is to improve the public's awareness of the availability of public health insurance. This has been accomplished by using the many contacts various City agencies already have with families to educate, refer, and enroll the uninsured. These agency efforts have been enhanced by a public awareness campaign. Specifically, the outreach and referral program has included:

- A \$2.5 million public education campaign in partnership with 1199/SEIU and the Greater New York Hospital Association, including information in subways, buses and bus shelters, and newspapers as well as radio advertisements.
- Extensive outreach by City agencies. City agencies have distributed over 3 million flyers and made more than 100,000 phone calls to families.
- Development of a toll-free hot line (1-888-NYC-6116) where individuals can call and be screened for financial eligibility for Medicaid and Child Health Plus, request application materials, and be referred to an appropriate enrollment location.

Health Insurance Access

- Development of a system that facilitates identification and referral of uninsured families to enrollers. Over 5,000 City employees and staff of contracting agencies were trained in the referral system. As of June, 2001 over 170,000 families have been referred to enrollers.
- HealthStat application material is made available at the Mayor's monthly Town Hall meetings held in communities around the City. The Mayor uses Town Hall meetings as an opportunity to increase awareness of HealthStat and to urge citizens to take advantage of the program.

Increasing Enrollment Opportunities. In early 2001, HealthStat adopted the goal of moving a family as close as possible to enrollment at the first encounter. At that time, City agencies were asked to emphasize direct enrollment opportunities whenever possible. DOH hired enrollers to ensure full-time, ongoing coverage in critical locations. These enrollers have been placed in public schools, DOH clinics, and NYCHA developments to enroll eligible families.

In addition, HRA trained staff at its Medicaid community offices to process Child Health Plus applications. Medicaid workers have also been outstationed to food stamp offices so food stamp recipients can apply or recertify for both programs at the same time. HRA also has staff and a mobile office to provide enrollment opportunities at events throughout the City.

Other agencies have developed partnerships with enrollment organizations – including community-based organizations, health plans, and City staff – and have developed enrollment strategies that take advantage of agency opportunities to interact with eligible families. Examples include:

- The Department of Parks and Recreation has partnered with enrollers to enroll children at Parks events such as the Easter Eggstravaganza in Central Park, Little League Registration, and at City pools over the summer.
- The Department of Correction schedules special family visit days in the prisons where enrollment assistance is provided to families of inmates. In addition to obtaining free or low-cost health insurance, families can receive an extra visit with the inmate.
- The New York City Housing Authority is partnering enrollers with each of its public housing developments. These enrollers are contacting potentially uninsured residents, holding enrollment events, and participating in family days.
- The Department of Employment is partnering enrollers with contracted community-based organizations that participate in its Youth Employment Program (YEP) to enroll families that were identified as uninsured as part of the YEP application process and indicated an interest in enrollment assistance.

- Public hospitals have expanded their ongoing efforts by partnering with other City agencies.

Agencies are now integrating HealthStat into the fabric of their operations. For example, the Fire Department has found synergies between their mission of providing fire safety education and health insurance enrollment. The Department's High Fire Fatality areas often have high numbers of recent immigrants, an important target population for HealthStat. FDNY, therefore, is hosting HealthStat enrollment efforts in conjunction with its fire safety efforts, enhancing the effectiveness of both.

Similarly, the Police Department has found that HealthStat provides important opportunities to expand its community relations efforts. It has enlisted every borough command and many precincts throughout the City to find and enroll families in need of health insurance.

New York City public schools provide a unique opportunity to reach uninsured children. In order to enhance the involvement of these schools, Mayor Giuliani created a School Incentive Program. Schools enrolling 70 percent of their uninsured children will be awarded \$25,000, and those enrolling 100 percent of their uninsured children will be awarded \$50,000. Schools are partnering with enrollers to identify uninsured children and ensure they are enrolled. In June 2001, Mayor Giuliani announced the first three winners of the school incentive program.

Better Program Integration and Improvements in the Recertification Process. Simplifying the application process can make health insurance more attractive to families. To that end, HealthStat has been working to reduce the burden on parents by linking government programs that benefit low-income New Yorkers. These linkages can benefit both clients (who no longer have to make multiple trips to multiple offices) and the City, which has the potential to reduce significant duplication across agencies and programs. Examples of program integration include:

- All people applying for food stamps can now enroll in Medicaid at the food stamp office using the same application. Prior to this change, families had to fill out two separate applications and apply at two separate offices for food stamps and Medicaid. As of June 2001, 42,000 people had been enrolled into Medicaid through these efforts.
- All Medicaid staff at HRA community offices have been trained to complete Child Health Plus enrollment as well as Medicaid enrollment. Thus, children found ineligible for Medicaid can be enrolled into Child Health Plus in the same visit.
- HRA enrollers have been placed at all four Administration for Children's Services' subsidized child care enrollment offices. This allows families to enroll into Medicaid or Child Health Plus using the same documents required for enrollment into subsidized childcare in a single visit. Previously, two separate visits were required for each program. As of June 2000, 650 people have been enrolled at these sites.

Health Insurance Access

- HRA's Medical Assistance Program is conducting pilot programs to test whether allowing families to recertify through the mail or by phone will improve retention rates.
- Medicaid and food stamp recertifications have been combined at five food stamp offices. Previously, families had to make separate visits and produce separate sets of documentation for each program. Now both are recertified using the same information. While early in its implementation, this change is also expected to significantly improve Medicaid recertification rates for these families because approximately 90 percent of food stamp clients successfully recertify, compared to 50 percent of Medicaid clients.
- Medicaid recertification is being made more convenient for clients through decentralization. A recertification site has been added in Brooklyn and sites will be added in Queens and the Bronx by the end of 2001.

| Chronology of Implementation | |
|------------------------------|---|
| January 2000 | Mayor Giuliani announces the formation of the Mayor’s Office of Health Insurance Access, with the goal of significantly increasing enrollment in public health insurance programs. |
| March 2000 | The Human Resource Administration begins researching data from other program files, such as food stamps and public assistance, to identify and enroll children who are eligible for Medicaid. |
| May 2000 | HealthStat enrollments reach 10,000. |
| June 2000 | The Mayor announces HealthStat, a comprehensive, Citywide initiative to provide uninsured New Yorkers with health insurance, with the goal of mobilizing all City agencies to identify and enroll uninsured New Yorkers. The first priority for HealthStat is the enrollment of eligible children. HealthStat begins weekly meetings with all involved City agencies at the Office of Emergency Management. |
| July 2000 | HealthStat enrollments reach 25,000. |
| July 2000 | A referral system is developed to ensure eligible families are referred to trained enrollers. City agencies are mobilized to identify and refer uninsured children. |
| July 2000 | The City is divided into HealthStat regions with a manager responsible for coordinating outreach and enrollment efforts in each region. |
| July 2000 | Training of City agency staff and the organizations they contract with on children’s health insurance and how to complete referrals begins. By October 2000 over 5,000 are trained. |
| July 2000 | HealthStat kicks off the “Brooklyn Blitz,” a concentrated outreach and enrollment effort in three neighborhoods in Brooklyn: Bedford-Stuyvesant, Bushwick, and Brownsville. This effort included the establishment of 10 enrollment sites in these neighborhoods available through the summer. |
| August 2000 | HealthStat enrollments reach 50,000. |

Health Insurance Access

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| September 2000 | <p>Back-to-School Healthy Campaign. Developed in conjunction with the Children's Defense Fund, Back-to-School Healthy had two major components:</p> <ul style="list-style-type: none"> • School-based outreach to parents: more than 1,500 staff and volunteers from City agencies, community-based organizations, parents, and managed care plans distributed HealthStat information and provided assistance to parents on the first two days of school at over 700 elementary schools in the City. • Outreach to non-profits: Back-to-School kits were mailed to 10,000 non-profit organizations. These kits provided information about the availability of children's health insurance and provided strategies that can be used to enroll children into public health insurance programs. |
| October 2000 | HRA opens Brooklyn Medicaid recertification office with plans to open offices in the Bronx and Queens by December 2001. |
| November 2000 | The City launches the HealthStat pre-screening and referral telephone line. |
| November 2000 | In partnership with 1199/SEIU and the Greater New York Hospital Association, a \$2.5 million advertising campaign is launched to increase awareness of the availability of public health insurance. |
| November 2000 | Launch of HealthStat's faith-based initiative in a City Hall meeting with over 300 representatives of faith-based organizations, which were asked to partner with the City in enrolling children in health insurance. |
| November 2000 | HRA places a HealthStat enroller in the Administration for Children's Services child care division's Brooklyn enrollment office to effectively combine enrollment of children into subsidized child care and health insurance. All four enrollment offices have enrollers on site by March 2001. |
| January 2001 | Mayor Giuliani announces a school incentive program for New York City public schools in his State of the City address. Schools are eligible to win \$25,000 for enrolling 70 percent of their uninsured students and \$50,000 for enrolling 100 percent. Additionally, the Mayor announces the Housing Authority's Incentive Program, in which the top five performing developments citywide will receive community grants of \$10,000 each, and the top ten performing developments within the districts will each receive a \$2,500 community grant. |
| January 2001 | All Medicaid community office staff trained to enroll children into Child Health Plus. |
| February 2001 | HRA begins pilot combining food stamp and Medicaid recertifications at its Dyckman center. |
| February 2001 | HRA implements process in 23 food stamp sites for families to also apply for Medicaid in the same visit. |
| April 2001 | HealthStat enrollments reach 100,000. |

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| April 2001 | HRA begins Medicaid mail recertification pilot for children in Queens. |
| May 2001 | In conjunction with several organizations, HealthStat develops a proposal for simplification of both the enrollment and recertification processes for Medicaid and Child Health Plus. |
| June 2001 | Mayor Giuliani announces the first three winners in the school incentive program. |
| June 2001 | HealthStat receives an Outstanding Service to Children at Risk award for its work enrolling children into health insurance. |
| August 2001 | HealthStat launches its Back-to-School Shopping Campaign with enrollers working in every Modells, Sears, and Cookies locations throughout the City for the four heaviest back-to-school weekends. Incentives in the form of store discounts or raffles for store gift certificates are offered to families who complete applications. |
| August 2001 | HealthStat enrollments reach 150,000. |

Outcomes

The most critical measurable outcome of HealthStat is its impact on enrollment in public health insurance. To date, HealthStat has enrolled over 150,000 additional individuals – primarily children – into public health insurance. This is enrollment that is specifically attributable to HealthStat and does not include normal, ongoing enrollment activity by the City. In 2000, New York City’s number of children enrolled in public health insurance grew by 126,000, while enrollment in the rest of the State grew by only 30,000.

Further Challenges

HealthStat will focus its efforts on two areas in the coming months:

- implementing further operational changes in City agencies to enhance enrollment; and,
- institutionalizing HealthStat programs within City agencies to ensure that progress continues into the future.

Operational Changes in City Government. There is a great deal of redundancy in eligibility requirements across public programs. By linking processes and systems across programs, the City can reduce paperwork for families and City agency staff. HRA has already combined the recertification processes for food stamps and Medicaid. HealthStat is now working to create linkages between Medicaid, public housing, and subsidized child care.

Use of technology can also simplify the work of City agencies in enrolling the uninsured. This can be as simple as the HRA pilot to test phone recertification for Medicaid

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children, which is underway, or as advanced as creating an on-line electronic application system for public health insurance. HRA has already moved forward to allow the electronic transmission of Medicaid applications from nursing homes and hospitals. HealthStat is working with the State and other interested parties to create an easy-to-use electronic application for all public health insurance programs.

Institutionalizing Change. HealthStat's greatest challenge is to maintain the sense of urgency that the Mayor has established throughout City government regarding the importance of ensuring that all eligible individuals are enrolled in public health insurance. In addition, HealthStat is working to ensure that the numerous initiatives undertaken by City agencies are institutionalized into their daily operations so that the progress made in covering the uninsured will continue in the future.

PUBLIC HEALTH PROGRAMS

The Challenge

In the early 1990s, New York City faced significant health threats. More than one out of 100 children were dying before their first birthday. Annually, New York City was losing more than 7,000 people, largely between the ages of 25 and 44 years, to AIDS.

The public health system was increasingly in the spotlight. Tuberculosis, an almost forgotten disease, had increased substantially by the early 1990s, with 4,000 new cases being identified per year. A measles epidemic of almost 4,000 new cases between 1990 and 1991, and a ten-fold increase in cases of pertussis (also known as whooping cough) per year in 1993 and 1994, revealed serious flaws in the City's immunization safety net. The City had yet to make significant inroads in decreasing the number of syphilis cases being reported, which was the highest since the 1960s.

Asthma, especially among children, was increasing. The fact that New York City's children were being hospitalized for asthma at more than four times the national rate could no longer be ignored. Like many other diseases, hospitalization rates for asthma were disproportionately higher in poor, predominantly black and Hispanic neighborhoods.

The City's uninsured were receiving services from a public health system that was fragmented and duplicative. The Department of Health (DOH) provided its preventive clinical services largely separate from the hospital and diagnostic centers operated by the Health and Hospitals Corporation (HHC) and from the community-based services funded through the Department of Mental Health, Mental Retardation and Alcoholism Services (DMH). This fragmentation contributed to increased barriers to health services, referrals not being followed up, and providers having an incomplete picture of the health needs of their clients.

Pest Control. Pest infestations are generally associated with multiple factors, including poor sanitation, crumbling infrastructure, low-quality housing stock, and the need for greater community outreach and education. The City recognized the need for better coordination among pertinent agencies to address pest control problems. The need for improved coordination acquired greater urgency in 1999 with the discovery of the mosquito-borne West Nile virus in the New York area.

Department of Health. Among its own programs, years of categorical, disease-specific funding had left the Department of Health with activities that were not coordinated well internally. Poorer communities – where communicable disease and asthma hospitalization rates are elevated – are also more likely to have older housing stocking with lead paint and more places for rat harborage. However, DOH was not addressing the overlapping and multifaceted aspects of disease, which led to duplication in services and a lack of communication among its programs. In the mid-1990s, the Department was supporting 11 separate telephone lines dedicated to physicians for reporting diseases.

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These were in addition to numerous disease- or complaint-specific public information lines. Further, staff in the community addressing health problems worked independently from each other. Opportunities for outreach and prevention were being lost.

Health and Hospitals Corporation. In the early 1990s, the City's municipal hospital system, by far the nation's largest, was burdened with a costly and oversized central bureaucracy, a deteriorating physical plant, inefficient medical service contracts, facilities at risk of losing accreditation, and a precarious fiscal situation. In the past, the Corporation consistently ran a budgetary deficit at the end of each fiscal year. Reorganization of hospital management and new approaches to service delivery were needed to allow HHC to keep pace with a changing health care environment, which called for enhanced efficiency in the utilization of beds and other facility resources, reduced length of stay, extension of managed care coverage to more of the system's patients, and an increased emphasis on primary and preventive care. HHC's patients tended to use emergency rooms to treat problems after they occurred, rather than clinic-based care to improve overall health and prevent problems from occurring.

During the mid-1990s, HHC critically examined its ability to respond to the challenges of rapidly changing market forces due to increased emphasis on ambulatory care, requirements for managed care, and increased competition for its patient base. Because HHC's affiliation agreements included no accountability for productivity by providers and lacked business terms which matched the current environment, a decision was made to recreate those contracts to better fit the needs of HHC. There was a need to transform the method of payment from a traditional fee-for-service, staffing-based model to a performance-based paradigm that enhanced productivity and quality; to centralize and intensify contract monitoring; and to offer affiliate services, which for many years had been perceived as the sole "property" of the affiliates, for public bid.

The Solution

Reorganizing Public Health Services. In November 1994 the Department of Health transferred its Child Health, Dental and Communicare Clinics, along with Correctional Health and Homeless Health Services, to the Health and Hospitals Corporation. For uninsured New Yorkers, this meant that preventive health service were better linked with ambulatory and hospital care. To improve the continuum of care between public health and mental health services, the Early Intervention Program was transferred from the Department of Mental Health, Mental Retardation and Alcoholism Services to the Department of Health in Fiscal 1999. Linkages were improved for program participants with no disruption in services. Finally, in order to ensure that the growing number of Medicaid managed care enrollees were accessing appropriate preventive services, the Mayor's Office of Medicaid Managed Care was transferred to DOH's new Division of Health Care Access (HCA) in July 1998.

Internally, DOH set out to reorganize itself to better meet its mission. At the core of the Department's reorganization was a commitment to reach across programmatic and

divisional lines, in order to improve the Department's ability to monitor health status by consolidating disease reporting and surveillance; to implement complementary initiatives among bureaus through the establishment of an internal Planning Council; to restructure medical education and provider training; and to build a stronger public presence through community partnerships.

The Department's new approach is highlighted by the implementation of the Child Health Initiative (CHI). The goal of CHI is to have the children served through the Department's clinics and neighborhood programs receive more integrated care for public health problems, such as lead poisoning, asthma, and under-immunization. Various methods of quality improvement are being piloted in different sites, including periodic assessments of medical providers, training activities, and collaborative inter-practice projects. In addition, feedback is given to providers at each health care site, and workshops and professional meetings are conducted to further promote quality pediatric care.

Strengthening Health Interventions. Reorganization provided the opportunity for DOH programs to capitalize on increased community presence and integrated resources. These new approaches were used to bolster effective intervention strategies already being employed to combat critical health problems.

- The Department of Health continued to address tuberculosis through directly observed therapy and directly observed preventive therapy, which ensure full compliance with the treatment program and reduce multiple drug resistant TB. The Department opened five regional offices to provide TB services and expanded screening initiatives, especially in the detention and correctional facilities.
- The Department continued to receive and distribute approximately \$100 million per year in Federal Title I Ryan White Comprehensive AIDS Resource Emergency Act funding, which supports comprehensive health and human services in high-need communities. The Department also secured funding to ensure the treatment of HIV/AIDS with protease inhibitors in correctional facilities. DOH continued to directly provide counseling, testing, social service referrals, and partner notification, while funding approximately 50 community-based organizations a year for HIV prevention services among the highest-risk populations. DOH has implemented a number of educational campaigns for individuals at risk of HIV infection in its effort to prevent further transmission of disease.
- DOH became more aggressive in its outreach and follow-up for positive syphilis tests. Also, the Department began operating a unique syphilis screening and treatment program in the women's facility at Riker's Island. The Department also increased treatment and screening opportunities by opening selected clinics on Saturdays.
- In 1994 health care providers had been mandated to screen all appropriate children and report all blood lead levels for anyone tested for lead poisoning. The Department continued to collect all screening information and track all cases of childhood lead poisoning through its expanded registry to ensure that risk is abated and any child

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with an elevated blood level is properly treated.

- Keeping track of immunizations can be difficult for parents and medical providers alike. Throughout the mid- to late 1990s, DOH worked to create the Citywide Immunization Registry. Working with the New York City Coalition for Immunization Initiatives, the program's goal was to reduce vaccine-preventable diseases by creating a database that providers and parents could use to make sure children are properly immunized. Additionally, the Department continued to operate immunization services at eight clinics located in each of the City's five boroughs to ensure that children would receive necessary vaccinations if they were not covered by insurance.
- The Department set out to expand its School Health Program, which ensures that children in New York City schools receive ongoing supervision and management of existing health conditions, as well as assistance during health emergencies. Among the public health services provided in schools are preventive counseling, health education, case management, referral for care and assurance of ongoing treatment. Originally targeted in 1994 for slightly more than 200 high-risk public schools, the expansion has provided a daily health presence in more than 600 elementary and 160 intermediate public schools.

Reaching Communities. The Department's commitment to involving communities in setting health priorities led to the formation of the New York City Public Health Partnership. The Partnership coordinates Turning Point, a national initiative sponsored by the Robert Wood Johnson and the W. K. Kellogg Foundations. This initiative unites community groups with public health institutions to identify health problems and develops plans to address them. The Partnership has brought together more than 300 community groups and public health-related institutions from the five boroughs to identify health priorities and develop a multi-year plan to address those priorities. Partners include representatives from community-based organizations, unions, faith-based organizations, public health organizations, academia and government. Starting late in 1998, the Department hosted forums in each of the five boroughs, which drew close to 300 community leaders and residents. At the forums, the Department provided borough-specific Community Health Profiles that present selected health and demographic information.

To help safeguard maternal and child health, the Department runs five community-based field sites, providing outreach to women and their infants through case management, health education, counseling and home visits. In addition, the Department worked with Healthy Start, a federally funded infant mortality reduction effort that combines the efforts of more than 40 government, non-profit, and community-based organizations in targeted neighborhoods. Recently, the Department convened a task force to develop a plan to reduce infant mortality and to lessen citywide racial, ethnic and geographic disparities in infant mortality.

Asthma Initiative. The City's Asthma Initiative is a comprehensive effort linking clinical management with home- and community-based prevention activities. It is based

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on the premise that effective asthma control and management require an integrated approach, reaching beyond the scope of the relationship between medical providers and patients to include pharmacists, managed care organizations, community organizations, social service providers, environmental advocates, the media and others. The Department of Health builds on existing research, educational, and clinical efforts to conduct a coordinated and comprehensive effort to understand, treat and prevent asthma; develop linkages among families, health facilities, schools, communities, and government agencies; and reduce hospitalizations due to asthma throughout the City, with special attention to high risk populations. Some components of the asthma initiative are as follows:

- The Department of Health conducts surveillance activities at hospital Emergency Departments in an effort to understand the prevalence of asthma in New York City. DOH is studying the possibility of using Emergency Department data for asthma surveillance, and to help the Department identify communities where asthma is poorly managed and/or where there is inadequate access to nonemergency medical care.
- In Fall 2000 the Department undertook a pilot evaluation of school admissions form data from the 1998-1999 school year for three schools in the Hunts Point neighborhood of the Bronx, to determine if the form can provide adequate estimates of asthma prevalence among New York City kindergartners. This form was revised for the 1999-2000 school year to include six asthma-specific questions. Preliminary analyses suggest that the form is useful for showing trends and may provide an estimate of prevalence; however, it may undercount the actual rate of asthma. While 19 percent of the kindergarten sample had asthma recorded on the form, 24 percent were reported as having a current diagnosis and symptoms of asthma according to the survey. In Spring 2001 additional school-based surveys were conducted to assess asthma prevalence in four other communities: Bedford-Stuyvesant, Brooklyn; Jamaica, Queens; North Shore, Staten Island; and Central Harlem in Manhattan.
- DOH has implemented Asthma SMART (Symptom Management and Referral for Treatment), a two-year pilot program, in East Harlem. Asthma SMART tracks critical events in a child's asthma management, including observations of poorly controlled asthma that may occur in a classroom, in a school nurse's office, at home, at a physician's office or in a hospital Emergency Department. The system consists of two components: case management services by community healthcare workers, and a computerized notification system that provides links among health care providers, school nurses and families. In Fiscal 2001 436 families were identified through the notification system, of whom 212 were enrolled in case management services.
- In December 2000 the Department launched three new programs to deliver asthma education and case management in high-risk neighborhoods in East Harlem in Manhattan, the North Shore in Staten Island, and Bedford-Stuyvesant in Brooklyn. Programs have been underway in Jamaica, Queens and the South Bronx since Spring 2000. All contracts are for a two-year period. DOH also continues its media campaign

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to enhance public awareness of asthma in the City. In September and October 2000 posters using the “Strike Out Asthma” and “I Have Asthma But Asthma Doesn’t Have Me” slogans appeared on the outside of City buses, in addition to the advertising already in place in subway cars.

Rodent Control. While the Department of Health has primary regulatory responsibility for rodent control, its control efforts were historically complaint-driven, and coordination with needed services provided by other agencies occurred on an ad hoc basis. Other agencies with significant roles to play in rodent control include the Department of Sanitation, which cleans vacant lots and refers infested lots to DOH for extermination; the Departments of Transportation and Environmental Protection, which require street construction and sewer work contractors to address rodent extermination issues; the Department of Parks and Recreation, which responds on a request basis to rodent problems in its properties through extermination and baiting; the Department of Citywide Administrative Services, which is responsible for City-owned properties; the Department of Housing Preservation and Development, which provides extermination services to occupied in rem properties; and the New York City Housing Authority, which provides control services in its developments through a combination of in-house and contractor staff.

In August 1997, the Administration formulated a new approach to the City’s rodent problem based on preliminary efforts in Hunts Point, the Bronx, and Jamaica, Queens, by creating an interagency working group to develop a citywide Comprehensive Pest Control Initiative targeting rodent infestation. A standard program of extermination, refuse removal, and community education was applied in successive target areas, prioritized on the basis of known rodent problems, and community involvement in every phase of the process was given special emphasis.

The Comprehensive Pest Control Initiative was implemented in three phases. Phase I, from August 1997 through January 1998, covered 26 15-block areas; Phase II, from February 1998 through November 1998, covered 26 additional areas; and Phase III, from June 1998 through December 1999, covered an additional 24 areas. The areas selected in each of the five boroughs were identified through local Community Boards and from complaints received by DOH as having the greatest need for abatement. Overall, the initiative addressed areas in 34 of the City’s 59 Community Boards. Initial inspections in all three phases of the initiative were completed by the end of Fiscal 1999, at which point more than 33,000 initial inspections of private properties and vacant lots had been conducted.

After the completion of Phase III, the City used the lessons learned from the Comprehensive Pest Control Initiative to revise its approach, emphasizing the intensive application of integrated services to address the causes of rodent infestation within a community. The Mayor’s Rodent Control Task Force was formed in June 2000, uniting agency efforts under the Deputy Mayor for Operations; the Mayor’s Office of Emergency Management and Office of Operations work with DOH to coordinate multi-agency planning and activities. Rather than blanketing pre-selected areas with inspections, the Task Force targets areas based on clusters of rodent complaints and the findings of its

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inspectors in the field; the result is that 77 percent of initial inspections and 56 percent of follow-up inspections find violations, compared with 38 percent for the previous initiative. A customized remediation plan is developed for each target area; the approaches taken include community education, holding property owners responsible for addressing rodent problems, and when necessary, implementing inspections, exterminations and clean-ups.

In October 2000 DOH launched a new Rodent Prevention public education and community outreach campaign to increase public awareness of methods that reduce the rodent population. The Department's multimedia campaign, "You Feed Them, You Breed Them: Help NYC Send Rats Packing," includes an animated television spot; outdoor posters for placement on buses, bus shelters and sanitation trucks; and brochures and posters for distribution to community organizations citywide.

Since the City's war on rodents began in 1997, pest inspections and exterminations have increased significantly, from 16,584 inspections and 32,535 exterminations in Fiscal 1994 to 43,886 inspections and 64,892 exterminations in Fiscal 2001.

West Nile Virus. To respond to the public health emergency sparked by the introduction of West Nile virus into the most densely populated American city, communication with the public and coordination among City agencies was paramount. In just one year, the City built a program to provide public education and conduct mosquito surveillance and control. Public outreach was conducted through media campaigns, community presentations, the City's web site, as well as through a toll-free information telephone line (1-877-WNV-4692). To ensure coordination among multiple agencies, the West Nile Virus Task Force was established, under the leadership of the Mayor's Office of Operations, to develop strategies to rid large properties of standing water, to larvicide (i.e., eradicate mosquito larvae in) catch basins citywide, and to take other actions to minimize the threat of the virus. The Task Force combines the efforts of agencies including the Mayor's Offices of Emergency Management and Environmental Coordination; the Police Department; the New York City Housing Authority; and the Departments of Health, Environmental Protection, Parks and Recreation, Sanitation, Citywide Administrative Services, and Information Technology and Telecommunications.

In May 2001, the Department of Health released the 2001 Comprehensive Arthropod Surveillance and Control Plan. The goal of this plan is to enhance surveillance systems in order to detect viral infection in mosquitoes, birds, and humans, and to prevent and contain disease through aggressive source reduction and larviciding to minimize the adult mosquito population. The plan also utilizes new and improved methods of data analysis and statistical tools within the Department to detect areas with potential risk of viral transmission to humans. The new rapid response program included in the 2001 plan will dispatch teams of DOH staff to these areas in an effort to enhance larval control and contain and interrupt the amplification of the virus before it has an impact on human health. Components of the plan are as follows:

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- From May through October of 2001, DOH will continue its intensive mosquito surveillance program with over 190 mosquito traps at more than 90 locations throughout the five boroughs. This year, the Department is conducting its own mosquito testing at the Public Health Laboratories.
- During Calendar 2001 every street catch basin will be larvicided three to four times. Larviciding began in May 2001 and will continue, weather permitting, until October 2001.
- In Calendar 2001 DOH is using more sensitive criteria to determine the level of West Nile viral activity in birds and mosquitoes that indicate a significant risk for human infection. When there is determined to be a significant human health risk, despite aggressive preventive measures, targeted adulticiding (eradication of adult mosquitoes) may be necessary to minimize the spread of human illness.
- A summer youth corps, comprised of 100 high school and college interns, is assisting the City in disseminating information to community residents about prevention activities.
- The Information Line was enhanced this year by providing operators with the capability of recording dead bird and standing water reports from the public and submitting these reports directly into the Department's database.
- The Department completed an Environmental Impact Statement (EIS) for the agency's Adult Mosquito Control Programs. The EIS assessed potential environmental and public health impacts from applying pesticides to control adult mosquitoes.

Health and Hospitals Corporation. Since 1994 the Health and Hospitals Corporation has transformed itself from a heavily subsidized hospital system into a fiscally sound and modern health care system by reorganizing its service delivery structure. HHC set new goals that would allow it to lead rather than simply react to the changing health care market. Through its six regional health care networks, HHC operates 11 acute care hospitals, four long term care facilities, six diagnostic and treatment centers, a certified home health program and a number of community-based primary care clinics. HHC also has a subsidiary corporation, MetroPlus Health Plan, which is the third largest Medicaid health management care organization in New York City. The Corporation pledged to achieve fiscal stability, negotiate contracts with affiliate institutions based on productivity and accountability, improve the delivery of care, upgrade an aging infrastructure, and expand outreach into the diverse communities it serves.

In addition to reorganizing, HHC has invested in an aggressive capital plan driven by the changes that occurred in how health care is delivered and financed. HHC's capital plan includes five major projects: the reconstruction of Kings County Hospital Center, the reconstruction of Queens Hospital Center, the modernization of Bellevue Hospital

Center, the modernization of Jacobi Medical Center, and the modernization of Coney Island Hospital.

Over the past seven years the Corporation and its regional networks have striven to become more efficient by reducing central office staff and patient length of stay, using capacity more effectively, encouraging patients to use ambulatory care rather than relying on emergency rooms, and increasing enrollment in both the State's Child Health Plus program and Medicaid Managed Care programs. HHC has made significant progress in reducing the cost per outpatient visit at both hospital-based and Diagnostic and Treatment Center clinics. HHC's average cost per ambulatory care visit is now competitive with that of voluntary hospitals, notwithstanding the greater percentages of uninsured patients served and the additional services, such as pharmacy services, that HHC facilities provide. HHC has also maximized its community outreach efforts in response to the health care needs of its diverse population by offering free mammography screenings, overcoming patients' language barriers, and providing extensive health education programs.

HHC created a financial model for affiliate agreements that emphasizes productivity through incentives for efficient operations while maintaining or improving levels of care. In addition, quality measures that assess affiliate performance were established for use across the Corporation. The performance indicators are based on national quality of care indicators, and are designed to assess service delivery activities of importance in all facilities. Corporate-wide indicators provide a benchmark for measuring performance, enable comparison across facilities, and assure the availability of data on service quality.

The improvements in HHC's affiliation contracts provide increased cooperation and collaboration between affiliates and facilities; corporate power over business decisions through penalties for inappropriate referrals out of the system; responsiveness to market forces, by requiring that providers achieve linguistic and cultural competency for the patient populations served; performance indicators that measure quality of care, quality of service and quality of providers; and centralized monitoring through worksheets which allowed the creation of a service quality database. HHC is assured of only paying for services delivered, because payment for services is linked to both the quantity and quality of workload. Affiliate agreements now include financial penalties for non-performance of quality care.

Assisted Outpatient Treatment. In July 1995, the Department of Mental Health, Mental Retardation, and Alcoholism services launched the Outpatient Civil Commitment pilot program at Bellevue Hospital Center. This program provides services and treatment to seriously and persistently mentally ill adults who did not voluntarily participate in needed mental health services. In 1999, the State Legislature passed Kendra's Law/Assisted Outpatient Treatment, creating a state-wide program based on the Bellevue pilot program. The Assisted Outpatient Treatment law went into effect in November 1999. Under the Kendra's Law statute, local mental health districts were required to establish procedures through which courts determine if certain individuals must follow court-ordered treatment plans. Generally the law affects persons with a mental illness, who

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have a history of psychiatric hospitalizations, resist treatment, and who are perceived to be a risk to themselves or others. AOT orders can be sought when a person is in the community or about to be discharged from a hospital or other institution.

Since November 1999, the AOT program has responded to nearly 12,000 referrals and inquiries, carried out over 2,600 investigations, and sought over 1,100 court orders, of which 959 were granted by the courts.

| Chronology of Implementation | |
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| November 1994 | DOH Child Health, Dental Health, Communicare, Homeless, and Correctional Health Services are transferred to the Health and Hospitals Corporation. |
| February 1995 | HHC begins development of productivity indicators for physicians. |
| June 1996 | HHC's Woodhull and Cumberland facilities conclude agreements with their affiliates that include productivity and performance indicators. |
| January 1997 | The New York City Board of Health requires all health care providers to report immunization information to DOH. |
| August 1997 | Comprehensive Pest Control Initiative begins. |
| January 1998 | Childhood Asthma Initiative begins. |
| July 1998 | The Office of Medicaid Managed Care is transferred to the DOH Division of Health Care Access. |
| December 1998 | The City's infant mortality rate falls below the national guideline (7.0 per 1,000 live births) for the first time in a century of measurement. |
| September 1999 | The West Nile virus is detected for the first time in the Western Hemisphere. |
| November 1999 | Kendra's Law is enacted, establishing a statewide Assisted Outpatient Treatment program based on the City's model. |
| June 2000 | Rodent Control Task Force is created. |
| Fall 2000 | DOH launches the demonstration phase of Asthma SMART in East Harlem. |
| January 2001 | Implementation of the integrated Child Health Initiative begins. |

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| Outcomes |
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Public Health Indicators. Signs of improved health for New Yorkers include the following:

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- The number of reported rodent bites in New York City fell from 245 in Fiscal 1994 to 165 in Fiscal 2001.
- Due to intensive preventive and control efforts, the number of seriously ill West Nile Virus cases in 2000 were 14, compared to 46 in 1999.
- Since the Citywide Asthma Initiative began, the rates of asthma among children have been declining. Citywide asthma hospitalizations for children 14 years old and younger have fallen from 9.89 per 1,000 in Calendar 1994 to 6.42 per 1,000 in Calendar 2000. In addition, HHC figures, which reflect only the Corporation's facilities, show a 44 percent decline since 1997 in the number of children under 18 being hospitalized for asthma, to fewer than 3,000 from more than 5,300. Visits to emergency rooms by children with asthma have also fallen by more than 20 percent, from 22,388 in 1997 to 17,483 in 2000.
- The Citywide infant mortality rate per 1,000 live births fell to 6.7 for Calendar 2000, the lowest level in over 100 years. For the last three years, the City's infant mortality rate has remained below the Healthy People 2000 target of 7.0 established by the Centers for Disease Control and Prevention.
- The number of new tuberculosis cases declined by 56 percent from 2,995 in Calendar 1994 to 1,332 in Calendar 2000. The decrease is attributable in part to DOH's expanded use of Directly Observed Therapy as part of the City's disease control efforts.
- Breakthroughs in HIV/AIDS treatment have prolonged the progression of those diagnosed with HIV to developing AIDS, and improved the life expectancy of those already living with AIDS. Preliminary data for Calendar 2000 indicates that mortality from HIV/AIDS has dropped 72 percent since its peak in 1994, from 7,102 deaths to 1,957. Over the same period, the number of new AIDS cases being reported has fallen by more than half, from 12,734 to 6,100.
- The number of new lead poisoning cases reported and confirmed citywide has declined by 60 percent, from 1,869 cases in Fiscal 1994 to 741 cases in Fiscal 2001.
- From Fiscal 1994 to Fiscal 2001, the City experienced a decrease of 78 percent in primary and secondary syphilis, from 864 cases to 187.

Health and Hospitals Corporation. Expansion of primary care and other ambulatory care services is essential to improving the health status of communities and competing effectively in a managed care environment. Since 1995, HHC facilities increased primary care visit volume by almost eight percent, ambulatory care surgery volume by almost 24 percent, and clinic visits by 1.2 percent. Conversely, the average daily census at HHC's acute hospitals declined by 34 percent, and acute care length of stay declined 26 percent. Emergency room utilization was 1,008,456 visits in 1995, compared to 995,419 visits in 2000, a 1.3 percent decline.

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During the period Fiscal 1991-1993, each of HHC's eleven acute care hospitals was reviewed once by the Joint Committee on Accreditation of Healthcare Organizations (JCAHO). While five hospitals – Bellevue, Elmhurst, Jacobi, Queens, and North Central Bronx Hospitals -- received immediate three-year accreditation, accreditation was delayed or conditional for six hospitals – Harlem, Woodhull, Coney Island, Kings County, Lincoln, and Metropolitan Hospitals. From Fiscal 1994 to the present, all eleven hospitals have received immediate three-year accreditation as a result of JCAHO reviews. Four of HHC's facilities received JCAHO reviews in Calendar 1997 and in Calendar 2000. Of these four, the score awarded by JCAHO for Coney Island Hospital increased from 90 to 96; Lincoln Hospital improved from 93 to 95; Kings County Hospital Center remained steady at 93; and Sea View Hospital Rehabilitation Center improved from 96 to 97. The national average score for Calendar 2000 was 91.

Prior to the implementation of performance-based affiliation contracts, affiliate costs were increasing at an annual rate of 7.4 percent. Without performance-based contracts, annual affiliation costs, now at \$481 million, would have been \$820 million in Fiscal 2001. After more than five years since the initiation of performance-based contracts, contract savings have been maximized. Since 1995, HHC has saved over \$1.3 billion through performance-based affiliation contracts while ensuring accountability, loyalty, and high-quality service delivery.

Enrollees in MetroPlus and other Medicaid Managed Care plans totaled 60,166 in Fiscal 1996. This figure has risen to 72,549 as of Fiscal 2001; in addition, enrollment in Child Health Plus (begun in Fiscal 1997) has reached 64,563. The Fiscal 2001 total of 137,112 managed care enrollees represents a five-year increase of 128 percent, or nearly 77,000 enrollees.

Further Challenges

Charter Revision. In July 2001 a staff report to the New York City Charter Revision Commission outlined preliminary recommendations for changes to the City Charter. One proposal would merge the Department of Health and the Department of Mental Health, Mental Retardation and Alcoholism Services to establish a new Charter agency called the Department of Public Health. The new agency's Deputy Commissioner for Mental Hygiene would report directly to the Commissioner of Health, and would be responsible for coordinating contracts between community-based providers and the agency's procurement staff.

Department of Health. There are many factors unique to New York City – population density, large immigrant population, and poverty and substance abuse rates – that contribute to public health issues different from the rest the State and nation. The Department will continue to use effective prevention strategies toward the goal of reducing health disparities among New Yorkers. A wide variety of stakeholders in the community, such as clergy, social service agencies, school officials, and Community Boards, are essential partners. The Department will continues to expand and strengthen

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its roots in communities and seek the support of those who can help achieve critical public health goals.

- DOH will work to expand the asthma program and Asthma SMART to new neighborhoods. DOH will also work to enhance school-based tobacco prevention. Grants will be given to schools to improve education and collaboration among school-based activities, local community initiatives and advocates in pursuit of this goal.
- While the citywide infant mortality rate has been greatly reduced, there are large differences between City neighborhoods and a number of areas with unacceptable infant mortality levels. DOH will complete its pilot of the Infant Mortality Initiative in six Community Districts in central Brooklyn. The project will be expanded to other communities in the City, based on their infant mortality rates, socioeconomic factors and other health indicators. The partnership will include perinatal networks and community-based, faith-based, and business organizations.
- The prevention of HIV remains a critical public health goal. In Calendar 2000 the estimated number of New Yorkers living with AIDS was over 46,000. DOH will continue to identify subpopulations that are at increased risk for HIV and implement prevention methods.
- The Department will increase the capacity to develop, implement and evaluate multi-level health interventions for seniors. A partnership of stakeholders in senior health will convene to share knowledge, resources and skills. Initiatives to improve adult immunization rates and to provide comprehensive health promotion programs at Housing Authority senior centers will be piloted.
- The Department will continue to work collaboratively with the multi-agency Rodent Control Task Force. To improve service delivery, the Department will implement a pest control database to monitor all complaints, inspections, exterminations, and cleanups. DOH will also continue to work with other City agencies to reduce the risk of vector-borne diseases, such as West Nile virus. The Department has made on-line forms available to the public for reporting dead birds and standing water in their communities.

Health and Hospitals Corporation. While HHC has made strides in improving services and operating in a more efficient and cost effective manner, several challenges, such as the burden of providing care to the uninsured, federal regulations, a 10-year-old Medicaid reimbursement rate for out-patient services, and increased costs in pharmaceuticals, present obstacles to the Corporation's financial stability. The severity of these problems is shown by the fact that, for the first time in five years, HHC expects to end Fiscal 2001 with a deficit.

HHC has been forced to reconsider its ambulatory care capacity development strategies of the last few years, because Medicaid reimbursement rates for ambulatory care visits

Public Health Programs

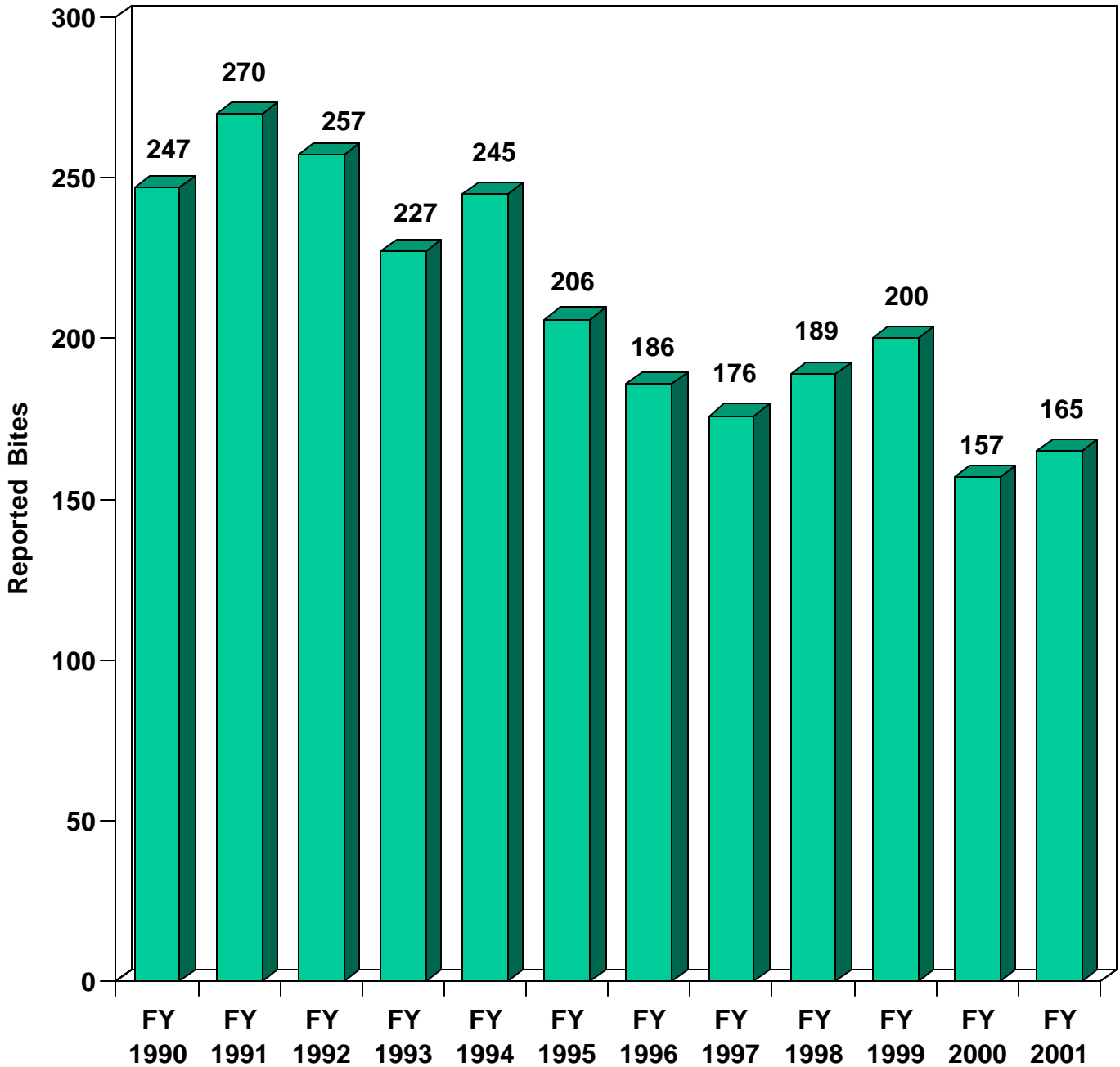
have remained unchanged for 10 years. HHC hospitals lose approximately \$58 per visit for every Medicaid patient served, while Diagnostic and Treatment Centers lose \$104 per visit. In addition, HHC subsidizes the cost of providing outpatient services to uninsured and underinsured patients; approximately 23 percent of all HHC hospital clinics' patients are self-pay, and 31 percent of Diagnostic and Treatment Center patients are self-pay.

While HHC has used Community Health Partnership monies, grants and other funds to expand primary care and other ambulatory care services over the last several years, HHC's prospective efforts will be to restructure existing ambulatory care service delivery. This effort will focus on significantly decreasing waiting times, increasing physician productivity, and improving outcomes of outpatient care. One of the approaches to be employed will be the implementation of the Open Access approach. Open Access requires changes in staff functions and systems that include matching the supply of providers with anticipated and quantified visit demand; decreasing visit/scheduling backlog; decreasing appointment times; and reducing demand for unnecessary visits. Using the Open Access approach, patients are seen within 1-3 days of their request for an appointment. Open Access will be initiated at several departments within Bellevue Hospital and Gouverneur Diagnostic and Treatment Center over the latter part of 2001 and early 2002. Other facilities will engage in extensive training in the use of the Open Access approach during 2002.

In addition, HHC will continue to assess its facilities' ambulatory care clinic operations to identify opportunities for expense reductions, while pursuing its efforts to obtain changes in reimbursement levels and adequate levels of funding to pay for serving uninsured patients.

Department of Health

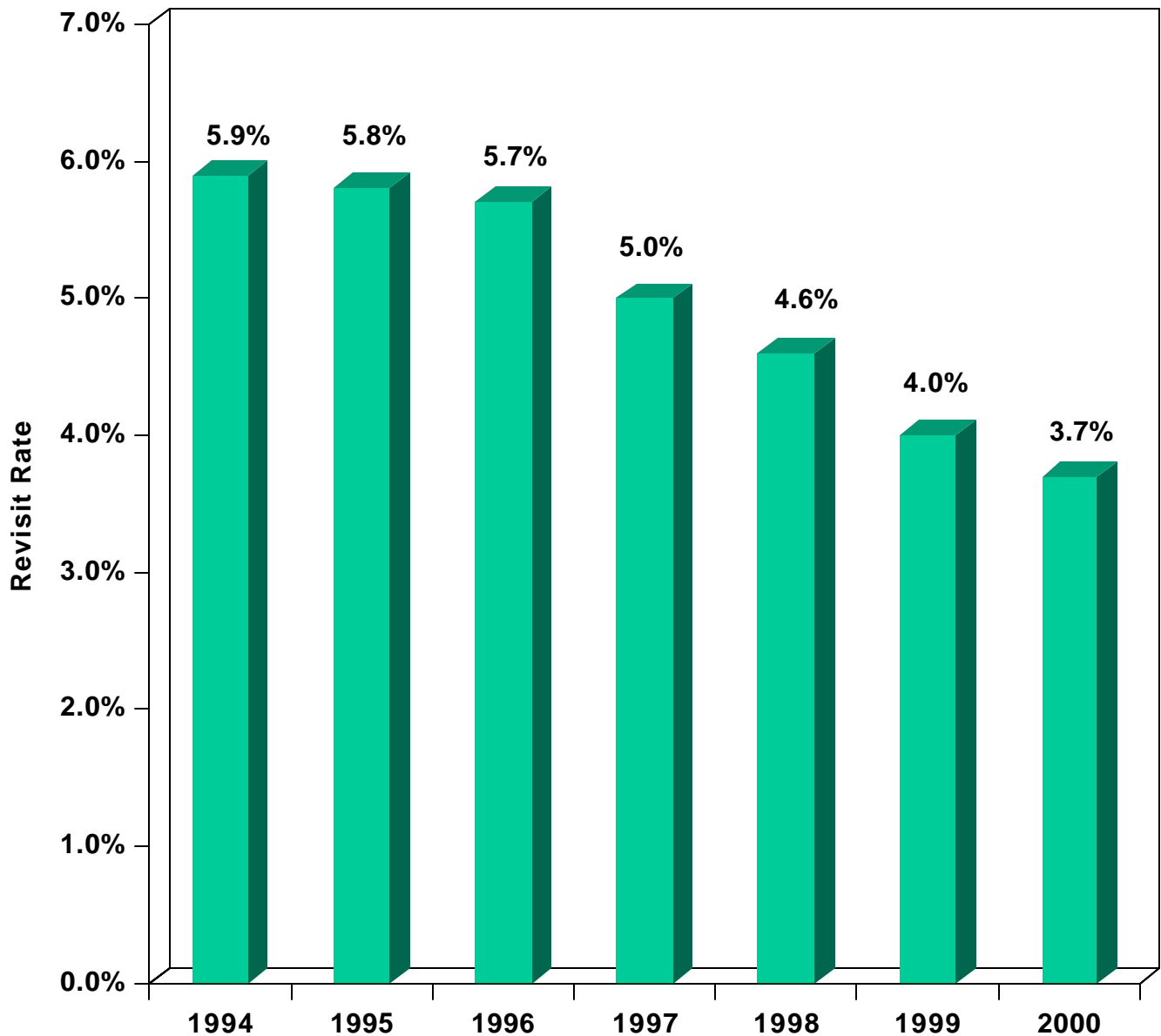
Reported Rat Bites* Fiscal 1990-2001



*These figures include rat and mice bites.

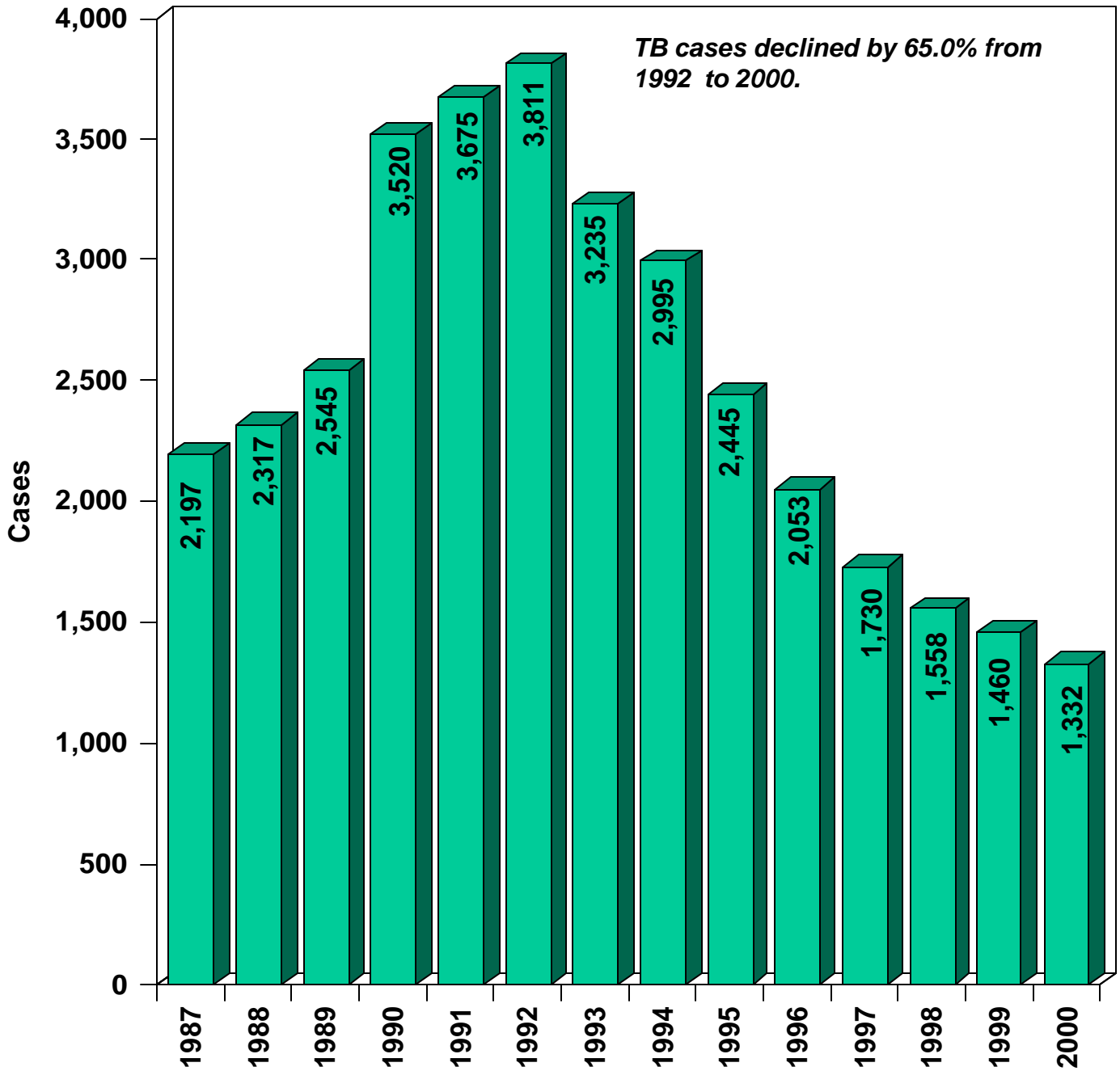
Health and Hospitals Corporation

Trend in Pediatric Emergency Room Asthma Revisits Calendar 1994 - 2000



Department of Health

New Tuberculosis Cases Citywide Calendar 1987 - 2000



PUBLIC EDUCATION

The Challenge

If New York City's 1.1 million public elementary school, middle school, and high school students were picked up and set down in a new location, they would create the ninth largest city in the United States. The school system's expense budget, over \$12 billion, would be second only to New York City's overall budget. Within this vast system, the quality of education received by students ranges from unsurpassed excellence to abysmal failure. Quality is not achieved simply by committing financial resources; true reform demands accountability and the ingenuity to find effective approaches. This chapter describes the incremental steps, some of which are nevertheless fundamental reforms, that are already fully or partially implemented in the public schools, as well as in the City University of New York.

Among the challenges facing New York City's public education system are the following:

Special Education. Over 167,000 students were enrolled in special education at the end of the 2000-2001 school year, representing more than 15 percent of total enrollment. For years too many youngsters were unnecessarily identified as needing special education services, too often placed in special classes and rarely returned to general education classrooms. Besides depriving students of the most appropriate and productive educational environment, this policy contributed to a tremendous drain on resources for educating all students. Education expenditures per student averaged roughly \$9,300 during the 2000-2001 school year for general education, but over \$29,100 for special education.

Bilingual Education. The diversity of the City's student population challenges the public school system to ensure that all students have the resources needed to achieve their potential, particularly given new and higher City and State standards for academic performance. Approximately 160,000 English Language Learners (ELLs) make up 14.5 percent of total enrollment. ELL students, who speak more than 140 different languages, are entitled to participate either in the bilingual program, in which students are taught various subjects in their native language while also receiving English instruction, or in the English as a Second Language (ESL) program, in which students are taught mainly in English.

During the 1999-2000 school year the Board of Education conducted research on approximately 20,000 ELL students who entered City public schools in 1990 and 1991. Important findings were as follows:

- Fifty percent of the students enrolled in bilingual and ESL programs do not exit their programs to join mainstream English classrooms within three years, which is the State's presumptive standard.

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- Bilingual and ESL programs were more effective for ELLs who entered the school system in kindergarten and grade 1, the grades of entry for the majority of ELLs. However, of those students that entered bilingual or ESL programs in kindergarten and grade 1, 18 percent and 23 percent, respectively, were still enrolled nine years later.
- Fifty five percent of those who entered the school system as English Language Learners in middle school, and 85 percent of those who entered in high school, did not achieve sufficient proficiency in English to exit either program during their school career.
- Across all grades, students in ESL classes attained English proficiency and transitioned into mainstream classrooms more quickly than students in bilingual classrooms.

Academic Performance and Literacy. During the 1999-2000 school year 42.2 percent of general education students in grades 3-7 achieved basic proficiency in English, while 31.7 percent of students in grades 3, 5, 6, and 7 achieved basic proficiency in mathematics.

A keystone of the Board's efforts to raise standards is its Fall 1999 decision to end "social promotion," the institutionalized practice of allowing students to enter higher grades regardless of academic performance. Under the new promotion policy, decisions on promotion for students in grades 3-12 are based on multiple criteria and assessment strategies that include proficiency on City and/or State examinations, teachers' assessments of classroom performance, and a 90 percent attendance rate. Eighth grade students must achieve the promotion standard in each of the four core curriculum areas (English, mathematics, science and social studies) to demonstrate that they have mastered the skills necessary to succeed in high school. In addition, starting with the 1995-1996 school year, the Board required that all students entering grade 9 be enrolled in Regents-level math and science courses. This requirement preceded the State Education Department's decision that, beginning in September 2001, all students entering grade 9 would be required to pass Regents exams in English, mathematics, global studies, American history and science in order to graduate.

School Governance. For many years, efforts to achieve needed reforms had been handicapped by a lack of accountability within the public school system. The excessive independence and protection from removal of school district superintendents and school principals was a major part of the problem. A structure of top-down authority and accountability had to be created in order to implement systemwide reforms in an effective manner.

City University of New York. In May 1998 Mayor Giuliani appointed a seven-member Advisory Task Force on the City University of New York. In June 1999 the Task Force released a comprehensive report, “The City University of New York: An Institution Adrift.” Undertaken with the help of educational consultants and an auditing firm, the report was based on a year-long review of the University’s governance structure; remedial and other education programs; and budgeting, funding and financial management.

The report found that many students were being admitted to baccalaureate programs who were not ready to do college-level work. In Fall 1997 38 percent of regularly-enrolled freshmen admitted to baccalaureate programs at CUNY had failed at least one of the three required assessment tests in reading, writing, and mathematics and were enrolled in remedial courses. The assessment tests in reading and writing used by CUNY to place students in remedial course work were flawed, and standards for exit from remediation were not consistent across the University. Overall, CUNY’s reputation for academic excellence had declined in the eyes of employers and the general public. The report recommended that CUNY:

- Implement clear and objective standards for college admissions, remediation and graduation.
- Redesign the delivery of remediation, and offer students a variety of remedial options in addition to CUNY.
- Make it easier for students to obtain remedial assistance without depleting their college financial aid.
- Establish systematic academic and financial performance standards with incentives.
- Develop an integrated universitywide management information system and forge new partnerships with the Board of Education.

The Solution

Special Education. In January 1998, Mayor Giuliani announced the creation of a Task Force to restructure special education, which included representatives of the Mayor’s Office, the Board of Education and the Law Department. In its June 1998 report, “Reforming Special Education in New York City: An Action Plan,” the Task Force’s most important recommendations were as follows:

- Return non-disabled students to general education through the review and evaluation process, and ensure that all evaluations are done in conformance with State regulations.
- Decentralize clinical services to strengthen the accountability of staff, and align both

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clinical and instructional services under the Principals and Superintendents.

- Develop targeted education programs for students at risk for referral to Special Education.
- Provide support to students decertified from Special Education, to ensure an effective transition back to the regular classroom.
- Develop more flexible placement options for disabled students.
- Provide professional development for Special Education teachers in content-area teaching strategies, and for general education teachers on the skills necessary to adapt instruction to at-risk children.
- Redefine Special Education monitoring to go beyond narrow issues of legal compliance, to focus on instruction and curriculum, student achievement, and fiscal monitoring.
- Obtain City/State agreement that funds saved through the reduction of non-disabled student placements into Special Education will be transferred to general education, in order to provide services for at-risk and decertified students.

The first phase of reform focused on prevention strategies and early interventions to reduce the number of unnecessary referrals to special education. The second phase began in June 2000, at which time the Board adopted a new Continuum of Special Education Services designed to more effectively tailor services to students' individual learning and behavioral needs.

In September 1998, consistent with the Task Force recommendations, Community School District and High School Superintendents became responsible for the evaluation and placement of students with disabilities and students suspected of having disabilities. Prior to the reorganization, the Committees on Special Education (CSE) and School Based Support Teams (SBST), who are responsible for evaluations and placements, reported directly to the Central Board. The intent of the reorganization was to create a system of accountability in which Superintendents and Principals would be responsible for clinical and instructional programs for both general and special education students. As a result, general and special education programs have been more closely linked, participation of parents in the evaluation and placement process has been enhanced, and placement of students with special needs in the least restrictive educational environment possible has been encouraged. During Fiscal 1999 the Board continued to strengthen its efforts to implement intervention and prevention programs, including the provision of reading and math remediation programs; speech and counseling services; the creation of instructional support centers; and the introduction of social skills development programs.

The implementation of the new Continuum of Special Education Services, beginning in September 2001, will commence the final phase of the reform effort that began with the Mayor's Task Force. The Continuum promotes prevention and early intervention for students with emotional and cognitive disorders, neighborhood schooling, maintaining students with disabilities in general education with supplementary aids and services as appropriate, and returning students back to general education who are no longer in need of special education services. The most important aspect of the Continuum is its emphasis on educating youngsters in the least restrictive environment. For the majority of students, this means an opportunity to learn with their peers in general education classrooms.

Bilingual Education. In January 1999, the Mayor formed a Task Force on Bilingual Education to analyze the Bilingual and English as a Second Language (ESL) services provided by the Board, and to develop strategies to enhance instruction to English Language Learners (ELLs). In its December 2000 report, the Task Force recommended that the Board meet and surpass the State presumptive standard of three years for exiting bilingual and ESL classes; create an additional program, the Accelerated Academic English Language model; establish an intensive summer-school ESL program; ensure informed parental choice of available programs; improve the quality of instruction through teacher recruitment and professional development; revise the entry and exit criteria for bilingual and ESL programs; review the status of ELLs in Special Education to ensure they are not unnecessarily referred; and measure student achievement on a continuous basis.

In accordance with the Task Force recommendations, the Board of Education adopted the Chancellor's recommendations on educating English Language Learners in February 2001. The Board's implementation plan is given in the final section of this chapter.

Academic and Literacy Initiatives. New programs designed to provide enhanced instruction and educational opportunities include the following:

- **Project Read.** In January 1997, the Mayor announced the creation of Project Read, a three-year initiative funded at \$125 million yearly. Through its three components, the program aims to help early childhood students who need additional support in reading. The Afterschool Literacy Program provides students in grades one through three at all elementary schools with up to six additional hours of instruction per week. The Intensive Reading School Day Program was established in schools with the highest percentage of students reading below grade level, and provides at-risk children with intense, highly focused instruction using exemplary early intervention models during the school day. The Family Literacy Program, established at elementary schools that did not already have a Superstart Pre-kindergarten program, linked School-based Family Assistants with parents to improve parental effectiveness in teaching their children to read. During Fiscal 2000, after Project Read was extended to include grade 4 students, the program served 112,504 students.
- **Partners in Reading.** The Partners in Reading program is a collaborative effort funded by the Mayor's Office, the New York City Housing Authority (NYCHA), and

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the Board. The program, initiated in Fiscal 1997, is designed to strengthen and expand the literacy skills of students in grades one through three who are public housing residents. In the 2000-2001 school year, the program served 5,550 students at 118 NYCHA community centers.

- Project Smart Schools. In Fiscal 1997, the Mayor allocated \$150 million to create Project Smart Schools, a collaborative effort of the Administration, the Board, and the private sector to provide instructional computers in classrooms, with the goal of putting at least four computers and a printer in each middle school classroom. The first phase of the program focused on bringing technology to grades 6 through 8 beginning in the 1997-1998 school year. As of January 1998, 7,576 computers had been installed in 185 middle schools, equipping a total of 1,826 classrooms and 182 libraries. By August 1999, the Board met its goal of installing computers in every middle school, installing 15,206 computers, for a total of 28,672 computers in 7,636 classrooms serving 121,648 children.
- Summer School Initiatives. Summer school offers the Board the chance to provide students who need special attention with additional instruction so that they can meet promotion standards. It is a critical part of the Board's plan to end social promotion in all grades.

In a continued effort to provide the additional instruction required to help students to meet new higher standards and new high school graduation requirements, initiatives including the Early Childhood Summer Literacy, Summer Literacy, and middle and high school summer programs were expanded beginning in Summer 1998. The Board's Summer 2000 program served 186,482 elementary and middle school students and 97,131 high school students. Elementary and middle school students who failed to meet promotional standards as of June 2000, as well as high school students lacking sufficient high school course credits to be promoted, were mandated to attend. In Summer 2000, of the 62,537 elementary and middle school students mandated to attend summer school, 87.9 percent or 54,996 students did so. In January 2001, the Mayor committed an additional \$25 million to extend the Summer 2001 program to an additional 50,000 non-mandated students in grades kindergarten through 12. This additional expansion brings total funding for Summer School to \$75 million for instructional programs. Students now receive instruction in English Language Arts, mathematics, and content areas such as science and social studies, to better prepare them to achieve higher levels of proficiency on City and State examinations and meet Regents requirements.

- Breakaway Summer Camps. In June 1998 the Board introduced Breakaway Summer Camps. These camps, which are operated in partnership with existing residential camps, community-based day camps and New York-area universities, add 21 to 28 days of academic instruction to students with low reading scores in grades 4 through 8. During Summer 2001, 101 Breakaway camps served approximately 10,000 students.

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- Project ARTS (Arts Restoration Throughout the Schools). Jointly sponsored by the Board, private sector organizations, and the Annenberg Foundation, Project ARTS was designed to restore arts, music, dance and theater throughout the City's public schools. Since the 1999-2000 the school year, the program has been funded annually at \$75 million. During the past three years, the Board has reintegrated the arts into all elementary and middle school curricula and established a major sequence of arts studies in the high schools. During the 2000-2001 school year, approximately 100 additional teachers of art, music, dance, and theater were hired, bringing the total of teachers hired through project ARTS since its inception to 1,250. As of the 1999-2000 school year, all New York City public schools, pre-kindergarten through grade 12, were receiving funds for Project ARTS.
- Post-Five Young Adult Borough Centers. During Fiscal 1999 the Board directed services toward older students who had completed over five years of high school without graduating. The centers are designed to help these students progress towards graduation by offering flexible instructional hours, which can be programmed around students' work activities. Collaborations with a number of businesses also helps prepare these students to enter the workforce. During the 2000-2001 school year 3,631 students were served by this program, of whom 918 graduated.
- Universal Pre-Kindergarten. The Universal Pre-Kindergarten program, created in November 1997, provides four-year-old children with the opportunity to attend pre-kindergarten programs. During the 2000-2001 school year, 35,422 children were enrolled in the program, 42 percent more than the previous year.

Charter Schools. The Charter School initiative, introduced in February 1999, is designed to create better opportunities for students by drawing on the resources and fresh approaches of educational entrepreneurs and community groups. Charter schools are publicly funded, privately managed schools, which are independent of the regulations and procedures governing other public schools. A total of 17 charter schools will be in operation during Fall 2001.

In October 2000 the Mayor announced the creation of the Charter School Improvement Fund, which offers grants to City charter schools of up to \$250,000 per school to support specific capital improvements and purchase necessary equipment. The Fund, which is managed by a committee comprised of the Commissioner of the Department of Youth and Community Development, the Commissioner of the Department of Design and Construction, and the Director of the Office of Management and Budget, uses a performance-based award system to encourage charter schools' financial independence and academic excellence. Under this program, the Mayor announced on April 30, 2001 grants of \$3.4 million to 14 charter schools to help them renovate, build, or rent classroom space. To encourage schools to perform, the City is holding back 10 percent of the grant until the schools show that they are reaching high standards on criteria such as test scores and attendance rates. The availability of a second round of grants was announced in June 2001.

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School Governance. In December 1996 the State legislature enacted a significant restructuring of the City’s public school system, curtailing the authority of local school boards and giving the City’s Schools Chancellor greater authority in hiring and in the management of schools with performance problems. Under this measure, the Chancellor hires school district superintendents from candidates nominated by local boards; the superintendents are given authority to hire school principals. Because quality in the selection of principals is of the utmost importance in determining individual schools’ capacity for educational improvement, the Chancellor was given enhanced authority to remove principals because of persistent educational failure. School budget proposals are drafted by principals, with input from advisory groups of parents, teachers, and administrators, and subject to district superintendent review. These changes made both principals and superintendents more accountable to the overall goals of the public school system. The legislature also provided the Chancellor with the authority to intervene in City schools and school districts that are considered to be continuously low-performing and not meeting basic educational standards, particularly schools on the State’s “Schools Under Registration Review” (SURR) list.

After five years of negotiation between the Mayor and the Council of Superintendents and Administrators (the principal’s union), the union ratified an agreement with the City in January 2000 to eliminate tenure for school principals and make them year-round employees, instead of operating on the traditional nine-month school year. In addition, the agreement put in place an innovative performance-based pay system.

City University of New York. Under the leadership of Chancellor Matthew Goldstein, who took office in September 1999, the City University of New York (CUNY) has taken a number of steps to address problems identified in the report of the Mayor’s Task Force:

- Redesigning Remedial Education. In January 1999 CUNY’s Board of Trustees approved a policy phasing out remedial instruction in baccalaureate programs between Spring 2000 and Fall 2001. Under the policy, in order to be admitted to four-year baccalaureate programs, students are required to demonstrate competency in reading, writing, and mathematics. In November 1999, the New York State Board of Regents approved this policy change as articulated in an amended Master Plan for the University. CUNY phased in the new policy at four senior colleges – Queens, Baruch, Hunter, and Brooklyn – in Spring 2000; at John Jay, New York City Technical, and Staten Island Colleges in Fall 2000; and at City, Lehman, Medgar Evers, and York College in Fall 2001. Students who require basic skill instruction are provided with several options under the policy:
 - One alternative for remedial students is the University Summer Immersion Program (USIP), which was expanded to accommodate students requiring instruction in basic skills or ESL. The program offers intensive instruction for up to six weeks during the summer, after which participants are retested to assess their readiness for college-level work.

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- Students whose assessment test results indicate relatively light remedial needs at the beginning of the regular semester are eligible for the Prelude to Success program, which provides basic skills instruction by community college faculty on senior college campuses.
- Another program was designed to meet the needs of students who require extensive remedial work, as well as adult and working students. In Spring 2001, CUNY selected three colleges to offer the Bridge to College program beginning Fall 2001. As non-matriculated students, program participants do not exhaust their financial aid while preparing for college.
- In September 1999, the CUNY Board of Trustees passed a resolution requiring its colleges to use common objective tests, reflecting national norms, to measure college readiness. The tests were to be used both to assess the skills of incoming students and to determine when remedial students qualify for exit from remediation. The new tests were first used to assess the skills of the incoming freshman class of Spring 2001, as well as students who were enrolled in the final course of remedial and English as a Second Language sequences in Fall 2000. In Spring 2001 CUNY initiated a long-term research program to validate the new tests and their minimum passing scores. In Fall 2001 CUNY also plans to implement a reading test specifically designed to assess the proficiency of ESL students.
- Raising Standards. During the late 1990s many of CUNY's senior colleges raised their admissions standards by requiring more college preparatory work of successful applicants. For the first time in Fall 2000, admission to baccalaureate programs was based on an index computed from SAT scores, high school grades, and college preparatory course work.

CUNY also took steps to tighten standards for transfer and graduation. Beginning in Fall 2001 students must pass the CUNY Proficiency Examination (CPE) in order to graduate from an associate program, transfer into the upper division of a baccalaureate program, or advance into the upper division of a senior college. The CPE assesses the student's ability to write, think critically, and interpret quantitative information. The exam was piloted extensively in Fall 2000 and Spring 2001.

- Teacher Education and Collaboration with the Board of Education. About 60 percent of CUNY's freshmen are graduates of the New York City public schools. At the same time, CUNY trains a larger percentage of teachers working in New York's public schools than any other institution. Given these close ties to the public schools, CUNY has placed a high priority in recent years on its efforts to collaborate with the Board of Education to smooth the transition from high school to college and to raise the quality of its own teacher education programs:
 - CUNY has greatly expanded the College Now Program, which offers high school students who demonstrate mastery of the basic skills the opportunity to take college-level courses for credit. During the 2000-2001 academic year the program

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- was extended to ninth and tenth graders, for whom the focus of the program is preparation for the Regents examinations. Evaluations have shown that the program effectively prepares students for college-level work. By the end of the 2000-2001 academic year College Now reached 18,850 students at 161 high schools.
- CUNY has also acted to strengthen its teacher education programs. In 2000, it hired a University Dean for Teacher Education, who was charged with assisting the colleges to improve the quality of instruction and raise pass rates on the New York State Teacher Certification Examination.
 - During the 1999-2000 academic year CUNY and the Board of Education collaborated to develop the Teaching Fellows Program, which certifies newly hired teachers to work in City schools that are under State registration review due to a record of poor academic performance. CUNY expects enrollment in the program to expand to at least 900 Fellows for Summer 2001, with an additional 300 fellows enrolled at private colleges under CUNY coordination.
 - Flagship Programs. As set forth in *The City University of New York Master Plan 2000-2004*, approved by the New York State Board of Regents in September 2000, CUNY will build flagship programs in several academic areas by recruiting prominent faculty. During the 1999-2000 academic year, four areas were selected for flagship investment: software and new media, photonics (optical engineering), foreign languages, and teacher education. In Fall 2000, two additional areas were selected: biological sciences and art history/visual arts. Two flagship areas – software/new media and photonics – were the recipients of technology transfer grants awarded by the New York State Office of Science Technology and Research (NYSTAR). In addition the New York Structural Biology Center was established at City College to promote biomedical research and house a state-of-the art magnetic resonance facility. In Spring 2001, NYSTAR awarded a \$15 million grant, with CUNY as the lead institution, to further develop the Structural Biology Center.

| Chronology of Implementation | |
|------------------------------|---|
| December 1996 | State legislature acts to reform governance within the New York City public school system. |
| September 1997 | Project Read begins. |
| June 1998 | Report of the Mayor's Task Force on Special Education. |
| January 1999 | CUNY Board of Trustees adopts a policy to phase out remedial instruction in baccalaureate programs. |
| February 1999 | Charter Schools initiative begins. |
| June 1999 | Report of the Mayor's Advisory Task Force on the City University of New York. |
| August 1999 | Board of Education completes installation of computers in every middle school. |
| September 1999 | The Board of Education agrees to end social promotion. |
| June 2000 | Board of Education enacts reforms under the Continuum of Special Education Services. |
| Summer 2000 | All students failing to meet promotional standards are required to attend summer school. |
| Fall 2000 | SAT scores required for admission to CUNY baccalaureate programs. |
| December 2000 | Report of the Mayor's Task Force on Bilingual Education. |

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|-----------------|
| Outcomes |
|-----------------|

Special Education. Enrollment in special education declined in the 2000-2001 school year for the first time since 1987. Year-over-year change in special education enrollment fell from an increase of 6.3 percent for the 1996-1997 school year to a decline of 0.2 percent for the 2000-2001 school year. During the 2000-2001 school year 167,787 students were enrolled in special education.

In August 2001 the Board of Education reported that there had been a 24 percent reduction over the last three school years in the number of children referred for the evaluations that determine whether they should be placed in special education. The decrease was attributed to better screening and assessment of student skills. Initial

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referrals to special education declined from 38,785 in the 1997-1998 school year to 29,434 in the 2000-2001 school year. Decertifications – referring students back to general education – rose from 4,667 to 5,511 over the same period, an increase of 18.1 percent. In addition, the proportion of special education students placed in a less restrictive academic environment rose from 39.7 percent in the 1997-1998 school year to 42.0 percent in the 2000-2001 school year, while the proportion of students in a more restrictive environment declined from 49.1 percent to 46.1 percent over the same period.

Academic and Literacy Initiatives. Available outcomes specific to the educational initiatives described above are as follows:

Project Read. In Spring 1999 the Board analyzed performance on the citywide reading test of grade 3 students participating in Project Read. Results demonstrated students initially rated at very high risk or high risk of not meeting standards made more than one year's growth during the year they participated in Project Read.

Summer School Initiatives. Summer 2000 was the first summer school session for which attendance was mandated for failing students. Of the 26,282 mandated students who took reading tests, 41 percent passed the promotion level. Of the 34,490 mandated students who took mathematics tests, 37.3 percent met the promotion level. A total of 45.5 percent of mandated students passed summer courses, and a total of 36.5 percent of mandated high school students passed Regents examinations.

Preliminary data for the Summer 2001 program indicates that the percent of students passing the promotion level in reading tests increased to 43.5 percent, while the number passing the promotion level in math tests declined to 36.5 percent. Roughly 54,000 students took the end-of-summer tests in reading, math, or both. The most positive results for Summer 2001 concerned progress in test scores compared with previous scores by the same students. In reading, 40.6 percent of students who took the end-of-summer test scored higher than in the spring, compared with 36.1 percent who improved during Summer 2000. In math, 35 percent of students tested in Summer 2001 scored higher, compared with 27.6 percent in Summer 2000.

Post-five Young Adult Borough Centers. In the first year of operation, the centers served 1,536 students. During the 2000-2001 school year, 3,631 students were served. The number of graduates from the program was 575 in Fiscal 1999, 804 in Fiscal 2000, and 918 in Fiscal 2001.

City University of New York. Relevant outcomes for CUNY academic programs are as follows:

- In Fall 1997, 37.4 percent of freshmen entering CUNY baccalaureate programs were taking at least one remedial course. By Fall 2000, this figure had fallen to 11.4 percent.

Public Education

- In 1993, the mean high school average of students who were regularly admitted to CUNY baccalaureate programs was 82. By Fall 2000, it was 84.
- Between Fall 1993 and Fall 2000, the average SAT score of students who were regularly admitted to baccalaureate programs rose from 863 to 1,049.
- By the end of the 2000-2001 academic year College Now reached 18,850 students at 161 high schools.
- Of the eight CUNY colleges offering teacher education, six achieved a pass rate of 80 percent or better for students who graduated from teacher education programs during the 1999-2000 academic year. Pass rates for earlier years are not reliable, since they reflect the performance of students who were self-reported as affiliated with the identified college. In 1995-1996, pass rates for this group were lower than 80 percent at six of eight CUNY colleges.
- From its establishment in Summer 2000 to Summer 2001, participation in the Teaching Fellows Program grew from 330 to more than 900.
- Approximately 1,400 talented students applied to CUNY's University-wide Honors College, and an entering cohort of 200 students is expected to enroll in Fall 2001. Mean SAT scores of this group are expected to exceed 1,250.

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|---------------------------|
| Further Challenges |
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Mayoral Proposals. In his 2001 State of the City Address Mayor Giuliani proposed a complete overhaul of the City's public school system, based on the principles of accountability, competition and choice.

- The Mayor announced the following proposals: to abolish the Board of Education and replace it with a Department of Education accountable directly to the Mayor; to end teacher tenure, implement merit pay and make other essential changes to the teachers' contract; and to increase private management of failing schools.
- The Mayor renewed his call to offer poor parents at one of the City's 32 public school districts a voucher that can be used at a private or parochial school. The program would be modeled after the successful choice program in Milwaukee, Wisconsin.
- The Mayor urged the Bush Administration to increase federal educational aid to poor students, and to offer that money in the form of a voucher directly to poor parents in schools that receive federal Title I aid. The Mayor suggested that \$2,000 vouchers be offered.

Public Education

- The Mayor called on the Governor and the State Legislature to support the Assembly Republican Leader's proposal to create a state tax credit for educational expenses for families with adjusted gross incomes of up to \$100,000.

Special Education. The continued success of special education reform efforts requires changing the school culture in order to include students with disabilities in the life of the school, whenever possible. To this end, special education indicators have been included in the performance review of superintendents and principals. School Districts need continuing education on ways to combine general and special education resources in order to more effectively serve all students in a unified service delivery system.

Bilingual Education. The implementation plan for reforming bilingual education will include the following steps:

- Clearly inform parents of their right to choose among available programs.
 - Parents of students newly identified as English Language Learners will be provided with a letter from the Chancellor, which gives an overview of program choices and explains parent options. Parents will be advised to examine carefully the program information provided to them by the school, to discuss their concerns and options with school staff, and to consider a number of general guideposts including the rate of English language acquisition and the negative effects of switching between programs. This letter will be made available in a variety of languages. Districts will be held accountable for providing clear, detailed information on all available programs and parent options.
- Establish the goal of developing English Proficiency in three years for all English Language Learners (ELLs).
 - All districts and schools will structure programs with the goal of having ELLs develop English proficiency in three years. Students should then exit bilingual and ESL programs, with the exception of those in dual language programs. For dual language programs, the goal will be for ELLs to develop English proficiency within three years and for native English speakers to develop foreign language proficiency within three years.
- Create a Citywide Intensive English Language Program.
 - Four program choices (transitional bilingual program, dual language bilingual program, free-standing ESL program, and Accelerated Academic English language program) will be made available. The goal of all programs is to enable ELLs to achieve academically while developing English language proficiency. The first three program choices are currently available in the school system. The fourth choice, the Accelerated Academic English Language Program, will be piloted in September 2001. In addition to these reforms, ELL students will be offered the following programs:
 - An After School and Saturday Intensive English Program, providing additional support to students who have been in bilingual programs for more

than three years. This program will provide intensive English instruction for up to 39,000 students in smaller classes.

- A Mandated Summer Program, providing additional instruction to 10,000 students with the greatest language need who are still in bilingual or ESL programs.
- Students with interrupted formal education will participate in Intensive English instruction during the school day in classes with a maximum of 15 students.
- Revise entry and exit assessment and criteria.
 - The English Language Assessment Battery (LAB) has been used as an assessment tool for the purpose of program entry, program exit, and measurement of performance in English. The LAB will be updated and used only for the purpose for which it was designed – the identification of ELLs. As part of the larger assessment process, staff should develop both a new exit criterion as well as a separate performance-based assessment for measuring progress in acquiring English proficiency.
- Improve teacher quality.
 - The recruitment, training, and retention of bilingual and ESL teachers will be a priority of the new Center for Recruitment and Professional Development.
- End the practice of alternating between programs from year to year.
 - Parents will have the absolute right to change programs for their children, but will be advised of the negative effects of doing so.
- Investigate second language development for students with disabilities.
 - Staff will closely examine the current instructional and support services available for these students, and will explore and evaluate a range of different instructional strategies to address their unique needs. Additionally, they will investigate the exit criteria as they relate to ELLs with disabilities.

Academic Initiatives. The Board’s main goal is to ensure that every student in the system master the skills necessary to succeed in life. To this end, the Board will encounter several challenges:

- Expanding the recruitment, training and retention of qualified teachers.
- Ensuring a safe, orderly environment in which teachers can teach and students can learn.
- Building more active partnerships among schools, parents, corporations and the community to generate additional classroom resources and more personal attention to students.

Public Education

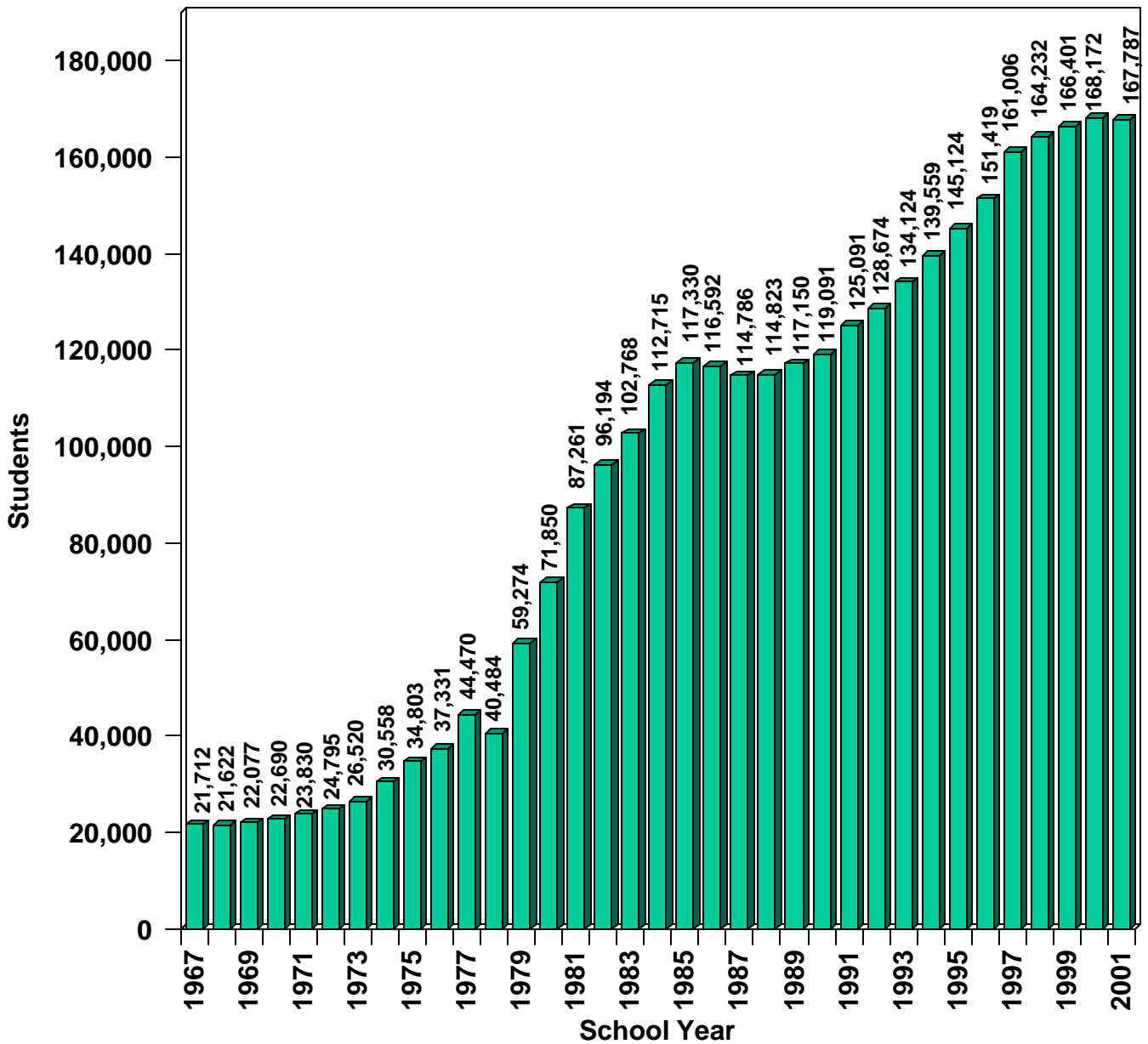
- Providing adequate and accessible school buildings with sufficient space to ensure implementation of a sound curriculum.
- Developing appropriate curricula, including an expanded platform of programs to help at-risk students, and supporting appropriate professional development.

City University of New York. CUNY's academic program objectives for the new academic year are as follows:

- Establish clear and objective performance standards for student admission to baccalaureate programs and readiness for college-level work at all CUNY colleges.
 - Admit a freshman class to CUNY baccalaureate programs at Baruch, Brooklyn, City, Hunter, Lehman, Queens, and York colleges with a mean combined SAT score of 1,059 and a mean college admissions average of 85.3 in Fall 2001, excluding students admitted to the SEEK program.
 - Assess the validity of CUNY/American College Testing reading and writing skills assessment tests by correlating test scores with course work performance.
 - Establish a research program to evaluate current minimum passing scores on CUNY/American College Testing reading and writing tests.
- Collaborate with the Board of Education to maximize the college readiness of local high school graduates and improve the training of public school teachers.
- Attract and admit students who are prepared to do college-level work.
 - Enroll 25,835 freshmen in Fall 2001.
 - Expand the Prelude to Success Program for applicants to CUNY baccalaureate programs who meet admissions criteria but who are not prepared to do college level work to include City, Lehman, and York colleges as of Fall 2001.
 - Establish three pilot pre-college remedial programs to provide year-round instruction in basic skills during the 2001-2002 academic year.
- Improve the academic performance of CUNY's undergraduates.
- Promote systemwide and campus accountability through performance assessment, performance-based budgeting, and increased access to student information.

Board of Education

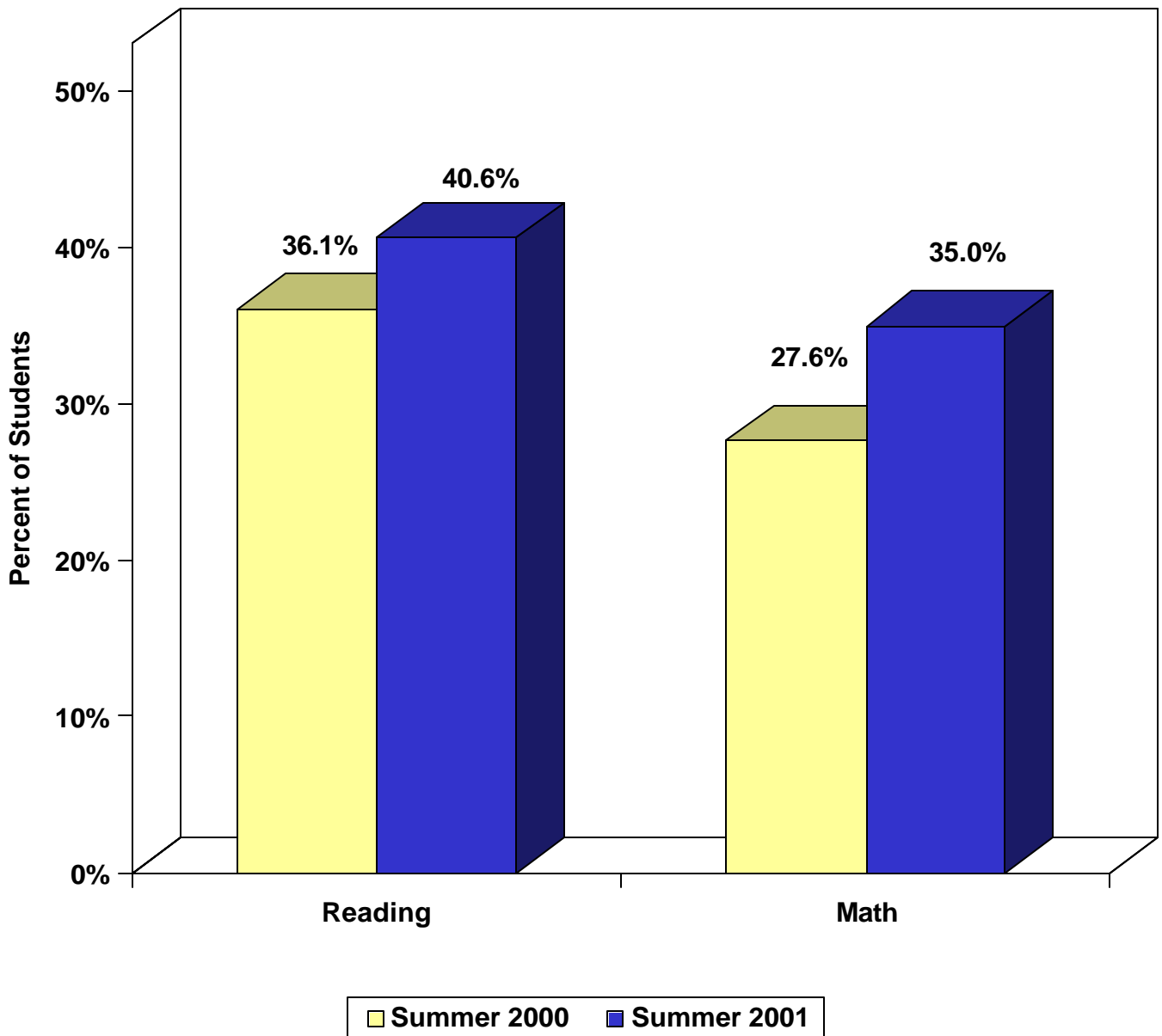
Special Education Enrollment 1967 - 2001



No comparable data is available prior to the 1966-67 school year.

Board of Education

Summer School Mandated Students in Grades 3-8 Showing Improvement* Summer 2000-2001



*Improvement reflects students' progressing one or more proficiency levels from Spring test results.

SANITATION AND THE ENVIRONMENT

The Challenge

As New York City entered the mid-1990s it faced environmental issues which had been building to a crisis for many years, issues that were especially complex because of the sheer size of the metropolis and its population. By necessity, government's highest priorities in this area were solid waste disposal and the City's water supply. Dealing with these issues effectively within the constraints of available resources has been, and continues to be, one of New York's most demanding challenges.

Solid Waste Management. Located on 2,200 acres in Staten Island, the Fresh Kills landfill is visible evidence of City government's historical sluggishness in facing the need for change, and of the degree to which burdens common to the whole City can sometimes fall disproportionately on one area. Since the last alternative landfill closed in 1991, the City directed its entire waste stream – roughly 13,000 tons of solid waste per day – to Fresh Kills, until the first municipal export programs were introduced in 1997.

From 1979 through 1991, the City closed down all landfills other than Fresh Kills, as well as its municipal incinerators, while essentially relying on one method – recycling – to provide a new approach. However, the realities of public behavior and of the solid waste market made this solution insufficient. By the end of 1993, with little more than a tenth of the City's waste stream being recycled, it was obvious that the recycling program would not take up the slack before a combination of engineering and environmental factors, legal and political action would force the closing of Fresh Kills, leaving the City to drown in its own waste.

Since the landfill opened in 1948, City government had made several unfulfilled promises to its Staten Island constituents that Fresh Kills would be closed. In November 1996, the joint Fresh Kills Task Force appointed by Mayor Giuliani and Governor Pataki released its report, recommending a series of steps leading to the closure of the landfill by December 2001. To actually make good on this commitment, the Giuliani Administration had to do more than find alternative destinations for solid waste that would not bust the municipal budget. To make any solution economically viable, the City had to find ways to recycle as much as possible and to achieve successive annual gains in the proportion of its waste stream that is recycled. Substantial agreement on the components of a new solution had to be achieved from a wide range of elected officials, public figures and communities within and outside the City. Affordable destinations for exported waste had to be identified, as well as markets that would actually return money to the City for recycled material. Finally, the solution had to be framed, debated and adopted in the form of a long-term comprehensive plan for solid waste management covering all aspects of the challenge.

Water Supply. Compared to many other population centers, New York has always been in an enviable position with regard to fresh water, drawing on an enormous and naturally pristine watershed in the region of the City. However, modern pressures for development

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and usage of both land and water resources have made it more difficult for the City to respond flexibly to new demands and environmental issues so as to guarantee its supply of uncontaminated drinking water.

This situation is enormously complicated by regulatory and financial pressures brought to bear by the federal and State governments. While the City deals routinely with many service-related mandates imposed from above, often without commensurate funding support, the immediate implications of externally-imposed requirements for water supply protection might literally bankrupt New York unless workable compromises were reached and implemented. Solutions require the City to achieve delicately-balanced agreements with a long list of communities and private interests outside its jurisdiction, and even to extend its regulatory authority to some upstate areas. In addition, in its efforts to protect the basic infrastructure that delivers water to the City in sufficient volume, the City has recently arrived at critical milestones in a decades-old construction project – the Third Water Tunnel – which constitutes the single largest capital undertaking in New York history.

The Solution

Implementing Solid Waste Export and Closing Fresh Kills. The Fresh Kills Task Force proposed a long-term plan which provided for the use of marine- and rail-based solid waste export as an alternative to the Fresh Kills landfill. However, the time required to procure, permit, construct and operate all of the facilities envisioned under the long-term plan was expected to go beyond 2001 and the mandated closure date. Further, the Task Force articulated a policy of having each borough be responsible for the disposal of its own waste, and established annual milestones for the reduction in waste tonnage going to Fresh Kills. Therefore, the City required a series of borough-based, interim contracts to ensure that all City-collected residential and institutional waste could be exported out of the City until the long-term solution could be implemented. From a starting point of approximately 13,000 tons per day disposed at the landfill in 1996, the Task Force Report called for reductions of 2,100 tons per day in 1997; 2,400 tons per day in 1998; 2,000 tons per day in 1999; 2,500 tons per day in 2000; and the remaining 4,000 tons per day in 2001.

The Department of Sanitation (DOS) was charged with this task. The implementation of short-term export contracts, and the switch from in-house to contracted waste disposal, arguably represented the largest operational and cultural change in the Department's modern history, and required a combination of planning, scheduling, budgeting, technology, environmental review, and collaboration among many City agencies:

- **Scheduling.** The Department defined five separate phases of export, which corresponded to the annual reductions in Fresh Kills tonnage specified in the Task Force report. At the beginning of each phase, the Department developed a detailed, task-by-task schedule and continually tracked progress against each milestone. The

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schedule defined which bureau or other City agency was responsible for completing each task.

- Specifying Performance Standards for Bidders. For each phase there was an Invitation for Bids, which established the performance expectations for each contractor. The Department developed the performance specifications with the objectives of operating safely, maintaining collection productivity, achieving a seamless transition from the average resident's perspective, containing costs, minimizing any adverse environmental impacts resulting from the rerouting of collection trucks or the operation of the vendor's tractor trailers, and ensuring that each final disposal location not only was fully permitted, but also had an agreement with its host community which allowed New York City waste to be disposed there.
- Budgeting Adequate Resources. Starting with the decision in 1996 to close the landfill, the Department worked with the City's Office of Management and Budget to identify the resources necessary to achieve each annual milestone contained in the Fresh Kills Task Force Report. This included projections in the Financial Plan for each fiscal year through Fiscal 2002, when the landfill was mandated to be closed. As each subsequent phase of export was being planned, budgeting became more complex. Part of this complexity stemmed from the fact that refuse would be temporarily diverted from borough marine transfer stations (from which waste was previously moved to Fresh Kills) to vendor facilities for export. Phase One of implementation involved beginning solid waste export from all of the Bronx as of July 1997. Since the selected vendor's facility was close to the Bronx marine transfer station, budget planning for this phase included only the fees paid to export vendors, administrative staff to monitor export contracts, and additional supervision at export vendor locations. As the Department approached Phase Two, in which collection trucks in Brooklyn would be required to travel longer distances to the vendors' facilities than they traveled to the Brooklyn marine transfer stations, the Department also had to budget for the additional labor necessary to transport loaded trucks the longer distances.

Beginning with Phase Three, in which Manhattan and Staten Island trucks would be required to travel to New Jersey vendor locations, the Department planned for the additional personnel associated with supervision on the New Jersey highways, towing support, and mechanics. Additional funds were budgeted to obtain permits for Department vehicles from the State of New Jersey, to equip Department vehicles in order to meet interstate safety standards, and for tolls on the New Jersey Turnpike and Port Authority bridges and tunnels.

- Intergovernmental Coordination. Beginning with Phase Three export from Manhattan and Staten Island, the Department needed to ensure that it could safely and efficiently operate its collection trucks between the City and the prospective New Jersey vendor locations. The Department of Sanitation initiated meetings with the New Jersey Departments of Environmental Protection and Transportation, the New Jersey State Police, the New Jersey Turnpike Authority and the Port Authority of New York and

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New Jersey. These meetings enabled Sanitation to obtain the required permits, documents and equipment before the deadline for implementing Phase Three export.

In Phase Four export from Brooklyn and Phase Five export from Queens, some prospective vendors required approval from the New York State Department of Environmental Conservation (DEC) for proposed changes at their transfer stations. The Department of Sanitation worked with DEC and the vendors, as well as the City Departments of Transportation and Environmental Protection, to ensure that the vendors could complete DEC requirements on time.

- Assessing Environmental Impacts. City and State environmental quality review regulations required the Department to conduct an environmental assessment before recommending the award of a contract under each phase of export. Each phase's environmental assessment was the product of a lengthy collaboration among the Departments of Sanitation, Transportation, and Environmental Protection, the Law Department, the Mayor's Office of Environmental Coordination, and the Office of the Deputy Mayor for Operations. Preliminary analyses led to the refinement of proposed operating plans in order to avoid any significant impacts on traffic, air quality, or noise.
- Improving Technology. One of the final steps in each phase of export was the integration of information generated at the vendor's site with the Department's existing automated productivity monitoring systems. This enabled the Department to manage productivity in the exporting districts with the same quality and timeliness of information as in the districts that were still disposing at the Department's marine transfer stations. In addition, the integrated systems facilitated the review, audit and payment of vendor invoices for approximately 360,000 scale transactions per year, with total annual payments to vendors approaching \$300 million.
- Representing the City's Legal Interest. Meeting the December 2001 deadline for closure of Fresh Kills required that the City vigorously defend any legal actions that advocates would initiate in an attempt to stop the export operation. In 1998, the Brooklyn Borough President and other plaintiffs initiated an action in State Supreme Court to stop Phase Two export from Brooklyn and, in 2000, the New York State Attorney General initiated an action challenging Phase Three export from Manhattan. The Law Department and the Departments of Sanitation and Environmental Protection worked together to defend the City's position. In each case, the Court decided for the City and against the plaintiffs.

Recycling. In 1994 the Administration faced the challenge of how to help the Recycling Program reach maturity. Recycling had to be integrated into both the habits of New Yorkers and the operations of the Department. A successful program would assist the Department in meeting its other challenges, including obtaining broad-based support from its many constituents in planning solid waste management for the long term and in implementing a waste export program. At the time, the City's recycling diversion rate was 12.8 percent. (The diversion rate, as defined by municipalities across the country, is

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the weight of material collected as recyclables, as a percent of total waste generated inclusive of recyclables.)

Components of the City's solution included: expansion of the materials designated for collection; supporting market development for new processing infrastructure; standardizing and expanding services; initiating recycling services to schools; and supporting public information campaigns.

- Expansion of materials. Until 1995, the Recycling Program designed three categories of paper for collection – newspaper, magazines, and corrugated cardboard – along with metal cans, and glass and plastic bottles. Between 1995 and 1997, the Department implemented an expansion of materials, adding mixed paper and regular cardboard (greyboard) to the paper collection, and beverage cartons and household and bulk metal items to the metal/glass/plastic collection. The expanded materials were first collected in Staten Island in November 1995; by September 1997, all five boroughs were recycling these materials.
- Market development for new processing infrastructure. The scale of the City's recycling program, particularly with expanded paper collection, created opportunities to attract new industries to the City to use recyclables as raw materials in manufacturing. In Fiscal 1996, the Administration developed and implemented a paper mill project that furthered this economic development goal. DOS worked with the Mayor's Office and the Economic Development Corporation to negotiate a recycled paper supply contract with the U.S. subsidiary of an Australian liner board manufacturing company. This firm built and currently operates a recycled paper mill in Staten Island. The mill receives over 150,000 tons a year of Department-collected paper. A portion of this is delivered by barge – reducing truck traffic – through the Department's marine-based transport system. The paper is manufactured into liner board for corrugated boxes.
- Standardized and expanded services. Between January 1998 and March 2000, recycling collection services were expanded to a weekly basis in those parts of the City that had alternative-week collection. In addition, new recycling services were provided to public schools during the first half of 2001. A recycling component, called the RRR Recycling contest, was added to the Department's existing Trashmasters! contest, as part of the Golden Apple Awards. Support from private sponsors made possible an increase in prize money and hence in contest profile. A prerequisite for contest participation in the RRR portion was having an active school recycling program in place, verified by the Sanitation Department. The Department also produced an elementary school recycling resource kit, with classroom activities. The resource kit was offered to all elementary school teachers through advertisements and letters; over 300 schools have requested kits for use in more than 12,000 classrooms.

Finally, the Administration began to expand its use of dual-bin collection trucks to increase recycling collections from once a week to six times a week. Schools had

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traditionally received up to eight garbage collections a week – two or three regular neighborhood garbage collections, and five-night-a-week school garbage collections. Recycling collection, in contrast, was once a week, as part of the regular weekly recycling collection for the neighborhood. This disparity in service levels had the unintended consequence of providing a disincentive to recycle. The disincentive was corrected by expanding the use of dual-bin trucks for the night collection. In this way it was possible to pick up recyclables each day in one bin, and continue to collect garbage in the other bin, with little additional manpower, and no new truck routes. Recycling outreach workers from the Sanitation Department did bottom-floor-to-top-floor reviews of all schools added to expanded collection, to verify that each and every classroom, office, and cafeteria was set up with labeled recycling bins. By the end of the 2000-2001 school year, expanded school recycling collection was in place in most locations; parts of Manhattan will receive this service in Fall 2001.

- Public Information Campaigns. Broad-based public information campaigns provide important ongoing reminders to New Yorkers to continue to separate recyclables. With a maturing program that provides the same services citywide, the Administration has been able to build program recognition with subway, bus, and television advertisements.

Solid Waste Management Planning. So that the Fresh Kills landfill could safely close and stay closed, the Administration and the Department of Sanitation needed to reengineer the transfer, transport and disposal of the approximately 13,000 tons of non-recyclable residential and other types of DOS-managed waste historically landfilled there each day. During the four years after the 1996 decision to close the Fresh Kills landfill, the Department moved forward to develop a long-term plan for waste export. A Request for Proposals, designed to determine the extent to which the City's existing marine waste transfer infrastructure could be relied on to support export, was issued in 1997. In addition, a comprehensive study of the feasibility of modifying marine transfer stations was completed in 1999. These efforts led to Mayoral adoption of a proposed long-term plan for waste export in March 2000. This became the cornerstone of the City's Draft Comprehensive Solid Waste Management Plan Modification, dated May 2000 (officially referred to as the Plan Modification).

The long-term waste export plan ensures that the Fresh Kills Landfill will remain closed to the receipt of waste because it:

- equips the City with a long-term equitable, environmentally sound, efficient, and cost-effective barge and rail-based solid waste transfer and export system;
- ends the interim truck-based export contracts that allowed the City to meet the State closure deadlines for the Fresh Kills landfill;
- capitalizes on the City's market power as a long-term, large quantity buyer of disposal capacity;
- makes possible the award of full service contracts to financially stable waste vendors and joint ventures with the capability to provide long-term reliable and efficient service; and,

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- gives the City access to remote disposal sites that are less susceptible to regional market supply and demand forces.

The long-term waste export plan is the product of a research and planning effort that involved a series of program, policy and procurement actions, extensive environmental reviews, and economic analyses over a four-year period beginning in 1996. The steps to this objective were as follows:

- To begin the planning process, the Mayor and the Governor established the Fresh Kills Landfill Closure Task Force, comprised of City, State and federal government officials and representatives of environmental organizations. The Task Force Report, issued in November 1996, contained 33 recommendations, and specifically recommended that the Department of Sanitation pursue barge-based export through its existing Marine Transfer Stations (MTSs).
- Based on the recommendations of the Task Force, the Department of Sanitation's planning efforts centered on the proposals received in response to the Marine Transfer Station Request For Proposals (MTS/RFP), issued in June 1997.
- As the solid waste industry consolidated over the past few years, the Law Department, the Department of Sanitation and the Trade Waste Commission worked closely with the U.S. Department of Justice to ensure that competition sought through the MTS/RFP procurement was not jeopardized.
- In 1999 the Department issued a study on the feasibility of modifying the MTSs for direct export. The study concluded that while a few MTS sites could accommodate modification, the costs associated with modification, the severe reduction in waste throughput, and the loss of reliability occasioned by the use of conveyors and compacting equipment mitigated against wholesale reliance on MTS modification in the long-term waste export plan.
- As a product of the MTS/RFP process, in Spring 2000, the Administration selected the vendor that would construct and operate a barge-to-rail facility in Linden, New Jersey to receive half of the Department-managed waste collected each day by barge from five existing MTSs. Based on the community support garnered by Linden elected officials, the Linden facility became the linchpin for the long-term waste export plan and a key component of the Plan Modification.

Obtaining Consensus and Approval. Approved by the City Council in November 2000 and by the State in February 2001, the realization of the final Plan Modification was the result of the Department of Sanitation's well-orchestrated campaign to distribute the Plan Modification and supporting Draft Environmental Impact Statement (DEIS) to, and discuss it with, elected officials, community boards, and environmental groups. Approval of the Plan Modification was achieved as follows:

- The Plan Modification and Draft EIS were submitted to the City Council for

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consideration in May 2000. In addition to being made available at the Department and on the DOS home page at NYC.GOV, hard copies and copies on compact disk were delivered to five public repositories located at public libraries in each of the boroughs and to the offices of the Borough Presidents; in all, more than 400 copies of the documents and CDs were distributed in May 2000.

- A series of public hearings on the Plan Modification and DEIS were held by the City Council's Environmental Protection Committee in May and June 2000. Department testimony at the first hearing included a summary of the documents and a videotape on the Linden facility. Questions centered on the proposed Linden facility contract, long-term export contingency plans, and waste prevention. At subsequent hearings, the Committee heard public testimony. Speakers included representatives of the Manhattan and Brooklyn Borough Presidents, a State Senator, a Linden City Councilman, three New Jersey residents, the Manhattan Solid Waste Advisory Board, local organizations and environmental advocates.
- In June 2000, the Department held a well-attended public hearing on the Plan Modification DEIS in accordance with City environmental quality review procedures. After key features of the Plan Modification and the DEIS were outlined, 42 members of the public made statements on the record. The testimony centered on long-term export contracts and contingency plans, recycling and waste prevention, rail capacity, commercial waste transfer, reliance on private sector facilities, and the environmental review of the Scott Avenue, Brooklyn site. Many speakers applauded the fact that the Plan Modification did not propose a barge unloading facility at Erie Basin.
- The Department issued the Final EIS (FEIS) and Findings Statement in October 2000, the last step in the environmental review process for the Plan Modification. The FEIS responded to the comments received on both the DEIS and the Plan Modification during the comment period (May 3 through June 16, 2000), and included new and revised text, all of which was approved by the City agencies involved. The FEIS and the Draft Plan Modification, made available on CD, appeared on the Sanitation web page and were distributed to a large mailing list, the public repositories, and Offices of the Borough Presidents. New Department waste prevention reports were also issued in a Plan Modification Appendix on CD.
- In October and November 2000, the City Council held three additional public hearings on the Plan Modification, one of which was wholly devoted to a discussion of waste prevention.
- To obtain Council approval of the Plan Modification, negotiations were conducted with Council members and staff throughout November 2000 with the participation of the Mayor's Office, the Law Department, and DOS staff. Discussions centered on proposed Plan Modification amendments, including waste prevention program enhancements, and legislation to require a Department study on commercial waste management in the City. During the same period, the Department also responded by letter to written comments on the Plan Modification submitted by the New York State

Department of Environmental Conservation.

- Negotiations with the Council and staff culminated in agreed-upon amendments to the Plan Modification and the subsequent nearly unanimous adoption by the Council of legislation to approve submission of the Plan Modification, as amended, to the State, as well as a bill to amend the Administrative Code of the City of New York to require the Department to conduct a comprehensive study of commercial solid waste management in the City. The Plan submission and the commercial waste study legislation were signed into law by Mayor Giuliani in December 2000 and became Local Law 72 of 2000 and Local Law 74 of 2000, respectively. The State granted final approval of the Plan Modification in February 2001.

Watershed Program. The City's current watershed program has come about through an extended process of research, analysis, and negotiation involving the City, the State, the federal government, and watershed area communities. From a regulatory standpoint, the key issue is the City's effort to satisfy federal requirements for watershed protection without building filtration plants to treat the entirety of its water supply – an immensely costly and, in the City's view, unnecessary approach. As of June 1993, the federal Surface Water Treatment Rule required that all water supplies be filtered unless the system meets special criteria to receive a waiver. In December 1993 the federal Environmental Protection Agency (EPA) granted the City a three-year conditional waiver from filtration requirements, contingent on the City's continued development and implementation of watershed protection programs.

Beginning in the early 1990s, the City's Department of Environmental Protection (DEP) began to study the watershed to pinpoint potential sources of pollution. From 1994 to 1997, the City continued to gather extensive information on stream and reservoir water quality, land uses in the watershed, and the processes by which pollution can make its way across the land into the water and through the water supply system. An important fact learned from these studies was that because of the way the water supply was designed, allowing for high residence times in the reservoirs, many pollutants dissipate before they reach the distribution system. This confirmed the City's position that long-term protection of the water supply was a viable alternative to filtration. The studies brought into focus the need to address runoff from farms in the watershed, and to develop a comprehensive protection plan for Kensico Reservoir, a key component of the system through which 90 percent of the City's daily water supply flows.

In November 1995 an agreement in principle on a watershed protection program was reached between the State, the City, the EPA, towns and counties in the watershed, Westchester and Putnam counties, and a coalition of environmental organizations. In January 1997 a Memorandum of Agreement (MOA) was signed, paving the way for the City to advance on three major fronts: acquisition of watershed lands, revision and enhancement of the Watershed Regulations, and implementation of a range of partnership programs designed to target potential sources of pollution. As part of the MOA, the EPA issued a five-year filtration waiver, giving the City until early 2002 to demonstrate its ability to effectively protect water quality.

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With the signing of the MOA, DEP began implementing programs based on the knowledge gained from years of study. Acquisition of lands began according to an environmentally-based prioritization scheme. DEP completed upgrades of the six City-owned wastewater treatment plants in the Catskill/Delaware watershed, and began the process of funding the upgrades of 34 municipal and privately-owned plants. Construction was begun on projects designed to capture and treat stormwater runoff, a major source of coliform bacteria, in the Kensico basin. DEP enhanced its waterfowl management efforts to keep birds from roosting near reservoir intake points, since waterfowl are another major source of coliforms. The Department also accelerated implementation of the Whole Farm Program, a City-funded initiative designed to control farm runoff, primarily in the Cannonsville Reservoir basin.

Key components of the watershed protection program to date include:

- Watershed Agricultural Program. In the early 1990s, the City proposed extensive regulation of farms within the watershed. The farming community expressed concern that regulation would drive farms out of business, leaving farmlands vacant and available for development. Recognizing the mutual benefits of a healthy, environmentally conscious farming community, the City teamed with upstate partners to develop the voluntary Watershed Agricultural Program. The City funds development of farm plans and implementation of structural and non-structural best management practices. To date, more than 90 percent of watershed farms have signed up to participate in the program. In addition, the City has augmented the program with the addition of a City/federal cost-sharing effort known as the Conservation Reserve Enhancement Program. This program pays farmers to take sensitive riparian buffers out of active farm use and reestablish a vegetative buffer.
- Land Acquisition. In the first four years of the program, the City solicited owners of more than 200,000 acres of Catskill and Delaware land in high priority purchase locations. As of August 2001, DEP had more than 32,500 acres either acquired or under purchase contract, at a cost of approximately \$89.3 million.
- Watershed Regulations. In May 1997 enhanced Watershed Rules and Regulations became effective, replacing regulations that had been in place since 1953. Since the new regulations became effective, DEP has reviewed thousands of applications for projects that proposed one or more regulated activities. In addition, DEP staff have issued more than 1,500 notices of violation or notices of failure to enforce the new regulations.
- Environmental and Economic Partnership Programs. As of August 2001, New York City has made more than \$220 million in payments to support a variety of partnership programs in accordance with the terms of the MOA. The City, in conjunction with its partners, has continued to implement programs that remediated more than 1,500 failing septic systems and upgraded 30 facilities that store winter road de-icing materials, and has processed funding applications for the construction of new stormwater control facilities to comply with the Watershed Rules and Regulations.

Sanitation and the Environment

- Wastewater Treatment Plant Upgrades. There are 34 non-City-owned wastewater treatment plants in the Catskill/Delaware watershed, accounting for 60 percent of the wastewater treatment plant flow in the west of the Hudson watershed. All treatment plant owners in the Catskill/Delaware watershed have signed agreements to participate in the program and have obtained DEP approval of their proposed upgrade compliance schedules. Upgrade designs are proceeding, and approximately 85 percent of the flow from non-City-owned treatment plants will be upgraded by mid-2002. In addition, DEP has completed upgrades of six City-owned wastewater treatment facilities that account for the remaining 40 percent of flow in the west of the Hudson watershed, at a cost of more than \$240 million.
- Protection of Kensico Reservoir. The City has implemented a variety of programs to ensure protection of the Kensico Reservoir. Construction according to best management practices designed to reduce pollutants conveyed to the reservoir by stormwater runoff is nearly complete. Other improvements include preventive dredging of sediments, maintenance of a turbidity curtain, and ongoing waterfowl control. The Kensico Environmental Enhancement Program (KEEP) maintains an educational link with the community focused on pollution prevention. In addition, the City has teamed with a local town and a number of corporations in the Kensico basin to form the Kensico Watershed Improvement Committee (KWIC). Under KWIC, the corporate landowners in the basin will undertake a range of voluntary measures to protect water quality, including minimizing the use of pesticides and road de-icing materials, controlling stormwater runoff, and managing grounds to discourage roosting waterfowl.

Third Water Tunnel. In August 1998 Mayor Giuliani marked the completion of the first stage of the largest capital project in the City's history by activating City Water Tunnel No. 3, which has been under construction since 1970. This event represented the culmination of a century of strategic planning for New York's water supply, and will enhance the City's high-quality water delivery system and ensure a reliable water supply well into the new century.

The City's three upstate reservoir systems provide nearly 1.3 billion gallons of water per day through a complex system of pipes, aqueducts, and tunnels. The activated portion of City Tunnel No. 3, constructed in bedrock 250 to 800 feet below the surface, runs 13 miles from the Hillview Reservoir in Yonkers, under Manhattan's Central Park, the East River, and Roosevelt Island into the Astoria section of Queens. This portion of the tunnel took \$1 billion to construct, and is now serving the Upper East Side and Upper West Side of Manhattan, Roosevelt Island, and many Bronx neighborhoods west of the Bronx River. The remaining stages of City Tunnel No. 3 are expected to be completed in 2020, with a total project cost of between \$5.5 billion and \$6 billion. The benefits of City Tunnel No. 3 will include higher water pressure and the opportunity to inspect and, if needed, make repairs to City Tunnels No. 1 and 2 for the first time since they were put into operation in 1917 and 1936.

Sanitation and the Environment

| Chronology of Implementation | |
|------------------------------|--|
| November 1995 | Department of Sanitation begins phased expansion of materials included in recycling program. |
| December 1995 | The City contracts for a recycled paper mill on Staten Island. |
| November 1996 | Report of the Fresh Kills Task Force recommends closing the landfill by December 2001. |
| January 1997 | Memorandum of Agreement is signed for the City's watershed protection program. |
| May 1997 | Watershed Rules and Regulations are revised for the first time since 1953. |
| July 1997 | The City begins exporting residential waste from the Bronx. |
| January 1998 | DOS begins phased expansion of recycling collections to weekly schedules. |
| August 1998 | The first completed portion of City Water Tunnel No. 3 is activated. |
| February 2001 | New York State approves the City's Comprehensive Solid Waste Management Plan Modification. |
| March 2001 | The Fresh Kills landfill closes. All the City's residential solid waste is being recycled or exported. |

Outcomes

Solid Waste Management. The Mayor committed to close the Fresh Kills Landfill by December 31, 2001. In fact, the delivery of residential waste stopped in March 2001, nine months early. The landfill closure is improving the quality of life for the residents of Staten Island. The Department is implementing the citywide export operation in a way that maintains the same collection schedule for residents and produces no significant adverse environmental impacts.

The City's waste diversion rate has increased from 12.8 percent for Fiscal 1994 to 20.1 percent for Fiscal 2001.

The City now has a long-term waste export plan that:

- is borough-based -- all Department-managed waste generated within a borough will be exported from that borough;
- relies on the procurement of a mix of public and private transfer facilities to be modified or developed through City solicitations;
- reuses a substantial portion of the marine transfer station-based waste transfer system that for over 50 years has enabled the Department to provide highly reliable and cost-effective waste collection transfer services;
- enables all Department-managed waste to be exported out-of-City by barge or rail;
- relies on in-City facilities that will likely be, or replace on the same site, existing solid waste management facilities;
- may provide an economic incentive to the owners of existing truck-based commercial waste transfer facilities to convert to barge or rail export;
- limits environmental and quality-of-life impacts on communities through the development of small facilities at existing waste transfer sites; and
- does not provide a disincentive to increased waste diversion through the continuing efforts of New Yorkers who participate in the ambitious and successful on-going waste prevention, reuse, recycling, and composting programs and new initiatives set forth in the Plan Modification.

Watershed Protection. One imperative of the City's enhanced watershed protection effort is to ensure that an adequate water quality monitoring and research program is in place. The January 1997 MOA specifically requires that the City and State assess the overall effectiveness of the watershed program by the year 2002. A monitoring strategy and research initiatives emphasizing the watershed approach to water quality management have been implemented by the City. One of the primary objectives of the monitoring plan will be to allow for a technically sound assessment of the MOA to be accomplished within the required five-year period. Once that assessment is complete, the City will use the information to refine and enhance its watershed programs.

Sanitation and the Environment

It is impossible to list the criterion indicators used to assess water supply quality without including highly technical terms. To assess water quality, DEP collects data on factors including the following:

- Fecal coliform bacteria and turbidity levels, disinfection by-product levels, pathogen and virus inactivation efficacy, and maintenance of entry point and distribution system disinfectant concentrations.
- Giardia and Cryptosporium organisms. These pathogens are present in the unfiltered New York City water supply at very low levels, below the levels found in the finished water of many filtered water supplies.
- Reservoir phosphorus concentrations.
- Water quality bioassessment in streams, based on invertebrate assemblages collected annually from a total of 57 sites east and west of the Hudson River, using protocols developed by the State Department of Environmental Conservation's Bioassessment Unit.
- Stream and reservoir water quality data collection. Within each reservoir and at key reservoir influent streams, as part of DEP's routine surveillance program, benchmarks are collected for factors such as flow, temperature, specific conductance, total phosphorus, turbidity, dissolved oxygen, total organic carbon, and fecal coliform bacteria.

Selected data from watershed testing, as well as test statistics from in-City drinking water samples, can be seen on the Department of Environmental Protection home page on NYC.GOV, the City's web site.

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|---------------------------|
| Further Challenges |
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Solid Waste Management. The Department of Sanitation is pursuing the implementation of the long-term waste export system in the next five years. In the first phase of implementation, two components of that system are being advanced:

- The development of the Staten Island Transfer Station, which would process and export all of (and only) Staten Island's Sanitation-managed waste at a site at the Fresh Kills Landfill, is well under way. Approval of the facility under the Uniform Land Use Review Process has been granted, all permits are pending final approval by the State, and bids for the construction of the facility were received during July 2001. In addition, a solicitation seeking proposals to provide long-term facility operation and maintenance, waste transport and disposal services will be issued by the end of the year. Department representatives have met with Staten Island Council Members and community representatives and testified before the City Council to address community concerns that the new facility will result in increased Sanitation truck traffic.

Sanitation and the Environment

- Negotiations are continuing on a twenty-year service contract with a New Jersey firm to construct, operate and maintain an enclosed barge unloading and containerization facility in Linden, New Jersey.

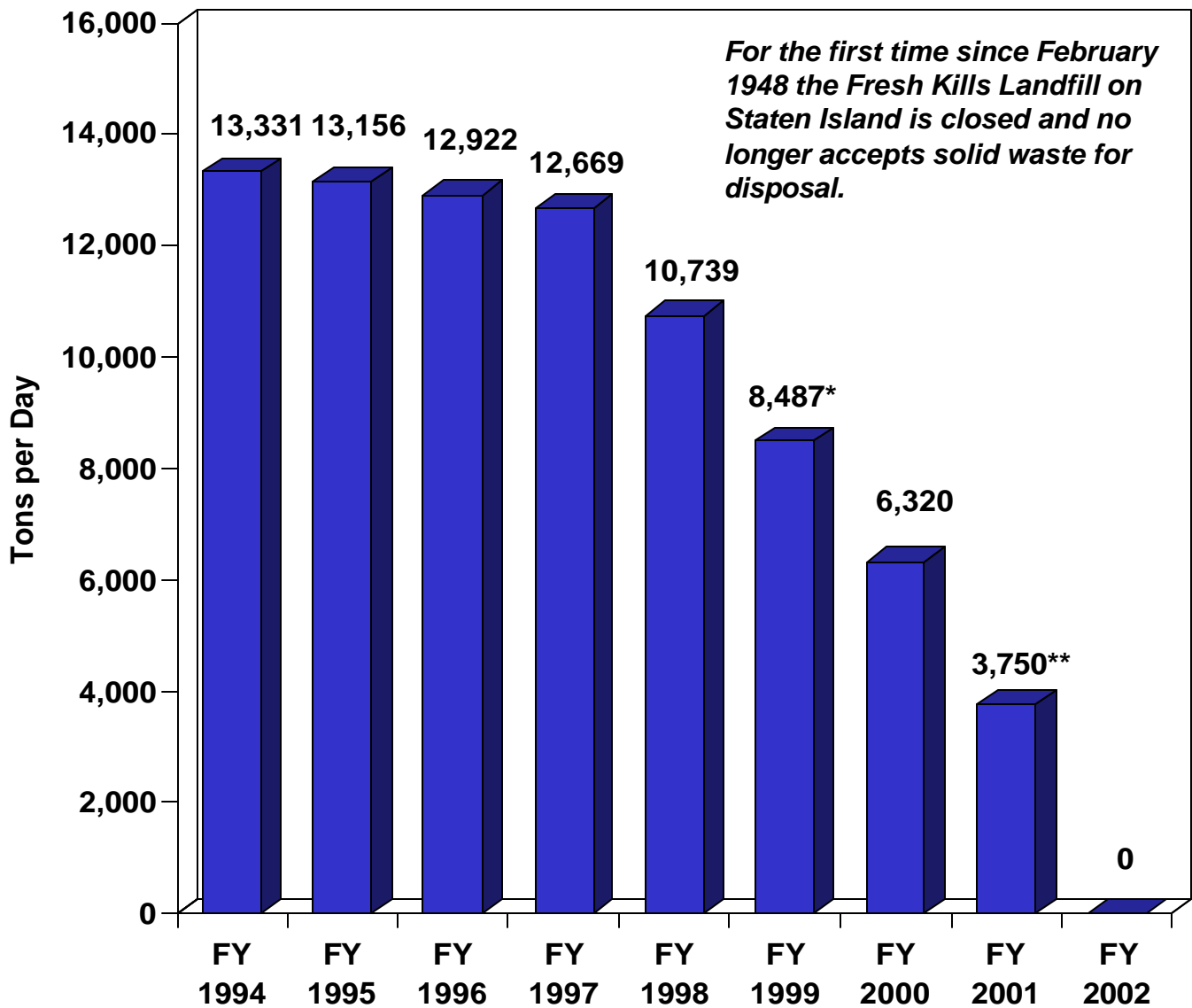
Procurement solicitations to implement other components of the Department's long-term waste export system will be issued in the coming months.

With the closure of the Fresh Kills Landfill and the planning for long-term waste export of the City's residential waste well in hand, the City is looking ahead to the completion of the Department's study on commercial solid waste management in the City.

Watershed Protection. The City is planning to build a treatment facility to filter water from the Croton Reservoir portion of the water supply system. The Croton reservoir supplies about 10 percent of the City's drinking water. The federal Surface Water Treatment Rule required that all water supplies be filtered as of June 1993, unless the system meets special criteria to receive a waiver. Even though Croton water quality is high, it experiences seasonal color problems and will be subject to stricter standards for disinfection by-products in the near future. In November 1998 a Consent Decree, committing the City to design, construct, and operate a Croton filtration facility, was signed by the City, the United States and the State of New York. The facility is expected to reduce color levels in the Croton water supply and ensure compliance with stricter drinking water standards to be imposed in the future.

Department of Sanitation

Average Daily Tonnage Disposed at Fresh Kills Fiscal 1994 - 2002

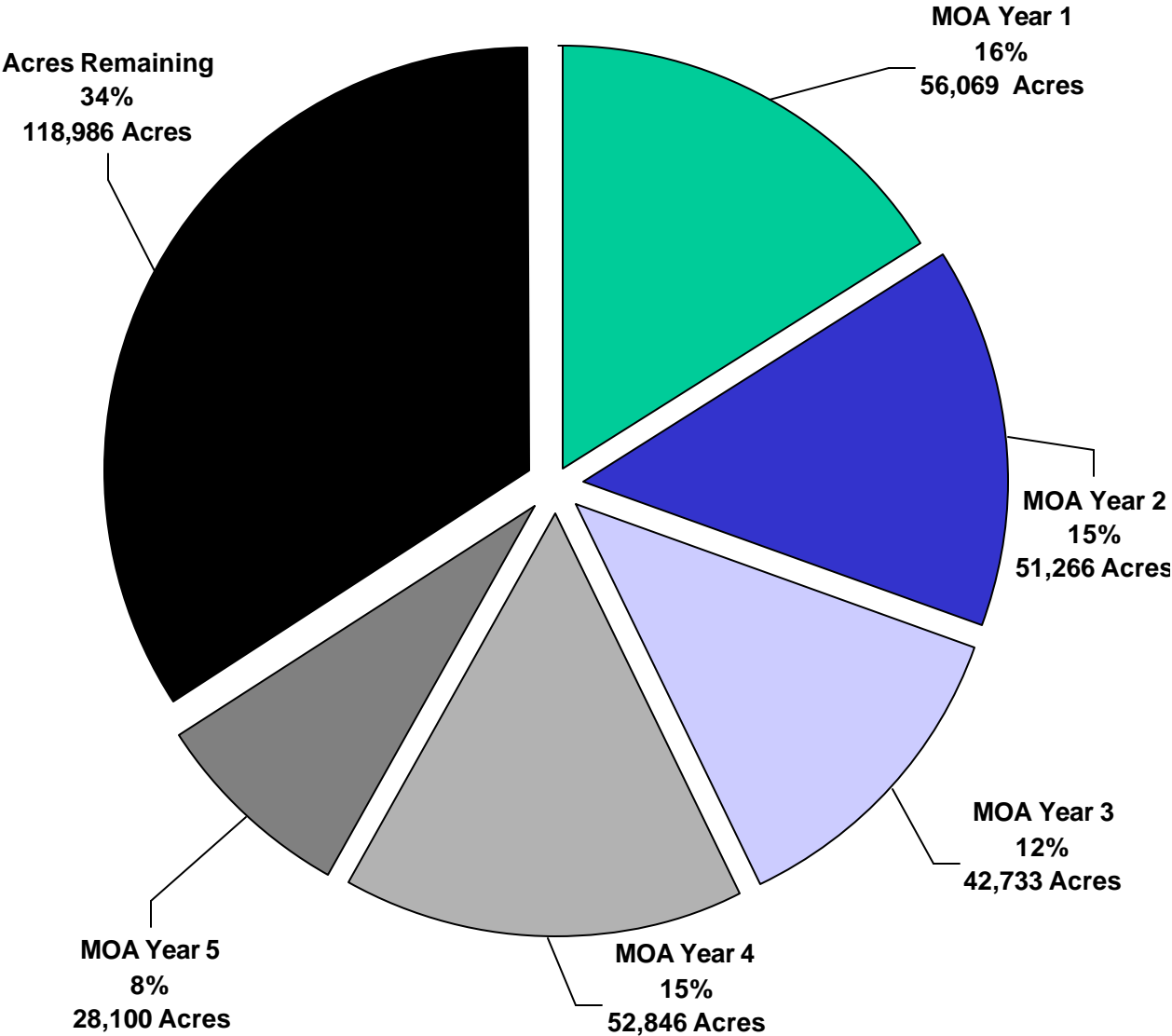


*Average daily disposed tonnage for June Fiscal 1999.

**The Fiscal 2001 average is for July 1, 2000 through March 22, 2001, the last day that the Landfill accepted solid waste.

Department of Environmental Protection

Land Acquisition and Stewardship Program Acres Solicited Memorandum of Agreement (MOA) Years 1-5*



*MOA Year 5 data is as of August 2001. The MOA Year begins on January 21st and ends January 20th. The City is committed to soliciting the purchase of 350,000 acres of watershed land within a 10-year period under the 1997 MOA. During Fiscal 2001 the City solicited 52,147 acres of watershed land.

HOUSING PRESERVATION AND DEVELOPMENT

The Challenge

By 1994, the City owned and managed 5,458 buildings of mostly dilapidated multi-family housing occupied by a low-income population. Since 1978, the City had become “the landlord of last resort” when it foreclosed on residential buildings in tax arrears and took over management. The City had initiated the policy of foreclosure with two goals in mind: to encourage tax compliance and to intervene before these buildings deteriorated completely. However, the policy of *in rem* vestings (from the Latin for “legal action against property” and commonly used to refer to property acquired by the City through tax foreclosure) was tremendously expensive and led to a stockpile of City-owned, dilapidated housing. While some buildings were returned to private ownership, many more buildings were vested each year, maintaining a permanent inventory of distressed City-owned property.

In the 1970s and 1980s, the City experienced a surge of disinvestment and housing abandonment in many of its neighborhoods. As income decreased and costs increased, many owners were unable to pay the property taxes on their buildings, which ultimately led to City foreclosure. The cycle of abandonment was particularly hard on tenants who had to endure lack of repairs, basic maintenance, and essential services as the buildings slid towards abandonment. It is important to realize that the City’s *in rem* strategy did not preserve affordable housing for low-income tenants; it only created a rapidly growing pool of vacant or decaying buildings, imposing unacceptable living conditions on the remaining tenants, and diverting resources toward emergency upkeep of properties with no viable future.

The costs associated with the *in rem* stock were staggering. When the Giuliani Administration took office, it commissioned a pro bono study that determined that the foreclosed properties had an average tax delinquency of \$36,000 at vesting, yet the City spent an average of \$2.2 million to acquire, manage, repair, and dispose of each vested building. The estimated total cost to the City was \$10.6 billion, excluding an additional average of \$209,000 per property in foregone tax revenues. In addition, despite the City’s large capital investment in these buildings, many of them continued to have significant physical maintenance deficiencies. The average length of City ownership was 19 years.

In rem vestings were stopped in 1993. While this prevented an increase in City-owned distressed property, no strategy was put in place at that time to deal with the distressed housing stock.

The Solution

The City recognized that it could not afford to continue diverting limited funds toward the management and maintenance of tax delinquent buildings. However, disposition alone would not address the underlying causes of abandonment. A two-pronged strategy

Housing Preservation and Development

was developed: to return the City-owned inventory to responsible private ownership, and to prevent future disinvestment and abandonment of the City's low income housing stock.

Building Blocks. The Department of Housing Preservation and Development (HPD) reorganized and developed new approaches to privatize the existing stock of City-owned property, to address building needs before they led to abandonment, and to transfer title of distressed properties directly to pre-qualified owners, thereby eliminating the costs to the City of taking ownership, managing the properties, and preparing them for sale. Buildings are fully renovated, and existing legal tenants are protected by ensuring that their rents remain affordable.

The City's privatization effort, known as Building Blocks, targets clusters of occupied and vacant City-owned buildings for renovation and disposition to owners in the community. The buildings' new owners are either qualified groups of low-income tenants, not-for-profit housing organizations, or local real estate professionals.

Public-private partnership is at the core of Building Blocks, and the strategy of leveraging private sector expertise is exemplified by the Neighborhood Entrepreneurs Program (NEP). In 1999 NEP won an Innovations in American Government award, the country's most prestigious public sector recognition program. NEP enables small, locally-based real estate professionals to own and manage clusters of City-owned buildings. By focusing on neighborhood-based private property managers, HPD rebuilds the local real estate capacity that had been decimated during abandonment; and, through financial and technical support to the new owners, along with monitoring, ensures long-term quality management and maintenance of the buildings. Entrepreneurs apply to participate in the program through the Request for Qualifications (RFQ) process.

Anti-Abandonment. HPD would have been shortsighted if it only addressed its existing inventory of *in rem* buildings, but not the future pipeline of at-risk buildings. Therefore, the Department restructured so it could identify and treat buildings earlier and prevent the need for the City to ever foreclose on them. In line with the programmatic movement from property management to housing preservation, HPD redeployed nearly 20 percent of its property management staff to support anti-abandonment. HPD created tools to address the causes of property tax delinquency and abandonment. This "carrot and stick" approach includes methods such as housing education, low-interest or no-interest building rehabilitation loans for owners who are working in good faith, and aggressive enforcement against owners who are recalcitrant. HPD created an Owner Services Program in 1999 to provide counseling and assistance to owners working to rehabilitate their buildings.

Enforcing Property Tax Collection. The final programmatic change was to link tax enforcement with housing preservation. In a cooperative effort with the Department of Finance (DOF), HPD obtained legislative action (Local Law 37 of 1996) to enforce tax laws without vesting more properties. In 1994, the Administration gathered a group of tax

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and housing policy experts that recommended the City sell the liens on all tax delinquent properties.

Annual tax lien sales were instituted by the Department of Finance in 1996 and have been an effective revenue source on three fronts: net proceeds from the sales; cash received prior to the sale from owners who received notices from the Department of Finance that their properties would be included in the tax lien sale unless they paid their property taxes; and owners who started to pay regularly once they realized the City had resumed aggressive property tax collection efforts.

At the same time, policymakers recognized that tax lien sales were the solution for some, but not all, tax delinquent real estate. Focusing only on tax collection would be insufficient for distressed – and often unoccupied or underoccupied – residential properties. The City has a 3.1 percent housing vacancy rate, and it could not afford to lose any residential housing.

The Administration advocated landmark legislation, passed by the City Council, which fundamentally changed the City's policy for addressing distressed housing. It excluded these properties from tax lien sales, and prescribed that instead the City would transfer title of distressed properties directly to pre-qualified owners, in a procedure known as Third Party Transfer. The buildings would be rehabilitated by the private sector using private financing leveraged with public funds. This fundamental change taps the experience and flexibility of the real estate community to more quickly return buildings to sound physical and financial condition.

The first bulk sale of tax liens on commercial properties began in June 1996. Since then, in each of the following fiscal years, the City has undertaken an annual lien sale for eligible delinquent real estate taxes and eligible water and sewer charges. Each sale begins with the initial publication of eligible parcels, a 60-day notice to taxpayers informing them of the City's intent to sell their outstanding liens, and a subsequent notice to remaining taxpayers advising of the deadline to resolve their outstanding delinquencies.

Housing Preservation and Development

| Chronology of Implementation | |
|------------------------------|--|
| September 1994 | HPD introduces the Building Blocks program as an approach to privatizing the <i>in rem</i> housing stock. |
| May 1996 | The City enacts Local Law 37, which transformed its property tax foreclosure authority to transfer title of distressed properties directly to pre-qualified owners, thereby eliminating the costs to the City of taking ownership, managing the properties, and preparing them for sale. |
| June 1996 | The City commences its first bulk sale of real estate tax liens on commercial properties. |
| June 1997 | The City initiates the first pilot Third Party Transfer program, involving 174 tax-delinquent properties in the Bronx. |
| October 1997 | HPD creates the Office of Anti-Abandonment. |
| November 1999 | HPD begins the Owner Services Program. |
| June 2000 | The City's real estate tax delinquency rate falls below three percent for Fiscal 2000. |

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| Outcomes |
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The 1999 Housing and Vacancy Survey (HVS), conducted every three years by the U.S. Census Bureau, reported that housing and neighborhood physical conditions in the City were better than any other time in the 35-year history of the survey. The 1999 dilapidation rate was just 1.0 percent, the lowest ever recorded by the HVS. The survey showed a net gain of 62,000 housing units from 1993 to 1999.

From December 1994 to December 2000, the number of *in rem* housing units was reduced by 59 percent, from 29,995 units to 12,362. Units that have passed into private ownership during this period now provide approximately \$8 million annually to the City in tax revenue. Through Building Blocks, the Administration funded the rehabilitation and return of all occupied units and most vacant units to responsible private ownership. In January 2001, the Mayor announced funding for the remaining units in vacant buildings to end City ownership of tax-foreclosed residential real estate.

A Daily News editorial dated August 6, 1997 pointed out the resulting transformation of entire City blocks. "A Daily News investigation found [West 140th Street] to be the "sickest block in New York" in 1994...now...West 140th Street is on the mend. Credit goes largely to Mayor Giuliani's Building Blocks program, a masterpiece of public-private partnership that has brought 140th St. – and blighted blocks in Central Brooklyn and the South Bronx – back from the dead."

Housing Preservation and Development

Results of HPD's housing preservation policy can also be stated in terms of cost avoidance. Had the City taken ownership of the 174 properties involved in the first Third Party Transfer pilot in the Bronx in 1997, they would have stayed in City ownership for an average of 19 years. During that time it would have cost the City as much as \$382.8 million to manage, and dispose of those properties. Through the Third Party Transfer Program the City avoided this cost by using its new *in rem* foreclosure process, returning the buildings to taxpaying status with responsible new owners, and leveraging its financing with private sector funds to rehabilitate the properties.

Since Fiscal 1996 the City has generated more than \$1.4 billion by selling delinquent real estate tax liens without taking title to any property. As a result of the tax lien sales the real estate tax delinquency rate has been reduced from 3.67% in 1996 to 2.81% in Fiscal 2001.

The increased efficiency of the City's housing strategy has helped it devote resources to more traditional approaches to housing preservation and development. Since Fiscal 1994, 68,500 apartments and homes have been constructed or rehabilitated through city-sponsored programs, including 12,500 homeownership townhouses, co-ops, and condos. HPD has also provided low-interest financing so that 20,421 units of housing in privately-owned buildings with primarily low-income tenants could be rehabilitated.

Further Challenges

HPD is in the process of implementing the housing initiatives announced in Mayor Giuliani's January 2001 State of the City Address: to complete the divestiture of the city's *in rem* vacant buildings, to prevent additional housing units from falling into the City's hands due to tax foreclosure, and to build homes and apartments as mixed-use residential and commercial developments so that residents will be able to shop and work near where they live. The new \$1.3 billion program will create or preserve more than 10,100 units of housing in the following ways:

- transforming vacant buildings into quality affordable housing – 1,100 units;
- ensuring that private residential properties avoid abandonment -- 6,000 units; and,
- assisting in the development of 875,000 square feet of new restaurants, stores, and commercial services as well as housing – 3,000 units.

Further details of program components are as follows:

Ending City Ownership and Management of Distressed Housing. HPD will complete privatization of the City's *in rem* stock. Funding is provided for the rehabilitation and privatization of the remaining 133 vacant *in rem* buildings.

Breaking the Cycle of Abandonment. HPD will conduct annual *in rem* tax foreclosure actions, and will preserve an additional 6,000 units through Third Party Transfer where the existing owner is either tax delinquent, irresponsible, and/or failing to maintain

Housing Preservation and Development

essential services for tenants. These units will be transferred to new responsible owners, with funding for rehabilitation to ensure their long-term viability as quality affordable housing.

Encouraging economic development in distressed and formerly distressed neighborhoods. HPD will create an additional 3,000 units in mixed-use developments, along with 875,000 sq ft. of commercial space. The premise behind the Department's mixed-use initiative is to redevelop vacant, City-owned land, attract commercial businesses, and create employment opportunities in under-served areas. This initiative is an extension of HPD's ANCHOR program (Alliance for Neighborhood Commerce, Home Ownership, and Revitalization).

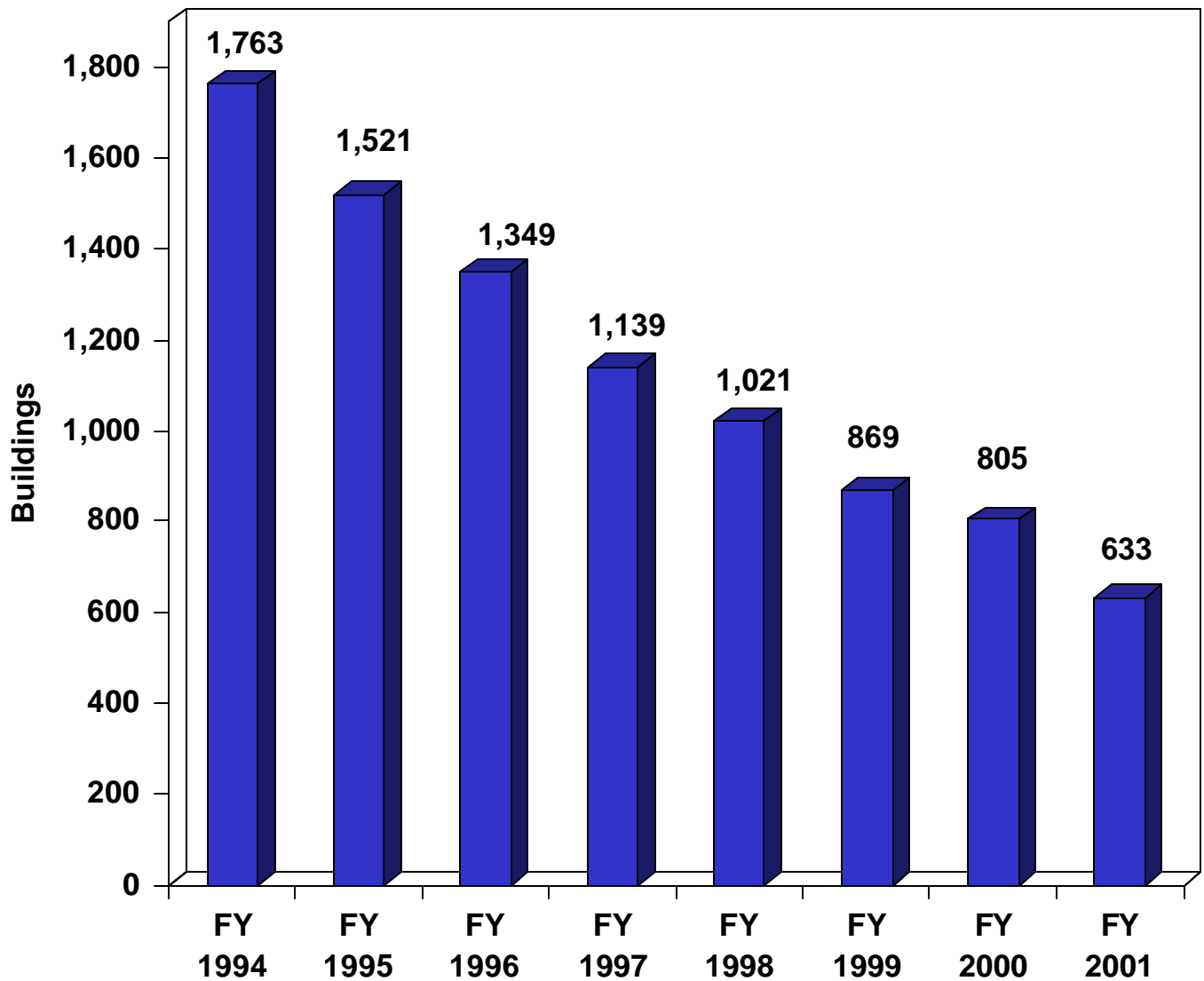
ANCHOR uses a combination of City, State, federal, and private funds to finance newly constructed retail space along targeted commercial corridors. This approach creates a sound commercial environment that encompasses improved security, transportation, sanitation, and business assistance services. Public subsidies reduce the high cost on new construction to produce rents that are affordable to local retailers and attractive to national and regional businesses.

Reducing Construction Costs and Reforming the Construction Industry. The cost of construction in New York City is heavily inflated – between 21 and 55 percent higher than cities such as Los Angeles, Chicago and Dallas. Manhattan District Attorney Robert Morgenthau's investigation of interior construction contractors suggests that as much as 20 percent was added to the cost of projects undertaken in the 1990s. To create a favorable climate for housing construction for years to come, the City must work to:

- remove organized crime from the industry by passing an updated and improved version of the reform bill introduced in the City Council in 1998;
- rezone vacant manufacturing land for commercial and residential use;
- reform the Building Code;
- reform the Buildings Department; and,
- reduce the number of “red tape” reviews a housing plan must go through, including zoning, environmental, permitting, and land use review procedures.

Department of Housing Preservation and Development

Vacant Buildings in Central Management Fiscal 1994-2001



CAPITAL MANAGEMENT

The Challenge

Maintenance and renovation of the City's infrastructure have a direct impact on the City's economy, public education, public safety, and other key services. In 1994, with steadily rising construction costs and with the City's fiscal stability threatened by a huge burden of debt – incurred largely for construction project funding – it was more crucial than ever that government manage its capital program efficiently and effectively.

On average, 25 percent of New York City capital construction projects were more than fifty percent behind schedule and no schedule information was available for 75 percent of the projects. Technical expertise varied from agency to agency, and contractors doing business with the City often had to deal with multiple agencies on the same project, each with their own procedures and documents. The system was inefficient and confusing, which deterred high quality contractors from bidding. There was a recognized need to professionalize the City's capital program by developing standardized construction procedures and practices, implementing procurement, payment and budgeting reforms, and introducing new construction-related technology. Most of all, the City needed to serve the public better in each area dependent on infrastructure, while making the most of limited resources.

Some of the most critical areas of need were as follows:

- Responsibility for design and construction of the City's capital projects was decentralized. As a result, no one agency or commissioner had primary responsibility for capital construction, and all too often an agency's operating and maintenance mandates superseded management of its capital program.
- Prior to 1994, it took the New York City School Construction Authority (SCA) five to six years to build a new school. Each September, schools would open with children and staff sharing precious space with workers struggling to complete major construction. In an overcrowded school system with over 1.1 million school children in 1,400 school buildings (more than half over 50 years old), the need to add capacity quickly was urgent. During the period 1990-1993, the number of new student seats created – less than 20,000 – lagged behind increased school enrollment by 58,639 seats. In addition, the condition of existing school facilities was a pressing problem; in 1994, as an example, over 350 schools were still being heated by antiquated coal-fired boilers.
- All the City's East River bridges were categorized as "poor" in State-mandated condition ratings, with the obvious effects of a lack of preventive maintenance showing. Currently the East River Bridges handle the daily volume of approximately 515,000 vehicles and 341,000 subway riders. Years of deferred maintenance and major reconstruction work posed a serious threat to these key elements in the City's transportation system. The challenge facing the Department of Transportation (DOT) in the 1990s was to formulate a plan of reconstruction for all four bridges that

Capital Management

minimized the disruptions to the traveling public, maximized the use of available funding, fostered good working relations with communities and other government entities, and maintained the structures in a safe condition during a decade-long construction schedule. On a citywide basis, DOT was faced with the need for innovative methods to reduce the time, cost, and inconvenience for the public while rebuilding the City's bridge infrastructure.

- In 1993 the City's street reconstruction program was almost at a standstill. Projects took very long to plan and implement and were poorly coordinated among City agencies. Information about project schedules was not well advertised to other entities working in the streets, and outreach to communities was clearly lacking. In addition, little thought was given to the significant negative economic impact these projects were having on the communities where they occurred.
- Too little was being done about the City's aging parks, playgrounds and recreation facilities. Only \$51 million in capital funding was devoted to renovating Department of Parks and Recreation (DPR) properties in Fiscal 1994, and traditional methods of capital planning, scheduling, and management did little to meet the need. The Department's overall condition ratings of small parks and playgrounds, which recorded only 42 percent acceptable conditions in Fiscal 1994, declined further to an all-time low of 39 percent acceptable in Fiscal 1995.

The following discussion focuses on four agencies – the Department of Design and Construction (DDC), DOT, SCA, and DPR – which have made substantial progress in modernizing and enhancing the capital management process. The City seeks to apply what has been learned from these accomplishments throughout its capital program.

The Solution

A. Department of Design and Construction

In 1995, the creation of a new construction agency, DDC, provided the City with an opportunity to implement technological improvements, maximize efficiency, and make substantial process reforms to shorten the time and decrease the bureaucracy involved in designing and constructing New York City's public buildings and infrastructure. The new agency's mission was to deliver the City's construction program faster, with improved quality and customer satisfaction, increased professionalism, and better coordination of construction projects in the City's neighborhoods, especially for streets, sewers, water mains and public buildings.

The creation of DDC combined the sewer, water main, and street work previously managed by separate agencies into one agency focused exclusively on construction. This ensures that streets are opened for reconstruction only once, minimizing the impact to neighborhoods and traffic. Also consolidated under DDC is the management of structures projects for City agencies including the Police and Fire Departments; the Departments of

Capital Management

Correction and Juvenile Justice; the Administration for Children’s Services, Human Resources Administration, Department for the Aging, Department of Homeless Services, and Department of Health; the Department of Cultural Affairs; the City’s three Public Library systems; and a portion of the Board of Education’s capital improvement program. The following are some specific methods improvements undertaken by DDC to enhance capital management.

Procurement. To improve the awarding and administration of construction contracts, several steps were implemented:

- DDC implemented an aggressive pre-award process. This process involves an intensive review, prior to awarding a contract, of the financial status of bidders, their previous performance on City projects and other similar projects, and their technical qualifications. This ensures that DDC is doing business with the best possible contractors.
- DDC initiated the use of Job Order Contracting (JOC), a unit-priced approach to costing and billing for construction work, and introduced requirements contracts for project design and construction. These procurement methodologies enable DDC to group a large number of small and medium-sized projects within one JOC or requirements contract, eliminating the procurement time for individual design and construction contracts and allowing DDC to complete these projects faster. Other innovative contracting methods include incentive contracts, which contain provisions for a financial incentive to the contractor for each day the actual completion date is ahead of the originally scheduled completion. Likewise, if the project is completed late, the contractor must pay a penalty for each day it exceeds the originally scheduled completion date.
- To reduce disruption and delays on infrastructure projects due to “interference work” for private utility companies, DDC introduced a new section into its contracts, requiring that the successful bidder on a contract immediately negotiate prices for interference work with the impacted utilities. In the event negotiations fail, both the contractor and utility company agree to submit their final offers to arbitration. The new contract provision replaces the practice of joint bidding, which was invalidated by the New York State Court of Appeals.
- DDC adopted a revised process for change orders valued at less than \$50,000, originally piloted by the Department of General Services. Under this process the Director of the Mayor’s Office of Construction delegated to the Agency Chief Contracting Officer (ACCO) the authority to approve change orders above the 10 percent threshold if the individual change order amount is under \$50,000. In the first year after implementation, processing time for change orders was reduced from 110 days to 75 days.
- To improve working relationships with contractors and make the City a more attractive customer to bidders, DDC introduced a substantially reformed payment

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process, which included a new computer application, PAYLOG, to track payments; centralization of payment functions to eliminate redundancy; and target completion dates for each step in the payment process. The new process substantially reduced the time it takes DDC to issue a payment to a contractor or consultant. The Department also implemented an automated Interactive Voice Response (IVR) telephone system that enables contractors to obtain information on the progress of payment requisitions as they proceed through DDC's internal check and balance system. More recently, DDC developed a protocol to transmit notices of payment deductions from its Engineering Audit Office and Chief Financial Office Accounting Unit directly to contractors and consultants via e-mail. This initiative will improve communications with the agency's vendors by providing more timely and accurate notification.

Project Management. A number of reforms have been instituted to enhance effective project management, improve communication with stakeholders, and maintain project safety:

- In collaboration with the Mayor's Office of Construction and the Law Department, DDC created a new performance bond, which is now being used by City agencies for construction projects. The new bond is designed to eliminate the problems and delays the City formerly experienced when working with surety companies after contractor defaults.
- DDC created the Office of Community Outreach and Notification (OCON) to keep the City's Community Boards, residents, merchants, and local elected officials informed about infrastructure projects in their neighborhoods. In addition to brochures describing the scope and schedules of planned projects, and newsletters that provide periodic updates on selected projects, OCON hires Community Construction Liaisons to maintain communication between the community, contractors, and DDC.
- DDC developed and implemented a project report card system to independently rate management, record keeping, construction quality, timeliness, and safety for its construction projects. This allows DDC managers to identify both specific problem projects and general areas for improvement.
- DDC also created the Key Performance Indicators (KPI) program. KPIs are based on interrelated databases that maintain information about the agency's projects, contracts, payments and support functions; and a multi-level reporting system which extracts data on critical processes in the agency's operating divisions and presents it in an easy to read yet comprehensive format. Quantifiable indicators from the business processes that best represent agency performance were identified, and are tracked and measured against predefined standards. The results help determine how well each division, and each unit within a division, is performing. A structured review process results in identification of specific issues and problem areas. Key Performance Indicator reporting is in place for DDC's Structures and Infrastructure Divisions, the Agency Chief Contracting Office, Information Technology Unit, Legal

Department, the Survey Unit of the Technical Support Division, and the Personnel Unit.

- DDC's Office of Environmental Health and Safety Services was created to conduct site safety audits. In addition to notifying the on-site project management staff when an unsafe condition is identified, the unit publishes safety advisories on the Department's intranet, along with photographs from DDC job sites illustrating safety issues. To support this effort, DDC has developed a software application for laptop computers to deliver real-time site safety information from the field to DDC and to the contractor for resolution.

Design Initiatives. A substantial portion of construction project delays and cost overruns are traceable to inadequate project design work. DDC has taken steps to enhance the quality of the design phase in its capital projects:

- DDC implemented an innovative new design quality program involving peer review and Commissioner's review. This is a presentation of a significant project by its architect to the Commissioner, various staff and one outside architect. The goals are to ensure that urban design issues are discussed and alternatives considered in the development of new structures, to share knowledge among DDC staff, and to encourage the open discussion of design issues at DDC. Projects reviewed through this procedure are generally in early design development, allowing the architect time to accommodate suggestions before the design is finalized.
- DDC has significantly increased the deployment and use of Computer Aided Drafting and Design (CADD) technology for the design of infrastructure projects. Since 1998 the number of CADD workstations at the agency has grown from 50 to 150, while the number of CADD operators has also increased threefold. CADD drawing standards have been instituted, enabling greater collaboration between internal DDC units and outside business partners, resulting in increased efficiency.
- The Department introduced new High Performance Building Guidelines, which include objectives, technical strategies, and performance criteria for the construction and operation of more energy-efficient buildings. These new guidelines are intended for select capital projects to achieve high performance goals that range from improved indoor air quality to reduced operating costs.

B. School Construction Authority

Over the past eight years, SCA has increased productivity, strengthened safety, restaffed the agency with construction professionals, and delivered a record number of new classroom seats in half the time previously taken. Specific steps in the revitalization of the agency addressed the following areas:

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Project Schedules. Improving the time it takes to build a new school or school addition required several important steps, including:

- creation of a Scheduling Unit to closely monitor project schedules;
- incorporation of school-approved phasing plans into construction contracts, which has reduced project delays and cost overruns;
- contract incentive bonuses for early project completion, as well as liquidated damages for delays, which were increased from \$1,000 to \$8,000 per day;
- provision of follow-up architectural services at construction sites to enhance quality control and provide immediate response to site problems; and
- adoption of the Design/Build contracting method, linking major phases of project work into one contract. Design/Build is further described below in the context of DOT's bridge reconstruction work.

Budget. Another challenge was to construct quality schools and additions while staying within budget. This has been achieved by strengthening SCA's in-house professional Architecture and Engineering staff and by utilizing higher-quality, more specialized consultants, allowing for better construction drawings and resulting in fewer change orders. These improvements substantially lower the cost of construction. In addition, SCA's Close-Out Unit expedites the completion of new projects and has deobligated over \$65 million of unused funds that can be used on other projects.

Quality. While meeting schedule and keeping projects within budget, it was important that quality would never be sacrificed. To that end, procedures were put in place to closely monitor the quality of school construction projects:

- SCA has eliminated the involvement of bureaucratic layers of construction managers, replacing them with SCA staff to manage projects. SCA's Quality Control Unit was reassigned from the agency's Finance Department to its Facilities Inspection Division, thereby benefiting from collaboration with the 28 inspectors in the FID unit.
- SCA increased the use of non-destructive testing and probes to determine underlying conditions and provide the information required for accurate and complete project scopes.
- The Community Relations Department has improved the level of communication with District Superintendents, Principals, teachers and custodians, City Council members and Borough Presidents, parents and the community. SCA now solicits Customer Satisfaction Surveys and Post Occupancy Evaluations on all completed projects. In Fiscal 1999 a Complaint Tracking System was established by the Community Relations Department to record, distribute, resolve and respond to complaints.
- In January 2001, a new unit was established called Project Health Assessment. The staff meets regularly with contractors and stakeholders throughout the life of a construction project to monitor a number of areas key to project success. This

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information is reviewed and evaluated to ensure that small problems are resolved and do not escalate.

- SCA has also strengthened the policies and procedures of its Prequalification Unit to ensure that contractors are fully investigated before they are accredited to work on school projects, including review of financial records, criminal background checks, and overall industry experience.

Safety. In 1994 SCA's safety department consisted of one full time safety manager, with safety inspections performed by hired consultants. In 1998 SCA established the "Safety First" program. Safety First is considered the most stringent program in the construction industry, exceeding the requirements of the New York City Building Code in a number of areas. Improvements enacted under Safety First include the following:

- SCA now employs 12 full time certified site safety inspectors;
- a round-the-clock emergency hotline has been established for reporting safety problems;
- immediate action is taken to correct safety violations;
- a site safety plan is required for all exterior work;
- protective sidewalk shedding and/or fencing must be installed before exterior construction work begins;
- whenever possible, construction work is performed at night, on weekends and during the summer months to limit disruptions in occupied schools;
- mandatory site safety training courses are required for all SCA project officers; and,
- SCA, in conjunction with the Building Trades Employers Association, now offers free site safety training courses to construction managers and prequalified contractors.

C. Department of Transportation

East River Bridges. From Fiscal 1994 to the present the City has committed \$1.8 billion for the reconstruction of all the East River Bridges. An internal reorganization of the Bridge Division created an East River and Moveable Bridges Bureau, which is responsible for all rehabilitation work that is planned or currently taking place on the four East River Bridges, Moveable Bridges and Tunnels, and all component rehabilitation activities. Each Section Head within the unit is assigned a specific bridge or bridges for which they are responsible for all design and construction activities. The restructuring improved coordination and communication within the East River Bridge Program.

Numerous innovative concepts were implemented during the design and construction phases of the East River Bridges, designed to complete construction in a timely manner with minimum impact to those who use these facilities and the communities that surround these structures. These innovations, which have been or are being adapted for use in other DOT projects, include:

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- Incentive/Disincentive contract clauses, to encourage contractors to meet project schedules;
- targeted acceleration of critical components of bridge rehabilitation, to minimize impact on users and advance the overall program schedule;
- deployment of Traffic Enforcement Agents to control traffic conditions created by construction projects;
- Variable Message Display Signs to keep motorists informed of changes in roadway conditions and access;
- an expanded program of public outreach, community concurrence and involvement; and,
- establishment of a Dedicated Preventive Maintenance Program targeting critical structures.

The Manhattan and Williamsburg Bridges present particular challenges in terms of scheduling, coordination, and timely completion of project components because they support critical subway lines between Brooklyn and Manhattan. A general outline of East River Bridge project components since 1994 is as follows:

- Rehabilitation of floor systems, trusses, and roadways of suspended spans began on the Brooklyn Bridge in 1994; subsequent completed work includes additional component rehabilitation, resurfacing of the bridge's main span, and replacement of the suspended span deck. Current work on the Brooklyn Bridge focuses on rehabilitation of approaches and ramps on both sides of the East River.
- Rehabilitation work on the Manhattan Bridge began in 1996 with replacement of the maintenance platform in the suspended span. The construction program was expanded in 1997 to include steel rehabilitation, painting, and replacement of electrical and mechanical systems. Currently, work continues to reconstruct major bridge components including the north roadway and track structures.
- In 1994 work began to address critical maintenance conditions and prepare for additional reconstruction on the Williamsburg Bridge. Subsequent work has included rehabilitation of main cables, replacement of roadway approaches and decks, and replacement of subway tracks, signals and communication equipment. DOT is currently working to replace the north approach structure, while continuing rehabilitation and painting on main bridge sections.
- Rehabilitation of Queensboro bridge approaches and roadways began in 1996. Current work includes rehabilitation of the outer roadways.

Contract Acceleration. Since 1994 DOT has utilized various methods to mitigate the impact of bridge construction work on the public, by completing project components faster and by working more effectively with the affected communities. Some of the methods utilized have included:

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- The use of incentive/disincentive clauses in contracts, whereby the contractor is fined for construction delays beyond the originally scheduled completion date and, conversely, rewarded for completing the project ahead of time.
- The use of prefabricated components, thereby reducing total construction time by eliminating delays such as curing time for concrete.
- The use of precast concrete filled grating, which was successfully applied in the Brooklyn Bridge emergency redecking project. These precast panels are not only time savers, but also have an expected lifespan almost twice as long as conventional concrete deck.
- Increased attention to community concurrence and involvement. To avoid disrupting traffic flow during construction projects, DOT has found it critical to increase community awareness and, wherever possible, buy-in on schedules for each major phase of capital work, and to make good on its promises by completing work on time or sooner. In September 1996, the Department formed a Construction Acceleration Committee to review all bridge projects and identify viable candidates for acceleration. In 1996, the Bridge Division added a Community Affairs Liaison to reach out to the various communities prior to the onset of construction. This allowed the Department to take an active approach in addressing community concerns and needs related to closures and detours.

Bridge Design/Build Program. The multiple procurement steps needed for a typical capital reconstruction project, coupled with the lengthy preliminary and final design periods involved in a bridge reconstruction project, typically resulted in construction commencing almost five years after a need was first identified. Meanwhile, the public was faced with a deteriorating structure and funds from the City's Expense Budget were spent to keep the structure in a safe condition until capital work could start. In addition, design errors are often discovered only during actual construction work, resulting in delays and increased project cost.

To address this problem, the City began a pilot project in 1994 of a new program called Design/Build. This is a method of project delivery in which the owner executes a single contract with one entity to provide preliminary and final design services, construction support, and inspection services. The \$24 million pilot project involved six bridges that carry traffic over New York City Transit's (NYCT) Sea Beach Line. By the pilot's conclusion in 1997, the overall project schedule was reduced by three years and the City saved approximately \$10 million compared to initial estimates.

Since the success of the pilot project, the City has embarked on several other reconstruction projects using this method. Some of the bridge structures included in this program are as follows:

- The reconstruction of six bridges over the Franklin Avenue Shuttle in Brooklyn. The planning for this project began in January 1997, with commencement scheduled for

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July 1998. This project was timed to coincide with the planned shutdown of railroad tracks by NYCT. The total cost of this project was \$15 million; the City saved approximately \$8 million and five years.

- In 1998, during the scheduled replacement of the deck of the Brooklyn Bridge, it became apparent that the 50-year-old concrete-filled grid deck was failing due to age and corrosion. An emergency Design/Build Procurement was used to begin construction in seven months instead of 27 months. Nighttime work was scheduled to minimize the inconvenience of lane closures to the public. The entire project took two years to complete; using conventional procurement methods, more than two years would have been required to reach the point of registering a contract for the work.
- In April 2000 work began on the \$7 million reconstruction of the Third Avenue and Ridge Boulevard Bridges over Shore Road Drive in Brooklyn. Working with the community and using the Design/Build approach, the City reopened the bridge ahead of schedule in February 2001.
- Future projects slated for the Design/Build program include the \$60 million reconstruction of the Belt Parkway Bridge over Ocean Parkway, replacement of the superstructure of the Rikers Island Bridge, and a number of pedestrian bridges.

Roadway Reconstruction. The City's new approach to rebuilding its streets involves three key components:

- Customer-Oriented Perspective. Public outreach became a key component of all street reconstruction work. Outreach on major projects was conducted by hired consultants who reached out to the Community Boards, community groups, and elected officials. The Department of Transportation reorganized to create Borough Commissioners; these senior managers have the authority to help elected officials, community groups and citizens negotiate the City bureaucracy so that their questions and needs can be addressed. Lastly, the growth of the Internet as a means of communication over the last several years gave the agency a powerful new mechanism for providing information to the public.
- Duration of Construction Projects. The Department recognized that lengthy roadway projects were having negative economic and quality of life impacts on communities. In addition, with the growth of the economy and the boom in construction over the last seven years, the need to speed up street projects and reduce the impact on traffic became even more important. In 1995, in order to reduce the impact of road construction on the public, the Department began to incorporate accelerated work schedules into capital roadway construction contracts. Street construction contracts were accelerated by using careful contract monitoring, including mandatory night and weekend hours, and requiring longer shifts.
- Creation of the Department of Design and Construction. In Fiscal 1997 the Roadway Design and Construction program was shifted from DOT to the newly-formed

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Department of Design and Construction. This transfer was part of the citywide initiative to centralize design and construction management and to increase efficiency in the capital contracting process. The initiation of capital roadway projects remained the responsibility of the Department of Transportation; DOT also retained responsibility for roadway resurfacing.

D. Department of Parks and Recreation

Since 1995, the City has committed more than \$1 billion in capital funding to its parks, playgrounds and recreational facilities, including \$251 million for Fiscal 2001. Major projects undertaken by the Administration include the renovation of City Hall Park, installation of irrigation systems in 12 of DPR's 13 golf courses, the stabilization of the Cromwell Recreation Center in Staten Island, and the construction of the Salt Marsh Nature Center in Marine Park. DPR has also broken ground on the construction of the Flushing Meadows Corona Park Pool and Rink – the first new Parks pool in four decades – and has restarted the construction of the Chelsea Recreation Center.

The Department currently allocates nearly \$18 million in mayoral Funding to Capital Requirements Contracts. Introduced in 1995, requirements contracts enable DPR to quickly improve features such as fencing, safety surfaces, benches, and play equipment at a number of park sites under a single contract. Capital Requirements Contracts are now also used to renovate buildings and pools. This initiative has reduced from years to months the turnaround time for improvements, and has contributed to improved park conditions as reflected in the Department's condition ratings.

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| Chronology of Implementation | |
|------------------------------|--|
| Calendar 1995 | DPR introduces requirements contracting for parks capital program. |
| October 1995 | Department of Design and Construction created by Local Law 77. |
| July 1996 | DDC assumes responsibility for roadway reconstruction, sewer and water main work. |
| August 1996 | DOT completes reconstruction of the Manhattan Bridge south upper roadway and reopens the bridge to traffic four months ahead of schedule. |
| December 1996 | DDC introduces Job Order Contracting and requirements contracts. |
| November 1998 | DDC begins phased implementation of Key Performance Indicators reporting. |
| June 1999 | After five successive years of improvement, DPR overall condition ratings of small parks and playgrounds rise to 89 percent acceptable. |
| December 1999 | The School Construction Authority completes 33 new schools during the six-year period 1994-1999, three times the number of new schools completed during 1988-1993. |
| September 2001 | All coal-fired boilers in New York City's public schools are replaced by dual fuel boilers. |

Outcomes

Department of Design and Construction. The success of DDC's initiatives is seen in indicators of productivity, efficiency and output.

- While staffing levels have remained relatively constant from Fiscal 1997 to 2000, the number of completed construction projects grew by 316 percent, with an 87 percent increase in early/on-time performance. In Fiscal 1997, DDC completed 154 construction projects, 47 percent of which came in on or ahead of schedule. The Department completed 371 construction projects in Fiscal 2001, 85 percent on or ahead of schedule.
- The percent of projects completed within budget under DDC's management has risen from 72 percent in Fiscal 1997 to 96 percent for Fiscal 2001.

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- New construction contract commitments have risen steeply. DDC began with \$668 million in contract registrations in Fiscal 1997, growing to \$917 million in Fiscal 2000. The Fiscal 2001 capital commitment plan exceeded \$1 billion, with projected contract registrations at \$1.25 billion. This represents an 87 percent increase in the commitment plan over five years.
- The dollar value of payments made to consultants and construction contractors grew from \$422 million in Fiscal 1997 to \$784 million for Fiscal 2001, an increase of 86 percent. On-time performance for capital payments (the time it takes the agency to issue a payment to a contractor or consultant) increased from 64 percent in Fiscal 1996 (the average performance of DDC's predecessor agencies) to 99 percent in Fiscal 1998, 1999, 2000, and 2001. This means that for the past four years, 99 percent of invoices have been paid within the prompt payment guidelines established by the City's Procurement Policy Board.
- DDC has completed construction of two major buildings that were designed employing the agency's High Performance Building Guidelines – the new South Jamaica Branch of the Queens Borough Public Library, completed in December 1999, and the new Children's Center for the Administration for Children's Services, completed in November 2000. To promote more energy-efficient construction throughout the industry, these guidelines were made available to the general public on the agency's home page on NYC.GOV.
- Major projects completed by DDC's Structures Division include:
 - Bronx Housing Court (October 1997)
 - Flushing Library (May 1998)
 - Hollis Daycare Center (November 1998)
 - Chinese Scholars Garden (June 1999)
 - Langston Hughes Library (July 1999)
 - Flatbush Library Renovation (July 1999)
 - South Jamaica Library (December 1999)
 - Concourse Village Daycare Center (January 2000)
 - 2nd Street Daycare Center—Brooklyn (February 2000)
 - Administration For Children's Services—New Children's Center (May 2000)
 - Engine Company 75 (June 2000)
 - Harlem EMS Center (July 2000)
 - 33 Precinct (January 2001)
 - Beach Channel Daycare Center (May 2001)
 - Hunts Point Recreation Center (August 2001)

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School Construction. From 1990 to 1993, the City added 19,444 student seats to the public school system, while enrollment grew by 78,083 students. During the period 1994-2001, 135,759 new seats were added, compared with enrollment growth of 96,627.

The proportion of capacity projects (those that create new student seats) completed on time or early by the School Construction Authority was 70 percent in Fiscal 2000 and 72 percent in Fiscal 2001.

SCA surveys principals and other customers in the schools for which it has completed construction projects. For projects completed during Fiscal 1997, 43 percent of respondents expressed overall satisfaction with the work, increasing to 61 percent for projects completed during Fiscal 2000, the last period for which survey responses have been received and summarized. The survey for Fiscal 2000 noted minor problems that had already been resolved in 15 percent of responses, and problems requiring follow-up in 24 percent of responses.

Bridge Reconstruction and Rehabilitation. New approaches to rehabilitating the City's bridges, including contract acceleration, have brought about the following results:

- Manhattan Bridge Upper Roadway, Manhattan and Brooklyn - completed in August 1996, four months ahead of schedule.
- Fordham Plaza, The Bronx – reopened 14 months ahead of schedule.
- South Avenue Bridge, Staten Island – reopened six weeks ahead of schedule and two weeks ahead of its accelerated schedule.
- Avenue P Bridge – completed 12 months ahead of schedule.
- Park Lane South Bridge – completed 22 months ahead of schedule.
- Bedford Park and West 205th Street Bridges – completed in less than three years, instead of the five years originally estimated
- East Gun Hill Road Bridge – completed 2.5 months ahead of its accelerated schedule.
- Johnson Avenue Bridge – demolished seven months ahead of schedule.
- Williamsburg Bridge South Outer Roadway – completed 10 months ahead of schedule.
- Williamsburg Bridge – subway service was restored 35 days ahead of schedule.
- Shore Road Drive Bridges – reopened 13.5 months ahead of schedule and 1.5 months ahead of its accelerated schedule.
- Brooklyn Bridge Redecking – completed 20 nights ahead of schedule.
- Williamsburg Bridge North Outer Roadway – reopening expected in December 2001, 50 days ahead of schedule.

Roadway Reconstruction. Highlights of DOT's street reconstruction program over the past seven years, including expected project completions during Calendar 2001, are as follows:

1995

- Completed reconstruction of Sixth Avenue, Manhattan

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- Completed reconstruction of St Nicholas Avenue,
- Completed reconstruction of Farmer's Boulevard, Queens
- Completed reconstruction of 15 Blocks of Hudson Street, Manhattan
- Reconstruction of Boston Road (Bronx); Smith Street (Brooklyn); Columbus Ave and Malcolm X Boulevard (Manhattan)

1996

- Completed 90 percent of construction on Columbus Avenue South, Manhattan
- Completed Smith Street, Brooklyn
- Completed majority of Hudson Street, Manhattan

1997

- Completed reconstruction of Rockaway Blvd, Queens

1998

- Completed reconstruction in Hunts Point, Bronx
- Completed reconstruction of Carpenter Avenue, Bronx
- Completed reconstruction of Booth Memorial Avenue, Queens
- Completed reconstruction of Forest Hill Road, Staten Island

1999

- Completed reconstruction of Father Capodanno Blvd, Staten Island

2000

- Completed reconstruction of McGuinness Blvd, Brooklyn
- Completed reconstruction of Chatham Square, Manhattan
- Completed reconstruction of Stone Street, Manhattan
- Completed reconstruction of 14th Avenue, Queens

2001

- Manhattan College Parkway, Bronx (Expected completion December)
- Manhattan Avenue, Brooklyn (expected completion August)
- Completed reconstruction of Liberty Avenue, Brooklyn
- Parkville, Brooklyn (expected completion December)
- Reconstruction of St. Felix Street, Brooklyn (expected completion October)
- Mulry Square, Manhattan (expected completion September)
- Harlem Gateway, Manhattan (expected completion December)
- Sixth Avenue, Manhattan (expected completion October)
- Completed reconstruction of Queens Boulevard (Phase I of Pedestrian Safety Project)
- Completed reconstruction of Baxter Avenue, Queens
- Jamaica Avenue, Queens (expected completion)
- Sutphin Boulevard, Queens (expected completion October)

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Parks and Recreation. DPR's rating of the overall condition of small parks and playgrounds improved from 39 percent acceptable in Fiscal 1995 to 88 percent acceptable in Fiscal 2001. Of twelve dimensions rated by the Department for these properties, six relate to infrastructure conditions. Fiscal 2001 ratings for these dimensions were: sidewalks, 97 percent acceptable; safety surfaces in play areas, 89 percent; play equipment, 86 percent; paved surfaces, 90 percent; fences, 94 percent; and benches, 95 percent.

Further Challenges

Repeal of the Wicks Law. The Department of Design and Construction advocates legislation to revise or repeal New York State's Wicks Law, which requires that building projects greater than \$50,000 in value have four separate contractors -- HVAC (heating, ventilation and air conditioning), electrical, plumbing, and general. This requirement of four contractors with no contractual relationship between them results in increased costs and project delays, and the Wicks Law has historically been one of the biggest procedural problems for the City's capital program. In addition, the School Construction Authority was originally created to operate with a special exemption from Wicks Law requirements, enabling school capacity to be expanded more quickly; however, this exemption must be periodically renewed. In the absence of repeal, SCA will seek State legislative action to grant it permanent exemption from the Wicks Law.

Department of Design and Construction. New initiatives to be implemented include the following:

- Electronic Bidding will enable posting of bid advertisements, plans and specifications on the agency's NYC.GOV home page. This is a first step towards implementing competitive sealed bids via the Internet.
- DDC will develop an automated workflow system for consultant and construction procurements that includes automatic document generation, electronic notification, and date tracking of specific tasks. The agency will also develop a protocol that will enable the electronic file transfer of design drawings to consultants and utility companies. Benefits will include reduction in the time and cost to deliver the drawings and improved coordination of infrastructure construction projects with utility companies.
- DDC will work with the Mayor's Office of Construction to increase the threshold value at which approval by that Office is required for contract change orders from \$50,000 to \$250,000. Since a significant portion of DDC's change orders exceed \$100,000, internal approval for a greater number of them would reduce the time it takes to process change orders, which directly affects the on-time performance of construction projects as well as the time required to pay contractors.
- DDC will seek to introduce legislation in the New York State legislature to permit joint bidding. A 1998 Court of Appeals decision overturned the City's use of the

joint bidding contract language it had previously used. Joint bidding reduces project delays resulting from extended negotiations during construction between contractors and utility companies.

School Construction. The School Construction Authority operates under a five-year capital plan prepared by the City's Board of Education. A New York State report issued on July 26, 2001 charged that the Board of Education had mishandled nearly \$2 billion in authorized capital funding for schools, while ignoring indications of a very large budgetary shortfall in the capital program; this shortfall is forcing the rescheduling of many school completions within the Board's current five-year plan. The State report, the Governor, Mayor Giuliani, and newspaper editorials are unanimous in urging that the best solution to the problem is to make the public schools capital program directly accountable to City Hall.

East River Bridges. In the Preliminary Capital Plan for Fiscal Years 2002-2011, the City commits \$690 million for continued reconstruction of the four East River bridges. All remaining construction contracts for these bridges will be registered by 2007. By this time, reconstruction of the Queensboro, Manhattan, and Williamsburg bridges will be complete, and reconstruction of the Brooklyn Bridge ramps will be in its final stages.

Design/Build Contracting. Based on DOT's experience with the Design/Build Program, changes continue to be implemented. For example, the Department has realized the need to procure Resident Engineer and Inspections (REI) services – that is, monitoring and inspection of construction site work – separately, rather than allow for the REI to be a subcontractor to the primary contractor. The Department will also include in future contracts provisions that will oblige the company to show the City the signed contract between the contractor and the designer prior to registration. Finally, the Department will continue to work closely with other agencies and entities to ensure timely design review and coordination.

The Design/Build Program works for the City and has been embraced by the public. Community Boards, private utilities, and the contracting industry have shown their support for this program. The challenge is to find a way to ensure the continued commitment to this program by consulting engineering firms. These firms' concerns include professional liability, the cost to put a proposal together, independence from contractors, and most importantly, the fast-paced movement of projects and the requirement for quick submissions and approvals.

Roadway Reconstruction. DOT also continues to explore ways to make the street reconstruction process better. The central goals are to speed up the capital project initiation process, and to reduce the time it takes to answer community and elected official questions about capital roadway projects.

One of the biggest challenges the Department faces when planning and designing projects is managing information. Frequently, projects are worked on for periods of time and then put aside or on hold for a variety of reasons. Many projects are reactivated but are handed

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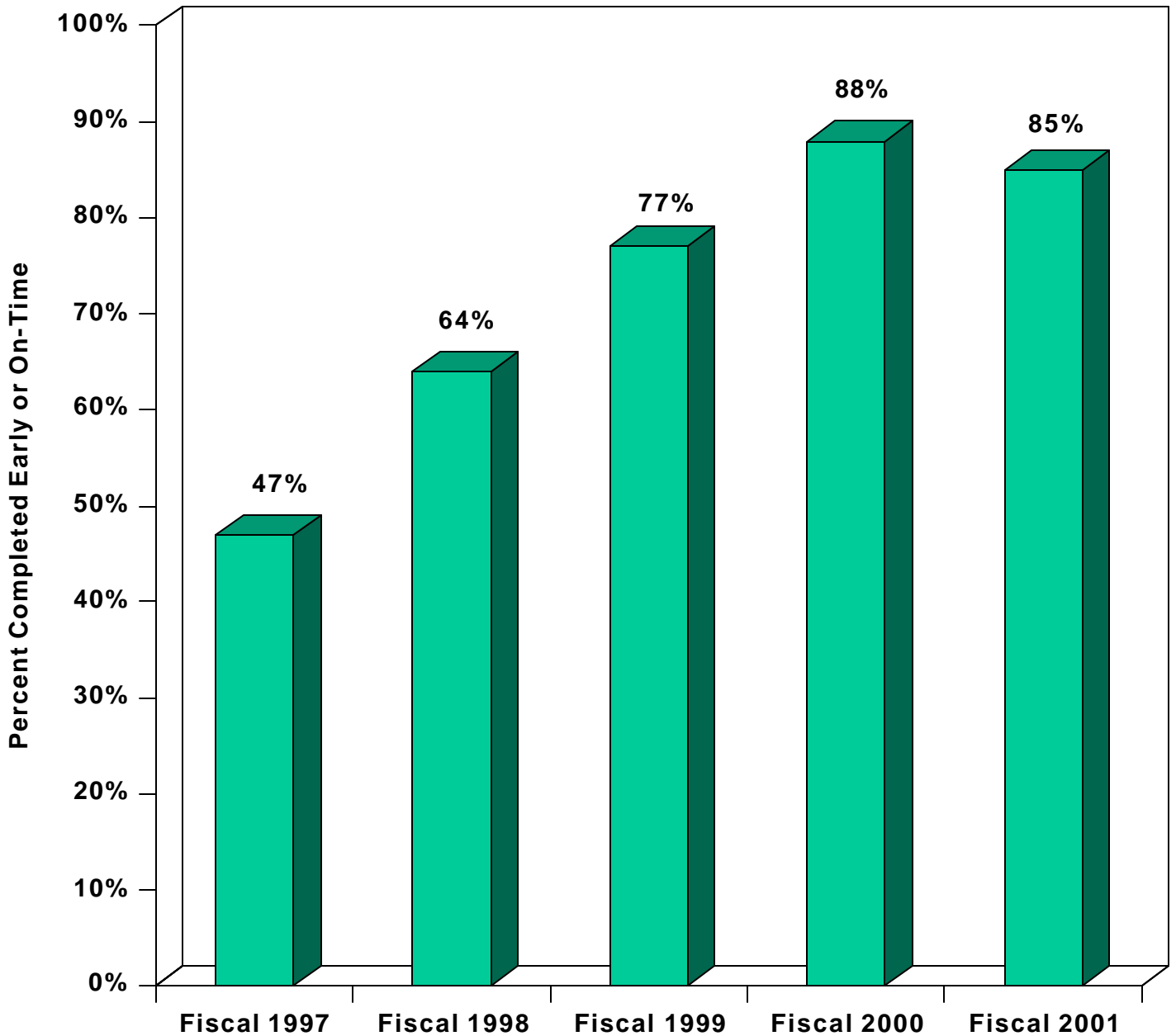
over to different planners or engineers. Valuable information about projects is often gathered in non-standard formats, or even lost, and the information is difficult to interpret after long periods of idleness. Time and money are often wasted in efforts to gather the same information over again. In addition to delaying projects, these problems make it very difficult to answer the frequent questions received from communities and elected officials about street projects.

The Department believes that using new technology to better manage the large number of project requests received in the Capital Project Initiation (CPI) group will allow for better management of information. The goal is to develop a database that will allow for better management of all projects. A Roadway Capital Planning GIS-based Data Management System (RCPGIS) is in development. It will significantly improve productivity by creating a method to save all information about capital projects in a standard format that all Roadway Capital Planning staff can access, including scanned documents, drawings, maps and photos. The Unit is also working to increase efficiency by drawing information necessary to complete projects from other databases within the agency, such as accident information, street assessment data, and other information in the roadway management system. DOT expects to partially implement RCPGIS by the end of Calendar 2001, with full implementation by the end of 2002. Once implementation is achieved, the Department will seek to connect with other databases such as the Citywide Financial Management System (FMS), with databases at other agencies such as DDC and DEP, and with utility companies.

Parks and Recreation. At the close of Calendar 1999, DPR extended its condition rating system to cover large parks. For Fiscal 2001 the overall conditions of large parks were rated 70 percent acceptable by the Department, compared with 88 percent acceptable for small parks and playgrounds. DPR's challenge is to identify both resources and methods to attain the same condition improvements in large parks that have been seen in smaller parks and playgrounds.

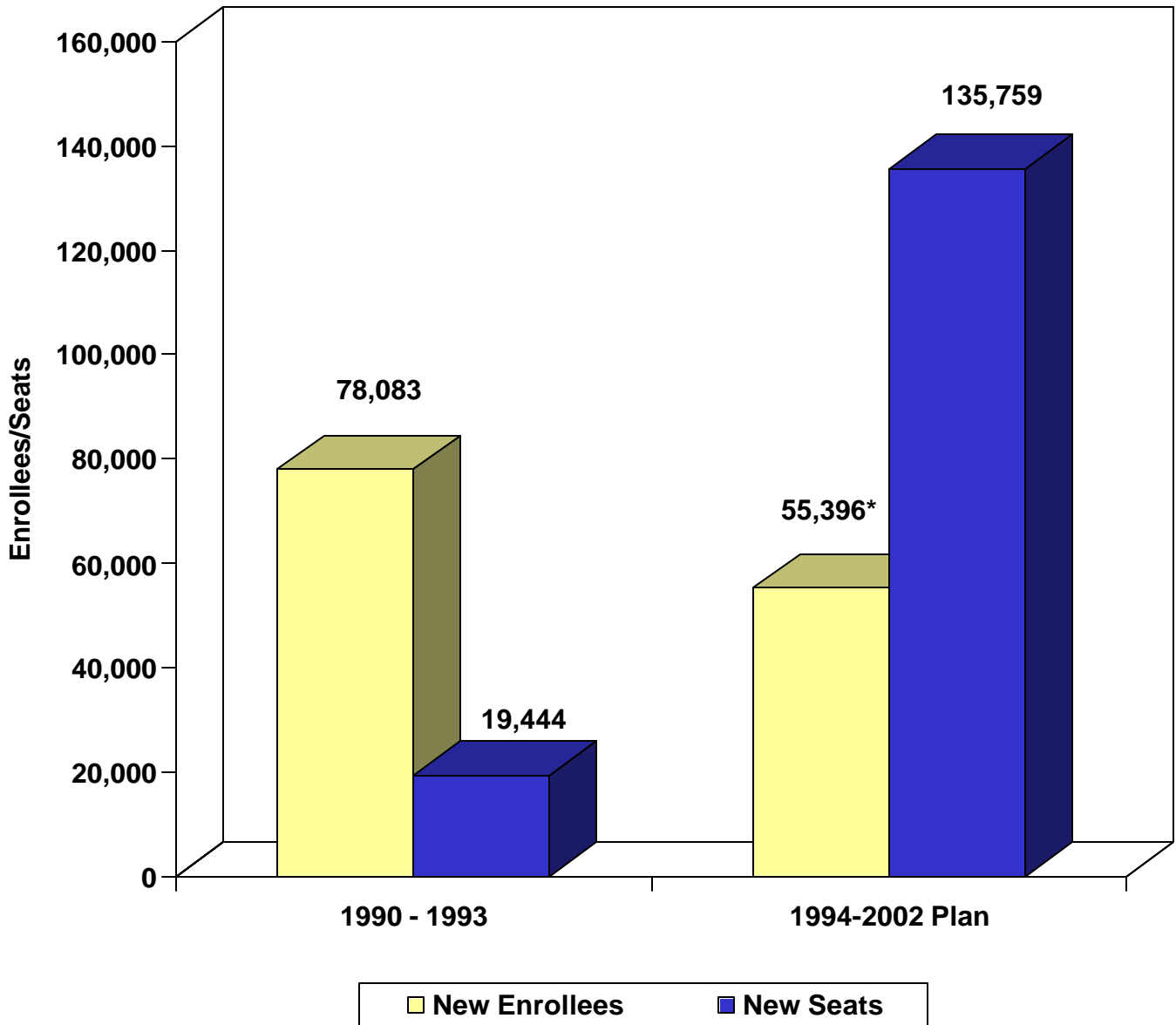
Department of Design and Construction

Percent of Total Projects Completed Early or On Time Fiscal 1997-2001



Board of Education/School Construction Authority

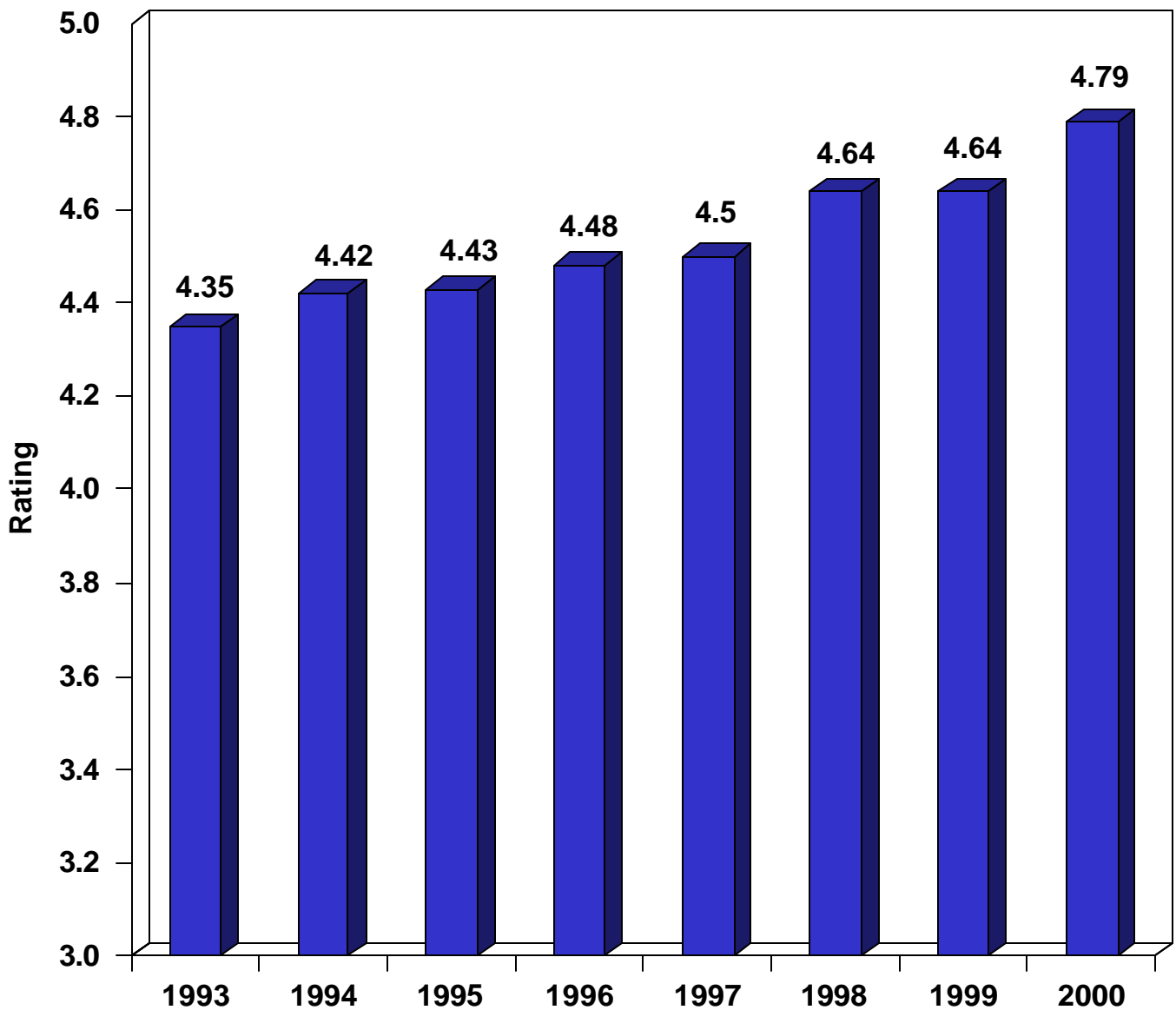
New Enrollees and New Seats 1990 - 2002 Plan



*Figure does not include approximately 33,000 children in Universal Pre-Kindergarten in community-based settings for the 2001-02 school year.

Department of Transportation

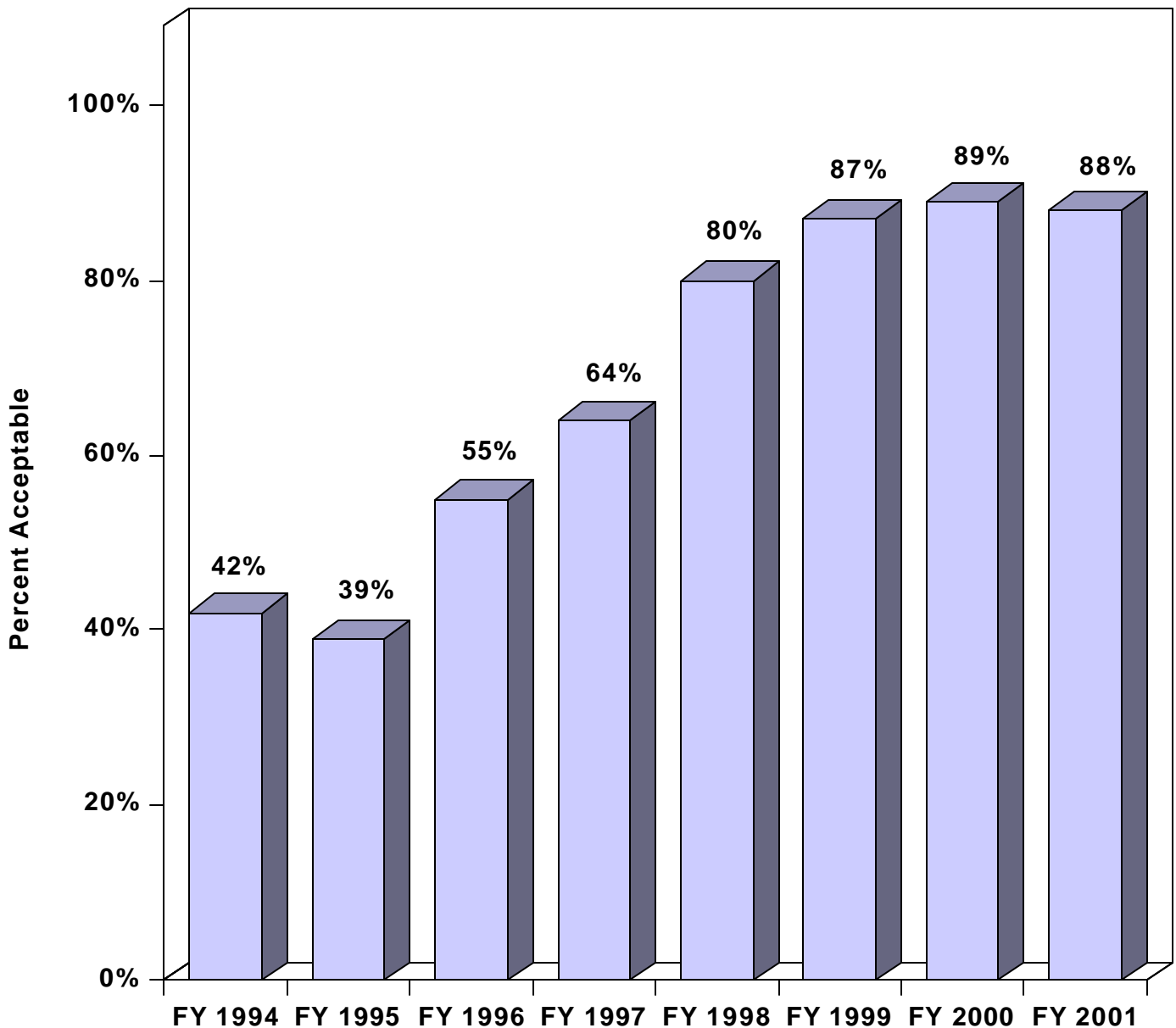
Average Condition Ratings 759 Bridges Calendar 1993-2000



Note: New York State rates the condition of the City's bridges on a scale from 1 to 7 with 7 signifying very good condition.

Department of Parks and Recreation

Overall Condition Rating for Small Parks, Playgrounds, Sitting Areas and Greenstreets Fiscal 1994-2001



*The Greenstreets Program was launched in 1996 but ratings began in 1998.

REGULATION

The Challenge

The burden of complex and inflexible regulations, and of the methods by which government seeks to enforce regulations, is a significant obstacle to economic progress and thus to the quality of life for all citizens. At the same time, conscientious regulatory control over business activity and citizen behavior is a necessity for protecting the public and upholding the law.

In September 1994, the Giuliani Administration identified procedures through which it would seek to implement regulatory reforms:

- elimination of license requirements where possible;
- alternatives to office visits, in the form of telephone, fax, and computer access;
- “one-stop shopping” for key categories of license and permit applications;
- self-certification for some categories of license and permit applications;
- credit card payment options;
- consolidation and coordination of inspection functions;
- early warning systems to inform entrepreneurs of minor infractions before fines are imposed;
- improved business relations through the development of industry-specific guides to regulation, improved notice of new rules, increased outreach, adoption of a customer-service approach within agencies, and user-friendly City web sites;
- comprehensive review and revision of City regulatory codes; and,
- legislative action.

The City has worked hard since 1994 to streamline and improve the rules and regulations, laws and Code provisions governing business and related activity, making it easier for both agencies and citizens to establish and maintain compliance with necessary regulations, and promoting a more business-friendly environment.

In addition, substantial effort has been applied to reforming and modernizing the internal culture and operational methods of the agencies and units responsible for City regulatory functions. While many agencies share these responsibilities, there are five – the Departments of Finance, Buildings, Consumer Affairs, and City Planning, and the Taxi and Limousine Commission – whose missions are largely or wholly regulatory, and which have a huge impact on the City’s business community. Through a number of critical initiatives, the City has sought to make government more accessible to citizens through consolidation of functions and new technology; to adapt regulatory processes to the overall goal of facilitating development; to ensure that issues vital to the safety and well being of the public are addressed through effective targeted enforcement; and, where necessary, to reestablish integrity in carrying out regulatory mandates. While the full scope of these agencies’ reengineering initiatives can not be included, this chapter provides representative examples of their efforts.

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The Solution

A. Department of Finance

Reorganization. The Parking Violations Bureau (PVB), which is responsible for collection and adjudication of parking summonses, was transferred from the Department of Transportation to the Department of Finance in July 1994, allowing for integration with DOF's other collection functions and a greater emphasis on customer service. To further integrate the City's efforts against parking violators and scofflaw motorists, the Office of the Sheriff was merged into the Department of Finance in July 1995.

Citywide Consolidation Project. In 1994 the City's licensing, collection, payment and adjudication functions were too disorganized to serve either the City's or the public's interests. The licensing process compelled businesses to interact with several different agencies located in different parts of the City. It was impossible for any one agency to determine what fines, fees and taxes a business owed to other City agencies, because each had its own separate database; this made it extremely difficult to pursue efficient collections.

In response, Mayor Giuliani commissioned the Department of Finance (DOF) to direct a multi-agency effort known as the Citywide Consolidation Project. The goal was to develop programs to enhance service delivery, increase revenue, and streamline work processes by combining licensing, collection, payment and adjudication functions scattered throughout different City departments. Project participants would eventually include the Departments of Health (DOH), Transportation (DOT), Consumer Affairs (DCA), and Information Technology and Telecommunications (DoITT); the Environmental Control Board (ECB); the Taxi and Limousine Commission (TLC); the Mayor's Office of Management & Budget; and the Mayor's Office of Operations.

The objectives of the Consolidation Project are as follows:

- make the City's licensing process more cost-effective and business friendly while maintaining thresholds of public protection, confidence and integrity;
- increase revenues by moving debt collection to the front end of the City's licensing, permitting and procurement processes;
- consolidate the collection efforts of participating agencies both to achieve economies of scale and to establish a consistent level of quality; and,
- create a fair and impartial adjudication process for the resolution of civil penalties imposed by City agencies.

The steps to these goals were as follows:

Citywide Licensing Center. One of the first goals of the Consolidation Project was to create a centralized "one-stop shopping" licensing center. The City's Consolidated Licensing Center opened in November 1996 at 42 Broadway in Lower Manhattan.

Operations and improvements at the Citywide Licensing Center are detailed below under the Department of Consumer Affairs.

Consolidated Borough Business Centers. The City built three new Borough Business Centers in Manhattan, Queens and Staten Island to house in-person payment functions for the Departments of Finance, Health, and Consumer Affairs, and the Environmental Control Board. The centers allow taxpayers, parking ticket respondents and other customers to pay fines, fees and taxes in one central location. Participating agencies took the following steps to improve service delivery:

- cross-trained customer service employees, including cashiers, to accept and process multiple transactions;
- installed an automatic customer queuing system;
- extended the hours of operation;
- accepted credit/debit card payments;
- installed informational kiosks;
- merged Sheriff Redemption Centers into business centers;
- conducted periodic customer satisfaction surveys;
- accepted applications for property tax assessment protests, exemptions, and unpaid claims; and,
- provided computer terminals for the public to obtain tax information.

Private Neighborhood Payment Centers. In 1997 the Department of Finance established the Neighborhood Payment Center Program (NPC). This program, which utilizes a network of private walk-in bill payment centers, provides an additional 400 locations throughout the New York City region where customers can pay City real estate tax, parking tickets and water bills conveniently.

City Agency Management Information System (CAMIS). To develop a citywide licensing database, a team of in-house programmers led by the Department of Finance adapted the Department of Consumer Affairs' CAMIS system to handle what was, at the time, manual records kept by DOH. The combined DCA/DOH licensing system was then further enhanced, using both in-house and consultant resources, to create a licensing system for use by the Taxi and Limousine Commission based on the existing CAMIS technology. The City now has an operating platform that can be further leveraged to include other agency licensing applications.

NYCServ Technology Plan. In 1998 the Department of Finance launched the NYCServ Technology Project. NYCServ is a complex technological enterprise aimed at developing a state-of-the-art front-end computer system that will seamlessly knit together legacy databases from five different agencies: Finance, Environmental Protection, Consumer Affairs, Health and ECB. NYCServ will provide two thousand employees across five agencies with payment and customer service productivity, cost savings, and revenue enhancement opportunities. The system will:

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- automate and streamline the cash reconciliation and fine/fee calculation process as well as the end-of-day closing;
- provide customers with e-commerce and 24-hour "virtual office" payment options using Internet, kiosk and telephone technologies;
- provide customers a comprehensive source of information on towed vehicles;
- enhance DOF's audit and collection productivity and effectiveness through case management, data mining and knowledge query tools;
- enable redeployment of back-office personnel to collection activities;
- automate hundreds of manual tasks; and,
- improve adjudication productivity via electronic case files and hearing scheduling, on-line decision tools, workload routing and streamlined data entry.

“Virtual Agency” Project. As the City's principal revenue agency, the Department of Finance administers 15 separate taxes, annually processing \$20 billion in income, excise, and property taxes. Beyond its core tax collection function, the Department also audits taxpayers, adjudicates parking tickets, collects fines, registers real property instruments, oversees the City Treasury, and enforces both private and public court orders and judgments. Each year the Department has literally hundreds of thousands of contacts with the public, and must strive to develop innovative applications that will deliver services and information more efficiently and effectively.

In Summer 2000, DOF initiated a "Virtual Agency" Project to make maximum use of information technology in pursuit of its missions. The project's goals are:

- to deliver services 24 hours a day, seven days a week;
- to expand service delivery options;
- to improve business processes;
- to save money; and,
- to leverage existing technologies and resources.

The project began with a request that each Finance division head inventory every point of public interaction. In this manner, DOF identified hundreds of data channels that spanned a continuum of communications technologies, including in-person visits, mail, telephone, fax, e-mail, and web interactions. The Department then embarked on a systematic effort to identify ways of “pushing” interactions along the communications technology continuum using existing, readily accessible technologies, ranging from simple telephone and faxing to e-mailing and fully interactive web pages.

DOF's “Virtual Agency” Project currently comprises over 130 individual short-term initiatives. The Project has prompted significant changes in DOF's business processes; the undertaking has matured from a one-time “project” into an ongoing “process” entailing new attitudes and approaches toward communications and service delivery. Taking an inventory of public interactions throughout the agency involved staff at every level and was an extremely valuable exercise. Management realized that existing technologies were underutilized, and that staff actually doing the work had many excellent ideas for improvements. Overall, the Project has created a more open,

entrepreneurial, and service-oriented culture within the Department. Some of the individual initiatives completed to date are as follows:

- Parking violation “Hearings by Web” – October 2000.
- Online vendor enrollment for electronic funds transfer – November 2000.
- Pilot launched for property tax payment by electronic funds transfer – December 2000.
- Parking violations payments accepted online; real estate tax refund applications receivable by fax – January 2001.
- Wholesale cigarette licensees’ names posted to the web – February 2001.
- DOF accepts estimated tax returns and extension applications, and related electronic payments, for key business income taxes over the Internet – March 2001.
- The first Department of Finance Request for Proposals (RFP) is posted for vendor download online; NYCeRefunds created to allow online search for undeliverable business tax refunds – April 2001.

As of June 2001, 70 percent of the short term Virtual Agency initiatives identified to date have been completed.

B. Department of Buildings

In September 2001 Mayor Giuliani created a Task Force chaired by a private citizen and consisting of the heads of the Mayor’s Office of Operations, the Department of Buildings, the Fire Department, the Law Department, the Department of Investigation, and the Department of Information Technology and Telecommunications. In April 2001 the Report of the Mayor’s Task Force Examining Operations of the Department of Buildings was released. The Task Force presented recommendations to reform and professionalize DOB.

The City Charter vests DOB with the responsibility of protecting public safety by regulating construction and administering a range of local and State codes and statutes related to construction activity. These include the New York City Building and Electrical Codes, the New York City Zoning Resolution, the New York State Multiple Dwelling Law, and an assortment of energy, safety, and labor regulations. In addition, the Department enables virtually all construction projects in the City through its permitting responsibilities. DOB oversight ranges from major economic development initiatives to alterations made to single-family homes. By administering the Zoning Resolution, the Department has helped to shape the City's built environment. The Department's

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operations profoundly affect the safety, viability and cost of both public and private development citywide.

In preparing its recommendations, the Task Force extensively reviewed DOB's management and operational responsibilities, practices and procedures. The group conducted a public hearing, held numerous discussions with industry members, labor representatives, and private homeowners, and reviewed the relevant roles and responsibilities of other New York City agencies and other buildings departments across the country. Key recommendations include streamlining the plan examination and permit process; transferring inspection and enforcement functions from DOB to the Fire Department; reviewing the administration of licensing examinations for tradespeople; instituting anticorruption measures within the Department; and implementing technological innovations to improve efficiency and customer service throughout DOB.

Based on the work of the Task Force, DOB has undertaken numerous initiatives to reengineer its operations, improve service delivery, and increase public confidence. The following summarizes initiatives since September 2000.

Detailing of Enforcement and Inspection Functions to the Fire Department. On June 15, 2001 the Department's Enforcement Division moved to Fire Department headquarters at 9 Metrotech in Brooklyn. The Department of Buildings is working with the Fire Department to detail DOB's various inspection units in the upcoming months. There is joint oversight by the two agencies of the enforcement and inspection functions to ensure that the applicable laws are uniformly administered.

Permit Renewals. The Department has practically eliminated the backlog in construction permit renewals. This was accomplished by allocating additional resources to these operational units and streamlining the application process. Currently, all permits are renewed in one day.

Plan Examination Backlog. Staff in DOB's Borough Offices are making progress in reducing the backlog in the number of applications awaiting plan examination. The backlog has been significantly reduced in Queens, Staten Island, and Brooklyn, and is currently being addressed in the Bronx and Manhattan. The addition of new plan examiners in the near future will enable DOB to avoid further backlogs; the Department will use some of these new plan examiners for pre-filing, while others will be assigned to Borough Offices with the greatest need.

Pilot Program for Plan Examination Appointments. In May 2001 a pilot program began at DOB's Bronx and Staten Island offices that centralizes the process for scheduling plan examination appointments. The Brooklyn borough office was added to the initiative in June. DOB's Call Center (212-227-7000) has been provided with modern scheduling technology to handle requests with greater efficiency and a more equitable appointment system. Appointment requests are being accepted during weekdays from 8:00 a.m. to 5:00 p.m. DOB plans to expand this program to cover plan review appointments in all boroughs by the end of Summer 2001.

Extended Hours. DOB's Borough Offices all have extended hours for homeowners, architects and engineers on Tuesdays, until 5:30 p.m. in Staten Island and the Bronx, and until 8 p.m. in Brooklyn, Queens and Manhattan.

Electrical Code. DOB continues to hold discussions with the City Council to work on a method and schedule for revising the City's Electrical Code. The Department, with industry input, will determine the necessary modifications to the technical portions of the Code by October 31, 2002.

Construction Site Superintendents. DOB staff are working with the construction industry to draft legislation that would establish minimum qualifications for construction site superintendents based upon the size of the building project. The legislation would also reduce the size threshold for buildings that require site safety plans. Currently this requirement applies to major buildings of 15 or more stories or with 100,000 square feet or more of lot coverage. The changes now under discussion should substantially reduce construction site accidents and upgrade the quality of construction in the city.

Riggers Rule. A rule requiring certification of employees who work on suspended scaffolds went into effect in May 2001. This regulation is designed to minimize accidents at construction sites using suspended scaffolds.

Web Site Enhancements. In July 2001 the Department launched a redesigned agency home page on NYC.GOV, the City's web site. Users can find the text of the City's Building Code; downloadable forms and information on computer-based filing of applications; updates to Local Laws and regulations affecting the building industries; information on the City's enforcement and adjudication processes regarding illegal subdivisions of dwelling units; and other useful information.

Building Information System Access. DOB and the Department of Information Technology and Telecommunications launched an Internet application that allows limited access to Building Information System (BIS) data via its home page on NYC.GOV. This application allows the public and members of the industry to obtain property and license information previously available only through mainframe terminals located in the Department, dial-up subscriptions, or by telephone.

Ethics Training. All DOB staff have now received ethics training. DOB will provide training for new staff as they are hired, and refresher training once a year for all DOB employees.

Management Reporting. DOB has begun to develop a management reporting and accountability system known as BUILD (Building Understanding, Integrity, Leadership and Dedication). The BUILD system tracks over 100 operational and performance indicators that are collected on a real time basis and cover the full range of process, output, quality, customer service, and financial information across the Department. Borough Commissioners and Unit Directors will be responsible for explaining performance trends as well as identifying changes in operations required to address

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problems. The Department began review meetings using BUILD information during Summer 2001.

C. Department of Consumer Affairs

Citywide Licensing Center. Prior to the Citywide Consolidation Project, applicants seeking licenses were faced with wait times of up to 45 minutes for a DCA license and up to two hours for a Department of Health license. If a business such as a restaurant, sidewalk café or food cart vendor was required to obtain licenses from both DCA and DOH, the applicant faced lengthy wait times at both agencies.

In 1996 a Citywide Licensing and Permitting center was created in Manhattan at 42 Broadway, 5th Floor. The center is the showcase of DCA's efforts to make the City more responsive and accessible to the business community. The Licensing Center was designed to oversee the issuance of all DCA and DOH license and permits, as well as selected fees and fines of other City agencies, and information and applications required by other City, State and federal agencies. Consumers can now also pay ECB fines at the Licensing Center. Additionally, a systematic deregulation of licensing categories that have not historically generated significant consumer complaints was enacted to reduce unnecessary red tape. To facilitate the management of the Licensing and Permitting center, several new systems were instituted:

- Q-matic. Q-matic is an automated system that enables management to monitor the number of customers served and waiting times. This management tool also enables DCA to print reports to determine the productivity of the Licensing Center. Before Q-matic's installation, customers were handed scraps of paper with hand-printed numbers and waited for employees to call out customers' names and numbers, creating a tense, confused atmosphere. Moreover, there was no measurable statistical data available to calculate customer volume or customer waiting time, or any way to monitor employee productivity.
- Photo Imaging Database. This database eliminated the need for applicants to submit passport size photos, and the outdated and time-consuming "cut and paste" process for license applications. Photos are captured and stored digitally, saving applicants and licensees money and time.
- IVR Phone System and Voice Mail. These systems enabled consumers to be automatically directed to the correct unit that can help them and leave messages. The IVR also enables fax transmission of information and forms, and allows better tracking of incoming call volume.

DCA now has the capability to access the ECB and State Department of Motor Vehicles (DMV) databases for vendors requiring ECB clearance or tow truck drivers requiring DMV clearances, further reducing the time to process license applications.

Illegal Sales to Minors. The sale to minors of prohibited products such as tobacco, box cutters, spray paint and realistic toy guns, either over the counter or via the Internet, was an under-scrutinized quality of life issue. Existing legislation needed to be strengthened to give the Department of Consumer Affairs the authority to investigate and prosecute vendors who engaged in the sale of dangerous products to minors.

Initial enforcement sweeps found significant non-compliance rates for laws regarding display or sales to minors:

- 83 percent non-compliance for the sale of cigarettes in 1995;
- 59 percent non-compliance for the sale of box cutters in 1997;
- 44 percent non-compliance for the sale of spray paint in 1998; and,
- 28 percent non-compliance for realistic toy gun displays in 1998.

DCA enlisted a group of minors (no younger than 14) to work undercover with inspectors in order to cite vendors illegally selling these items to minors. The Department coordinated with community groups and school officials to find volunteers and parents willing to assist in undercover purchases. DCA and the Department of Employment (DOE) developed a summer job program to hire teenagers as City employees. This provided more control over the pool of minors available for duty and enabled long-term work schedules to be put in place. During the school year, teen inspectors worked undercover on weekends and school holidays.

DCA worked with the Department of Health to coordinate the City's role in a federal program to stop the sale of cigarettes to minors nationwide. The goal of this program was to bring the U.S. rate of compliance to 80 percent. Funds allotted to DCA under the program were used to recruit and employ minors, to fund overtime for field inspectors, and to establish a full-time tobacco squad. Inspection information was reported to the State Department of Health for federal record keeping on the progress of the program. Standards were created for chain of evidence custody, resulting in greater success in administrative hearings and in follow-up activities against repeat violators. This led to the imposition of penalties for repeat offenders, as well as recommendations to the Department of Finance for the revocation of cigarette retailer licenses. In August 2000 the City's Administrative Code was amended to transfer the licensing of retail cigarette dealers to DCA. Stricter penalties were put in place to allow for the revocation of a vendor's license after a second sale to minors.

The lessons and operational standards attained in the tobacco enforcement program have been applied to the other areas of law designed to prevent the sale to minors of prohibited items. With additional personnel dedicated to these issues, DCA has made significant progress in each enforcement area.

Regulatory Revision. The Department presented a major reform initiative to the City Council in September 1995, calling for elimination of 21 types of non-consumer protection licenses covered in 11 license categories. The Council approved elimination of seven license categories covering 15 types of business activities, resulting in a \$2.2

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million savings to over 11,000 small business owners. In addition, DCA eased the regulatory burden on business owners required to hold multiple DCA licenses. Merchants now submit a single application form and one primary license fee, and pay a processing fee for each additional license. This change affects electronic stores and small appliance service dealers, home improvement contractors, and second-hand automobile and automobile parts dealers.

D. Taxi and Limousine Commission

The City's taxi and livery fleets are emblematic of New York. They are vital to many residents' transportation needs and to the travel and tourism industries, and of historical importance to immigrant groups seeking their first employment in the City. Long-standing problems affecting the industry have included consumer complaints of unsafe driving and unsafe vehicles, rudeness, fare cheating, and drivers unable to find their way around New York; and ongoing threats to the lives and safety of vehicle operators, especially livery drivers. Since the start of the Giuliani Administration, the Taxi and Limousine Commission has enacted sweeping changes to enhance regulations and enforcement designed to protect customer safety, improve customer service, and provide new safeguards for drivers against criminals.

Regulatory Revision. In May 1998 TLC enacted a Comprehensive Taxicab and Livery Industry Reform Package. Among the reforms implemented were the following:

- A one-year probationary period for all licensees, wherein licensees face mandatory revocation or non-renewal of their licenses upon conviction for certain enumerated offenses or accumulation of a threshold number of TLC or Department of Motor Vehicle (DMV) "points."
- Mandatory annual testing for drugs.
- An increase of liability insurance levels above New York State minimum requirements from \$25,000/\$50,000 to \$100,000/\$300,000, and an increase in the level of no-fault coverage to \$200,000.
- An enhanced Persistent Violator Program with progressive penalties for repeat rule violations. Drivers who accumulate six TLC points within a 15-month period are subject to TLC license suspension for 30 days. Drivers who accumulate ten TLC points within a 15-month period face TLC license revocation. Drivers may also be required to attend refresher school if convicted of a certain number of violations.
- Completion of a State-certified defensive driving course for all taxicab and for-hire vehicle drivers.

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- The mandatory filing by all licensed vehicle owners of accident reports. TLC will use this data to create a database of accident information for use in identifying and proactively addressing accident trends.
- Full financial disclosure for all taxicab and medallion owners and shareholders to ensure financial responsibility and accountability.
- A Critical Driver Program, implemented in February 1999, that enables the TLC to suspend for 30 days the TLC license of medallion taxicab, for-hire vehicle, paratransit or commuter van drivers accruing six State DMV points, and to revoke the TLC license of such individuals accruing 10 or more points on their State DMV license, within a 15-month period.

Taximeter Industry Reforms. The TLC developed and passed comprehensive rules and regulations regarding the previously unregulated taximeter industry. These rules require TLC licensure of both meter shops and manufacturers. Important aspects of these reforms include:

- mandatory financial disclosure;
- criminal background investigation;
- strict record-keeping requirements for seals, certifications and repair records;
- strict liability for meter shop owners when evidence of taximeter tampering is discovered; and,
- mandatory certification of meter shop employees by the manufacturer in the repair and installation of taximeters.

Taxicab Vehicle Retirement Program. This program's goal was to create a newer and safer medallion taxicab fleet in the City of New York. Fleet-operated taxicabs used on multiple shifts are allowed to remain in service for no more than three years. Independently-owned and operated taxicabs used on single shifts, and other taxicabs operated by at least one long-term lessee, are allowed to remain in service for no longer than five years. This program has proven to be one of the agency's most successful, and has accomplished its goal of providing the riding public with a safer, cleaner, and more reliable taxicab fleet.

Driver Education. TLC implemented the following steps to improve driver education:

- Continuing Driver Education. In October 1997 TLC adopted regulations requiring taxicab drivers to complete a four-hour continuing education program as a condition of the completion of their probationary license period. The course educates drivers on the latest regulations associated with driver, vehicle and customer service issues, with an emphasis on sensitivity to people with disabilities, as well as practical aspects of transporting the disabled.
- Enhanced Driver Training Curriculum. TLC increased the minimum mandatory taxi driver-training curriculum from 40 to 80 hours. The additional hours allow for an

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expanded focus on citywide geography, an intensive route-planning workshop, and an eight-hour, five-borough bus tour.

- Combined English Proficiency Test/Final Examination. TLC developed a combined English Proficiency Test/Final Examination for medallion taxicab operator license applicants, administered following the mandatory 80-hour training program.
- Remedial Education Program. In December 1999, TLC developed a sensitivity training program required of driver licensees who have been found guilty of service refusal violations. The course is a one-day, eight-hour session designed to create driver awareness of the dynamics of prejudice and the disadvantages of acting upon those prejudices as a taxicab driver.

Safety Enhancements. New safety requirements include the following:

- Mandatory Partitions and Trouble Lights for Medallion Taxicabs. In response to safety concerns, the Taxi and Limousine Commission enacted rules, effective February 1994, requiring medallion taxicab owners to install trouble-signaling lights and bullet-resistant partitions that separate the driver from the passenger compartment. Beginning in Fiscal 1995, all taxicabs were required to be equipped with these devices by their first regularly scheduled inspection. The Commission also enacted rules in June 1994 requiring the installation of bullet-resistant partitions and trouble-signaling lights in certain for-hire vehicles (FHVs). Exceptions were made for those for-hire vehicles that had alternative devices, such as a two-way radio distress signal, and for vehicles that are not available for hire on a cash basis. However, in April 2000, the TLC eliminated these exemptions and now requires the installation of either a bullet-resistant partition or an in-vehicle digital security camera in all for-hire vehicles and medallion taxicabs.
- \$5 Million Fund to Reimburse Vehicle Owners for Purchase of Partitions or Digital Security Cameras. Throughout Fiscal 2000 and Fiscal 2001, the TLC worked diligently to prevent violence against for-hire vehicle (FHV) drivers. In April 2000, the City, with funding provided by the Economic Development Corporation, created a \$5 million fund from which TLC licensed vehicle owners may be reimbursed up to \$325 each for the purchase of either a new partition or a new in-vehicle digital security camera system. The program was successfully concluded in October 2000. Reimbursement claims were processed for 15,543 vehicles; of these, 10,537 vehicles were equipped with partitions, and 5,006 vehicles with digital security cameras.
- Celebrity Talking Taxi Program. The Celebrity Talking Taxi program, introduced in the summer of 1997, required that taxicabs be equipped with digitally recorded messages featuring various celebrities. While the program's celebrity aspect has given it a high profile in the media, it remains first and foremost a safety program with a serious message. When a taximeter is activated, a message reminds passengers to buckle their seatbelts; when the meter is deactivated, the device reminds passengers to take their possessions and to ask the driver for a receipt. The taxicab

receipt contains the taxicab's medallion number and the TLC's Consumer Hotline telephone number, providing passengers with the information necessary to file complaints, make comments or report lost property. The voice reminders are changed periodically to enhance the program's effectiveness.

Transfer of Medallion Enforcement Responsibility. The Administration developed a plan to consolidate the Taxi and Limousine Commission's medallion enforcement functions into the New York City Police Department. The plan, which was implemented in April 1995, called for TLC's medallion field enforcement functions to be transferred to the Police Department's newly created Taxi Enforcement Unit. As expected, this initiative resulted in enhanced medallion enforcement, while allowing TLC to pursue more aggressive field enforcement of the for-hire vehicle (FHV) industry.

Operation Refusal. In October 1996 TLC began a pilot program addressing service refusals to passengers. Undercover inspectors test drivers for compliance with the rules specific to passenger service refusals, issuing summonses when appropriate to drivers who refuse to accept fares. Based on the initial success of the pilot, the Administration funded this program as an ongoing part of TLC's mission in 1997.

Operation Safe Taxi. Launched in March 1998, Operation Safe Taxi is a Police Department enforcement operation addressing unsafe driving by medallion taxicab drivers. The operation is conducted in Manhattan by various units of the NYPD, the TLC's Uniformed Services Bureau, the Port Authority Police Department, the Metropolitan Transportation Authority Police Department, and the Amtrak Police Department.

Operation City Sweep. In January 2000 TLC's Uniformed Services Bureau expanded its quality of life enforcement initiative by developing and implementing Operation City Sweep, a joint operation involving the NYPD Taxi Unit and the Department's Traffic Enforcement Agents. The objectives are to ensure compliance with parking regulations; to facilitate the flow of for-hire vehicle traffic along primary surface transportation hubs and corridors; to ensure compliance with TLC rules and regulations that prohibit for-hire vehicle drivers from responding to street hails; and to summons and seize unlicensed vehicles working as for-hire vehicles.

E. Department of City Planning

Land Use Processes. The Department of City Planning (DCP) is responsible for the City's land use and environmental review procedures. At the outset of the Giuliani Administration, many of the review procedures were unnecessarily cumbersome and lengthy for applicants. These difficulties not only hindered and delayed development of both public and private projects, but also added to staff time spent on review and to the City cost of processing applications. Procedural problems were compounded by insufficient access within the Department to state-of-art technology that would enable

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planners to review and analyze land use and environmental issues more quickly and reliably.

A number of procedures were streamlined, eliminating unnecessary paperwork and duplicative reviews, so that certain land use applications can be handled more expeditiously. The Administration gave DCP the resources needed to upgrade its computer hardware and software and to make other technological improvements that allowed planners to accelerate and enhance their analyses and graphics. Milestones in this reform process were as follows:

- In May 1995 DCP and the Department of General Services (now the Department of Citywide Administrative Services) implemented new procedures to expedite certification of applications for the disposition of City-owned property, making the Uniform Land Use Review Procedure (ULURP) more efficient.
- In Fiscal 1997, working with the Department of Housing Preservation and Development, DCP streamlined the pre-certification process for the review and approval of publicly assisted housing and renewal plans by reducing the amount of paperwork required for submission.
- In 1997 DCP revised its Uniform Land Use Review Procedure application form, eliminating non-critical information requests for all applicants, and made it available on computer disk.
- Also in 1997, the Department simplified the process for reviewing applications involving landmarked buildings, eliminating duplicative review of these applications by both DCP and the Landmarks Preservation Commission.
- In April 1998 the City Council approved the Department's zoning text amendment extending the use of the "E" designation for another three years. This amendment streamlines the regulatory process by permitting the use of an "E" on zoning maps to note sites with prior industrial uses where hazardous or potentially hazardous materials may be present. If the use of the site changes, the owner or developer must test for and remove any hazardous materials found. This tool is particularly useful as the Department pursues rezonings of underused manufacturing areas for residential and commercial development.
- In October 1999 the City Council adopted the Department's Waterfront Revitalization Program (WRP) 197-a plan, which simplifies and clarifies the standards for assessing the consistency of waterfront development proposals with City policy. The new WRP replaces 56 undifferentiated and often contradictory policies with 10 new policies that offer clear direction about the kind of development most suitable for different parts of the City's waterfront.

Private applicants and other City agencies now benefit from an expedited land use review process which has less paperwork and fewer steps. These new efficiencies also make

better use of staff resources. As a result of these improvements, since Fiscal 1996 the Department has completed pre-certification review of about 70 percent of all land use applications within the year received. DCP has also used new technology to increase the efficiency and effectiveness of its analysis and review of planning issues:

- During Fiscal 1999 DCP completed the migration of its Geographic Information System (GIS) applications to a new software platform called Smallworld. The new platform runs on personal computers and has been integrated into the Department's Local Area Network, allowing for easier maintenance and updating of geographic files. As a member of the citywide GIS Steering Committee, DCP also provided technical assistance to the Department of Environmental Protection and its consultants on the creation of a planimetric base map, which is serving as the basis for merging various agencies' geographic information into one integrated computer map.
- In Fiscal 2000 the Department merged its tax lot mapping and property data files. The property data was derived from the Departments of Finance, Buildings, and Citywide Administrative Services' files. Available to staff on the Department's Local Area Network, these files are used to create maps and organize data for analysis of zoning and planning issues.
- In Fiscal 2000 the Department was given access to files containing high precision aerial photographs, produced under contract for the Department of Environmental Protection. These files were digitally corrected and coded for geographic coordinates so that DCP staff can use them with existing Geographic Information System (GIS) files for zoning and land use analysis. Maps of all five boroughs are now on DCP's LAN, along with files of graphic features such as building footprints, sidewalk outlines, elevated rail trestles and piers.

Technological innovations have improved the Department's ability to rapidly produce more accurate and informative maps and more easily access a wider range of data. Over 30 City agencies use the Geosupport System developed and maintained by DCP; this system centralizes geographic processing and fosters geographic data compatibility among City agencies.

F. Other Regulatory Revision Initiatives

Additional examples of the City's initiatives to develop more rational, equitable, and effective rules and regulations are listed below.

- A major revision of the portion of the New York City Health Code regulating restaurants became effective in September 1996. This revision simplified the Health Code and eased unnecessary regulatory burdens facing restaurant operators. Concurrently, the Department of Health instituted an early warning system, under which fines are not assessed on the initial inspection, for violations of lesser public

Regulation

health significance. The Department also eliminated fines for violations that are of minimal public health significance. In addition, the revised Code added new types of food establishments such as bakeries and take-out restaurants to DOH's jurisdiction.

- The City has pursued an aggressive strategy to reform its procurement system. Working with the Procurement Policy Board, the Mayor's Office of Contracts has amended many of the City's procurement rules to make the process faster and easier; provide potential savings; and ensure continuity in the delivery of necessary goods, services, and construction. In addition, the Office provides business information for potential bidders and contractors through NYC.GOV, including application forms, contract and solicitation information, and agency procurement contacts.
- The Department of Sanitation (DOS) works closely with merchant and neighborhood groups, including the City's 59 Community Boards, to balance community needs with the Department's street cleaning mission. Street signs listing the parking restrictions that make street cleaning possible are replaced by DOS and the Department of Transportation on a rotation cycle that averages eight years for each Community District. Before replacing the Alternate Side Parking signs in a given District, DOS meets with the Community Board to develop a comprehensive cleaning plan for the area, focusing on cleaning schedules, enforcement, and related community issues. The Department works to customize parking restrictions and cleaning schedules in order to maximize the parking opportunities important to neighborhood residents and businesses, while maintaining curb access for cleaning. In addition to adjusting the days or times of cleaning, DOS and a Community Board may agree to shorten parking restriction times to less than the traditional three-hour span, focusing City enforcement on the period during which mechanical broom routes will be completed and reducing the impact on parking.
- Throughout the current Administration, the Fire Department has conducted analysis and planning toward a comprehensive revision of the City's Fire Code, guided by national standards of fire prevention practice and national fire safety regulations. The new code will reflect advanced technologies that have made some of the existing provisions obsolete. In Fiscal 1998 the Department drafted revised code sections that regulate explosives, fireworks, special effects for movies, and liquefied petroleum gas. In addition, new legal provisions were developed regarding motor fuel storage and mechanical refrigeration. Due to the size, complexity and scope of the Fire Code, the review is expected to continue through Fiscal 2003.
- Other projects to streamline fire safety regulations have included the consolidation of the testing for fire safety certification and of fire prevention inspections for certain public places. Separate categories of inspections for restaurants, catering businesses, and other cooking establishments were combined. Testing for the issuance of the Certificate of Fitness – which certifies individuals that operate potentially hazardous equipment, are responsible for fire safety at work, or manage and maintain buildings – was streamlined; the Department eliminated test categories with redundant questions, while maintaining high standards of certification. To foster better

Regulation

communication between civilian and uniformed employees with inspection responsibilities, Fire Prevention Bureau geographic districts were reconfigured to match the Department's field force districts.

Regulation

| Chronology of Implementation | |
|------------------------------|--|
| July 1994 | The Parking Violations Bureau is transferred to the Department of Finance. |
| May 1995 | First citywide enforcement sweep by the Department of Consumer Affairs targeting cigarette sales to minors, finding only 17 percent of stores in compliance. |
| July 1995 | The Office of the Sheriff is merged into the Department of Finance. |
| September 1996 | Major revision of the City's Health Code takes effect. |
| November 1996 | Opening of the Citywide Licensing Center. |
| March 1997 | Rules of the City of New York adopted making sale to minors of any item prohibited by law an unconscionable trade practice. |
| September 1997 | Opening of the first Borough Business Center in Staten Island. |
| October 1997 | DOF opens the first twelve Neighborhood Payment Centers. Taxi and Limousine Commission introduces the Driver Retraining Program. |
| April 1998 | DCA joins State program to prevent cigarette sales to minors. |
| May 1998 | Taxi and Limousine Commission enacts the Comprehensive Taxicab and Livery Industry Reform Package. |
| January 2000 | DOF accepts its first Internet parking ticket payment. |
| April 2000 | TLC extends requirement of bulletproof partitions or security cameras to all taxicabs and livery vehicles. |
| June 2000 | DOF launches the Virtual Agency Project. |
| March 2001 | DCA inspections result in fines of \$19,000 to 56 stores selling realistic looking toy guns. |
| April 2001 | Report of the Mayor's Task Force Examining Operations of the Department of Buildings. |
| June 2001 | DOB Enforcement Division is moved to Fire Department headquarters. |

| |
|-----------------|
| Outcomes |
|-----------------|

Consolidation Project. Within the Department of Finance, the following improvements were obtained:

- The average time to serve customers in the Department's Borough Business Centers was reduced from 20 minutes in Fiscal 1999 to 10 minutes in Fiscal 2000.
- Credit card payments for parking tickets and towed vehicles in the Borough Business Centers totaled \$1.4 million dollars in Fiscal 2000, 49 percent more than in Fiscal 1999.
- Neighborhood Payment Centers have processed more than one million tickets (30,000 per month); 2,150 real estate tax bills, amounting to \$42.6 million; and 7,700 water bills, amounting to \$1.4 million.
- The average waiting time to speak to a telephone parking ticket customer representative was reduced from 2.5 minutes in Fiscal 1999 to 1.4 minutes in Fiscal 2000.
- NYCServ's Internet-based real estate tax, water accounts billing and property assessment program was made available in April 2000. In the first three months of implementation:
 - 380,338 taxpayers have visited the FAIRTAX property database;
 - 582,005 motorists have accessed the STARS parking ticket database;
 - 23,650 motorists have accessed the TOPIS towed vehicle system;
 - 10,301 home and building owners have visited the CIS water account system;
 - 10,203 parking tickets have been paid on the Internet, yielding \$1 million in payments for the last two consecutive months.
- The Department of Finance was able to close seven of its parking violations, City Collector, Sheriff redemption, and City Register offices in Manhattan, Queens and Staten Island. As a result, taxpayer assistance and payment operations staff have been reduced by nine percent since Fiscal 1999.
- 126 parking violation business forms were reduced to 25 by consolidation and elimination.

Citywide Licensing Center. As of June 1997, the consolidated Licensing Center's automated queuing system has produced a standard for customer waiting times of 15 minutes or less. Previous waiting times for walk-in customers averaged 45 minutes for the Department of Consumer Affairs, and two hours for the Department of Health. Waiting times averaged 14.3 minutes for Fiscal 2001.

Regulation

Enforcement Against Illegal Sales to Minors. Store owners' compliance rates for over the counter sales of cigarettes to minors rose from 17 percent in 1995 to 83 percent 2000. The Fiscal 2001 compliance rate was 86 percent. For box cutters, compliance improved from 59 percent in 1997 to 86- percent in 1999; for spray paint, from 44 percent in 1998 to 81 percent in 1999; and for realistic looking toy guns, from 72 percent in 1998 to 78 percent in 2000.

Taxi and Livery Regulation. While the number of service tests conducted under Operation Refusal have increased from Fiscal 1997 to Fiscal 2001 – totaling 4,000 in each of the last two fiscal years – the number of violations identified through these tests is decreasing. Refusals of service rose from 287 in Fiscal 1997 to 511 in Fiscal 1998, but have declined in each subsequent year, falling to 215 in Fiscal 2001. Other violations issued as a result of the service tests have fallen from 3,204 in Fiscal 1998 to 2,194 in Fiscal 2001.

TLC vehicle seizures as a result of For-Hire Vehicle patrol activity have declined from 7,100 in Fiscal 1996 to 5,051 in Fiscal 2001. Enforcement personnel are encountering fewer unlicensed for-hire vehicles and greater compliance with TLC regulations.

Further Challenges

Department of Finance. DOF's goals in the areas of licensing, payment and adjudication include the following:

- Complete the NYCServ Technology Project by December 2001.
- Evaluate NYCServ improvements and monitor productivity and revenue statistics. NYCServ is expected to generate \$240 million over a five-year period beginning in Fiscal 2001.
- Create the two remaining Borough Business Centers in Bronx and Brooklyn.
- Review legislative issues to give the Department of Finance citywide authority to hold hearings and docket civil violations.

In addition, the Department will continue to implement and expand Virtual Agency Project initiatives.

Building Inspection and Enforcement. The Fire and Buildings Departments will continue working together to complete integration of enforcement and inspection functions within the Fire Department, and to complete implementation of the April 2001 Task Force recommendations.

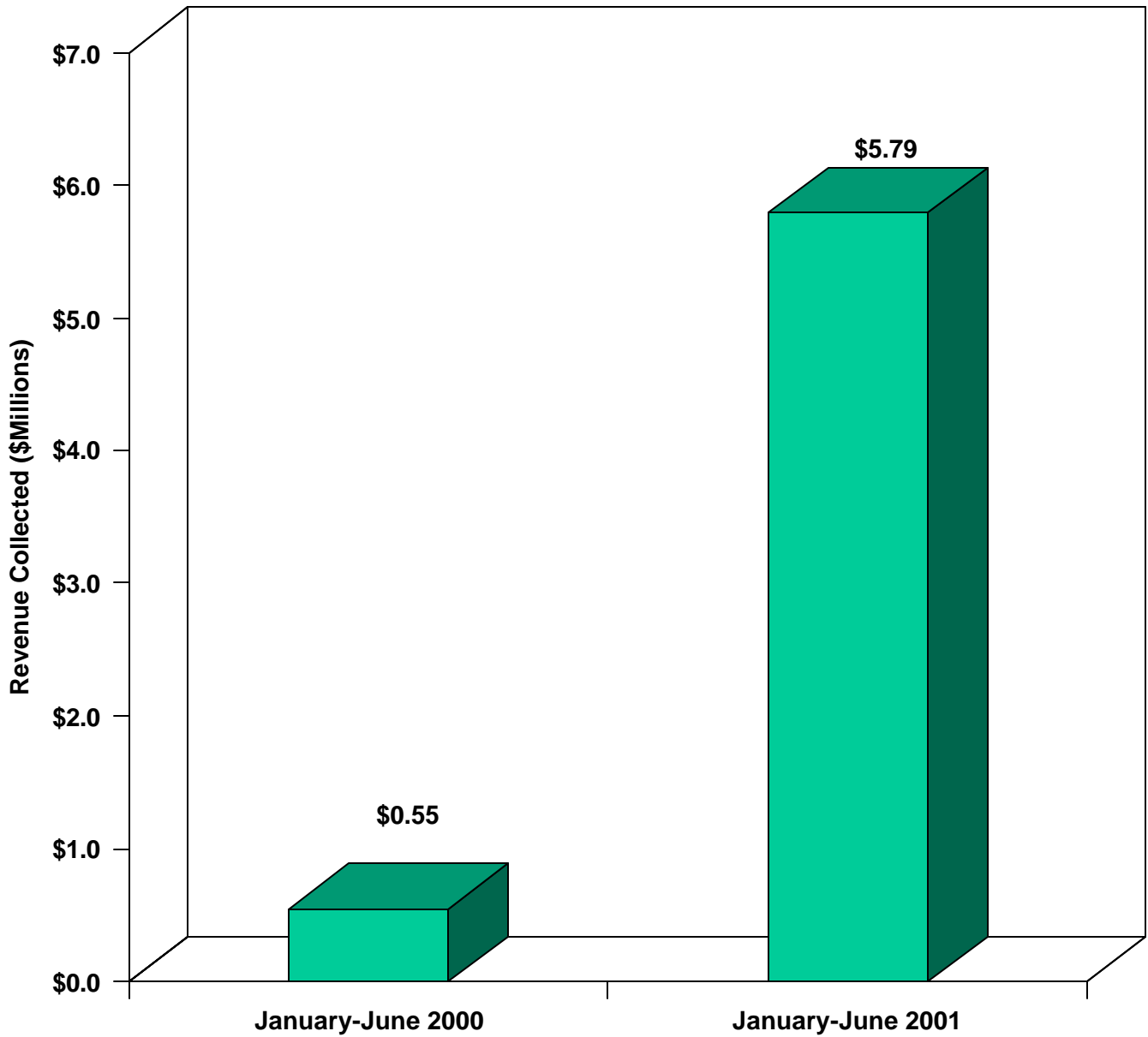
In July 2001 a staff report to the New York City Charter Revision Commission outlined preliminary recommendations for changes to the City Charter. One proposal would grant the Fire Department concurrent jurisdiction with the Department of Buildings over Administrative Code provisions governing building construction, the Building Code, and

Regulation

the Electrical Code. Concurrent jurisdiction would also include the jurisdiction exercised by DOB pursuant to the City's Zoning Resolution, the Multiple Dwelling Law, the Labor Law and other applicable laws. DOB would retain jurisdiction over the review and approval of plans, acceptance of materials, assemblies, forms and methods of construction exercised under the Administrative Code. DOB would also retain exclusive jurisdiction over acceptance of service equipment, issuance of permits and certificates of occupancy, issuance and administration of licenses, approval of applications for certificates of electrical inspection, and issuance of temporary or final certificates of electrical inspection.

Department of Finance

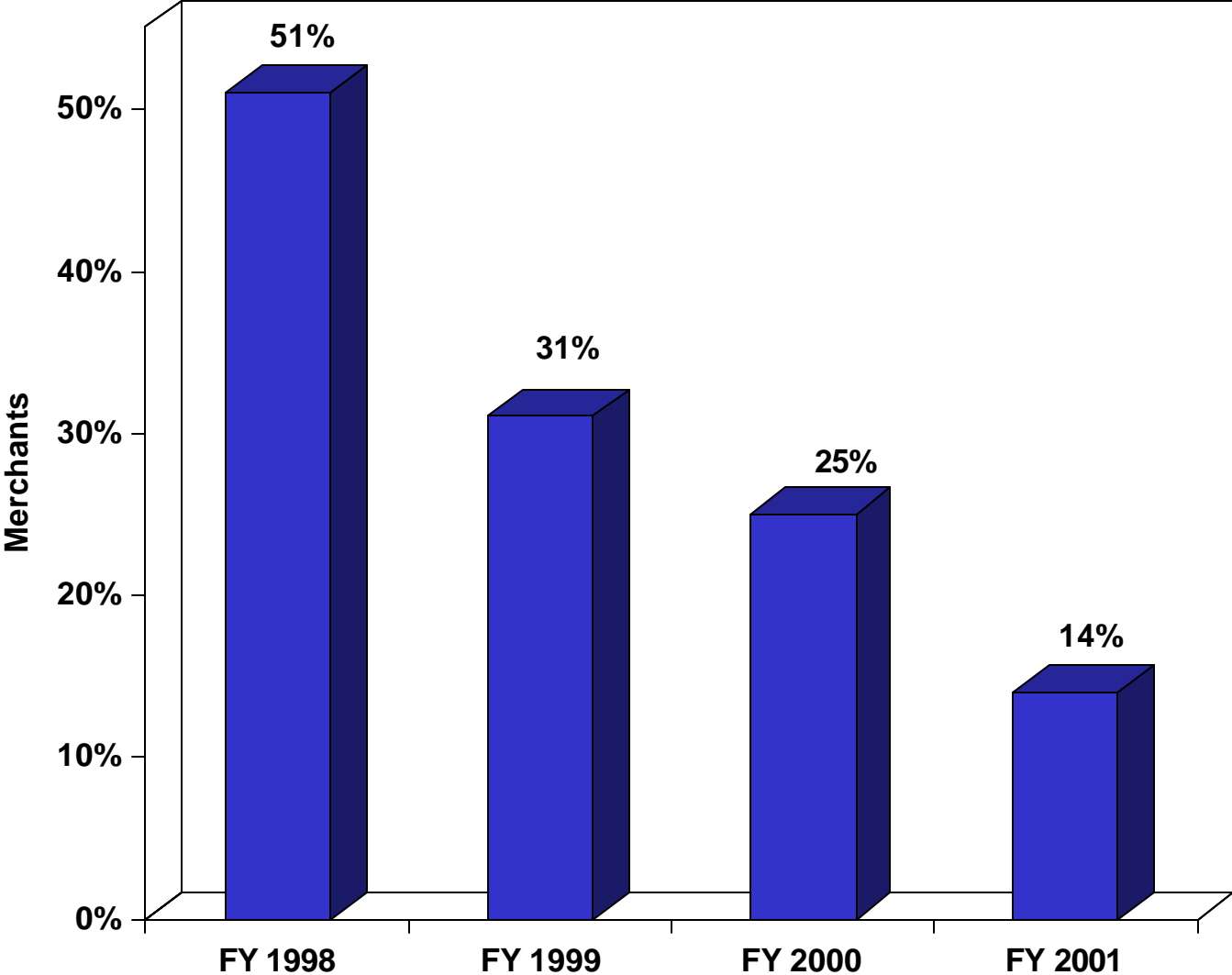
Parking Ticket Payments Through the Internet



Source: Office of Management and Budget

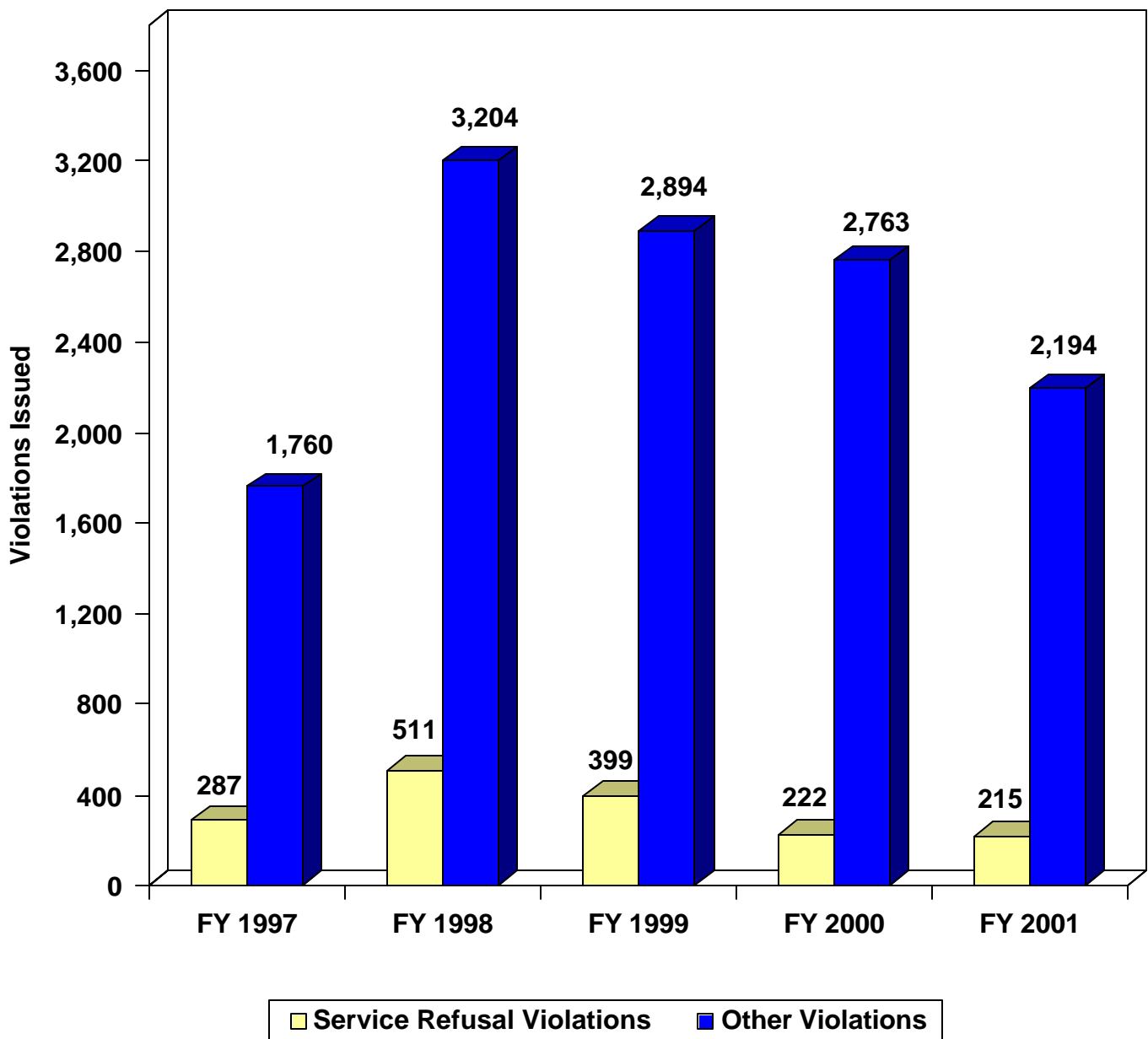
Department of Consumer Affairs

Percentage of Merchants Making Illegal Tobacco Sales to Minors Fiscal 1998 - 2001



Taxi and Limousine Commission

Operation Refusal Violations Issued Fiscal 1997 - 2001



ECONOMIC REVITALIZATION

The Challenge

The City's economic policy is based on the symbiotic relationship between a strong economy and strong services. Prosperity yields the resources needed to enhance services; better services lead to an improved quality of life; improvements in the quality of life attract business, leading to more prosperity. It is unrealistic to picture New York's economy as a cork borne on the waves of national upswings and downturns, because the City has demonstrated the capacity to fuel its own economic engine through business-friendly policies and to outperform the nation and the region on key economic indicators.

From late 1987 through the early 1990s, New York City lost almost 350,000 private sector jobs – over ten percent of the total – and forced government to reduce, or delay enhancements to, a number of key services. Some of the long-standing problems contributing to the City's lack of economic resilience were as follows:

- A large tax burden, combined with a business tax structure that put entrepreneurs at a competitive disadvantage.
- Continued growth in City spending which represented a drain on resources that could be available for the private sector to strengthen itself.
- Lack of effective cooperation with the private sector to retain businesses contemplating relocation outside the City, and to attract new business to the City.
- Little initiative in targeting business areas and industries for tax incentives, zoning reform, or direct development aid.
- Lack of long-term planning for the City's transportation infrastructure, which has historically fueled the local economy by providing for the efficient movement of vehicles, goods, and visitors.
- A widespread sense that New York City was on a down slope with regard to quality of life and opportunities for business.

While the last-mentioned problem could be addressed by improving municipal services in general, the Giuliani Administration also formulated and implemented specific initiatives to create a more business-friendly environment in the City, to increase direct support for economic development, to revitalize existing business districts and assist development in emerging business districts, and to plan for rehabilitation and expansion of the transportation systems connecting New York with the rest of the world. Some of the steps taken by the Administration to help business cope with New York City government are described in a separate chapter on regulatory reform; the following discussion addresses tax reform and economic development.

Economic Revitalization

The Solution

Restoring Economic Balance. The decision to return money from the public to the private sector is reflected in two ways. First, the rate of growth in City government spending has been drastically reduced. From Fiscal 1983 through 1990, City-funded spending increased by an annual average of 7.4 percent; average annual growth fell to 4.7 percent during Fiscal 1991-1994 as a result of the recession. However, annual average growth in City-funded spending during Fiscal 1995-2001, a period of economic resurgence, has been reduced to 3.7 percent. The resulting savings over the period Fiscal 1995-2000 total \$9.9 billion.

Second, the Administration has enacted targeted tax reductions that saved New Yorkers a total of over \$3.1 billion in Fiscal 2001 alone. Under the City's current budget proposals, savings would grow to \$4.6 billion as of Fiscal 2005. The City's program of targeted reductions is designed to stimulate the economy and relieve financial burdens on taxpayers, while maintaining balanced budgets and safeguarding the stability of municipal finances for the future.

Personal Income Tax. While many individual tax reform initiatives have been aimed at business and commercial taxes, a key element has been reduction of the personal income tax. Until 1999 New Yorkers paid two surcharges on their personal income taxes. One surcharge increased the tax burden of City residents, on average, by 12.5 percent, and a second increased taxes across-the-board by an additional 14 percent. The City worked with the State to eliminate the 12.5 percent surcharge as of January 1999. A reduction in the 14 percent surcharge was enacted for 2001, and recently enacted State legislation allows the City to extend the reduction into future years. In addition, a reduction in the personal income tax base rates and the adoption of a tax credit, both fully effective as of January 2001, were implemented in order to lower the local burden of financing school costs. These measures saved New Yorkers \$1.3 billion in City fiscal year 2001 and will save local residents \$1.9 billion in Fiscal 2002. The overall result will be to reduce the top personal income tax rate from 4.46 percent in 1998 to 3.54 percent in 2002.

Business Tax Restructuring. The City's approach to reforming its anti-competitive and often arbitrary business tax structure was designed to achieve three goals:

- Eliminating irritants that impeded economic growth. Business has long viewed the commercial rent tax (CRT) and the unincorporated business tax (UBT) as obstacles to growth, since these taxes can result in the double taxation of affected economic activity. Most jurisdictions do not impose such taxes. In addition, aspects of the City's general corporation tax (GCT) placed local businesses at a competitive disadvantage and arbitrarily increased the tax liability of certain businesses. Prior to reform, New York City also imposed various "nuisance taxes," which added to the perception of the City as an unfriendly place to do business.
- Improving the City's competitive position with respect to tourism and retail trade. In the early 1990s, New York City enjoyed the unenviable distinction of having the

highest hotel tax rate in the nation. Similarly, City clothing retailers did not operate on a level playing field with their competitors in near-by jurisdictions due to higher sales taxes in the City.

- Providing targeted incentives for recovery and growth. In addition to addressing structural problems in the City's tax system, targeted tax incentives were also needed to help revitalize specific commercial areas experiencing economic difficulties.

Tax relief for businesses and individuals began with reductions in the hotel tax, the CRT and the UBT, providing savings of \$47 million in Fiscal 1995. Since then, the City has expanded its tax reduction program to include GCT and sales tax relief, additional reductions in the UBT and CRT, business tax incentives for the Lower Manhattan area and commercial areas outside of Manhattan, and personal income tax relief. Of the current \$3 billion in annual tax savings, almost \$800 million is of direct benefit to businesses.

The City has implemented these reductions through a variety of methods, including rate reductions, tax credits, and changes in the computational methods used to calculate City taxable income. In all, the Giuliani Administration has reduced or eliminated 23 taxes over the past eight years. The following highlights some of the most important tax reductions:

- Commercial Rent Tax (CRT) Relief. New York City imposes an excise tax on the rent paid by tenants for the use of commercial space. First implemented in 1963, the tax rate was as high as 7.5 percent in the early 1970s before being reduced to 6 percent in 1981. Over the past eight years, the City has eliminated the CRT in Manhattan north of 96th street and in the other boroughs, exempted businesses in Manhattan with up to \$250,000 in annual rent, and reduced the effective tax rate from 6 percent to 3.9 percent. These major changes removed more than 75,000 businesses from the tax rolls and provided substantial relief to the remaining 5,000 CRT taxpayers.
- Sales Tax on Clothing Exemption. A consumer purchasing taxable items in New York City is generally subject to an 8.25 percent sales and use tax rate that consists of the 4 percent City tax, 4 percent State tax, and 0.25 percent tax dedicated to the Metropolitan Transportation Authority. Prior to a recent change in law, retail purchases of apparel occurring in the city were subject to State and City sales taxes. In contrast, consumers shopping in surrounding states enjoyed full or partial exemptions on the purchase of clothing. The more attractive tax treatment outside New York placed local retailers at a competitive disadvantage.

To alleviate this disparity, the City and State participated in a number of highly successful one-week sales tax "holidays" that exempted apparel purchases from the combined 8.25 percent tax rate. Effective March 1, 2000, purchases of apparel priced under \$110 became permanently exempt from State and City sales taxation. The

Economic Revitalization

Mayor, who was instrumental in the enactment of the sales tax relief, has called for expanding the exemption to all apparel sales regardless of price.

- Reduction of Hotel Taxes. The City and State impose several taxes on the price of a hotel room in New York City. As recently as 1994, these taxes subjected a \$150 hotel room in the city to an effective tax rate of 20.6 percent – the highest rate in the nation. In addition to the 8.25 percent State and City sales taxes, the rate included a flat fee of \$2 per day on rooms renting at a daily rate of \$40 or more, an additional City hotel tax of six percent, and a special State sales tax of five percent on rooms costing \$100 or more per day.

In 1994 the Administration joined with the State to reduce hotel taxes by recalling the City's one percentage point increase and repealing the State's five percent tax. The combined effective tax rate on a hotel room costing \$150 per night is presently 14.6 percent, a level in line with hotel tax rates in other major U.S. cities. To enhance the city's competitive position further, the Mayor has called for elimination of the \$2 flat tax.

- Business Income Tax Reform. During the mid-1990s, the Giuliani Administration implemented various changes in the general corporation tax and unincorporated business tax to address features of the tax structure that previously produced arbitrary tax results for certain businesses and placed many locally based firms at a disadvantage compared to their out-of-state competitors.

One major change was reforming the general corporation tax's alternative "income-plus-compensation" tax base, which taxpayers must pay if it produces a higher tax liability than the net income and several other alternative bases. Formerly, companies computed the tax by adding back to net income the salaries of company officers and of shareholders owning more than five percent of the firm's outstanding corporate stock, deducting \$15,000, and applying an effective tax rate of 2.655 percent to the result. This formulaic approach was arbitrary and imprecise. The add back of officer salaries was particularly burdensome to firms using "vanity" titles -- e.g., a salesperson assigned the title of vice president – that came under the definition of "officer" in the statute.

To provide relief, the City phased-down and fully eliminated the add back of officers' salaries from the income-plus-compensation tax computation for tax years as of July 1, 1999. This initiative has reduced the GCT for 18,000 businesses engaged in a wide range of economic activities, including advertising, real estate and finance. Furthermore, to reduce the tax burden of small- and mid-sized businesses, the City increased the \$15,000 deduction to \$40,000. The higher deduction has benefited about 20,000 firms.

The Giuliani Administration has also won several important reforms of the City's UBT, which applies to partnerships, limited liability companies, individuals, trusts and estates that carry on unincorporated businesses or professions in the city. Many

in the business community view the UBT as a form of double taxation, with income subject to tax at both the entity level and the individual level. Recently enacted UBT reform measures achieved three major objectives: tax relief for small businesses, relief for NYC residents from double taxation, and reform of a number of technical rules pertaining to the City's tax treatment of multi-tier partnerships and firms engaged in investment and real estate activities.

- Repeal of "Nuisance" Taxes. The City repealed the annual vault charge, imposed for the privilege of occupying or maintaining a vault (a subsurface opening that extends from the building line into any street of the City), effective for tax years beginning on or after June 1, 1998. Effective August 1, 1997, the City also repealed the tax on coin-operated amusement devices.
- Lower Manhattan Commercial Revitalization Program. Enacted in 1995 with subsequent amendments in 1997, this program provides a package of tax incentives aimed at increasing tenant occupancy in office buildings and retail stores in downtown Manhattan and in certain commercial areas outside Manhattan. New tenants and tenants that renew leases in pre-1975 commercial or mixed-use buildings are eligible for abatements of the City's real estate tax and commercial rent tax. Eligible tenants also receive energy cost reduction benefits. The City recently amended the program to provide new incentives for small businesses.
- Commercial Expansion Program (CEP). Enacted in 2000, this program helps qualified businesses in eligible properties within Expansion Areas, which include all manufacturing areas and most commercial areas outside of Manhattan's central business districts. Among the benefits eligible businesses can receive are enhanced Relocation Employment Assistance Program (REAP) credits, rent abatements, and energy subsidies.

Business Retention and Recruitment. The Economic Development Corporation (EDC) leads the City's efforts to attract and retain businesses. The New York City Industrial Development Agency (NYCIDA), as authorized by State legislation, provides the incentives offered as part of retention packages and some recruitment agreements, in the form of various tax exemptions, abatements or waivers. In return, businesses agree to remain within or relocate to the City, and to preserve and/or create a specific number of jobs within a stated time period. These mechanisms existed prior to the current Administration but were employed to little effect.

Some of the steps taken to improve the City's approach to retention deals included the following:

- Stronger Recapture Provisions. Retention transactions executed prior to the Giuliani Administration did not include effective deterrents to prevent recipients of Industrial Development Agency benefits from relocating jobs. Since the penalties for taking benefits and then relocating jobs were minimal, several companies elected not to

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honor their commitments with the City. As a result, the City not only lost jobs, but its business retention policies were also severely criticized.

Beginning in 1994, all retention deals have strict recapture and forfeiture provisions. During the first half of each deal (average term 17 years) there is a double recapture of benefits taken if jobs are relocated, with recapture continuing through the entire term. These recapture provisions have been successfully enforced in every case.

- Reducing the Use of Property Tax Abatements and Exemptions. The Industrial Development Agency can employ three economic development tools – Sales and Use Tax Exemptions, Mortgage Recording Tax Waivers, and Real Property Tax Abatements/Exemptions – to induce companies to retain their employment in New York City and to create new jobs. The cost to the City of these three benefits varies. Sales and Use Tax Exemptions are a cost effective tool because companies must spend money to realize the benefit, and the State and the Metropolitan Transit Authority bear more than half of the costs of the exemption. Property tax-related benefits, on the other hand, are not tied directly to private sector capital spending and, more importantly, the City bears 100 percent of the cost. Of the retention transactions executed between 1988 and 1993, 78 percent included this type of benefits.

The City's policy is now to reserve these benefits for extraordinary retention opportunities, especially those involving a large number of jobs. Of the 77 retention transactions executed under the Giuliani Administration, only 13 provide property tax benefits, and only 13 percent of the value of all benefits provided is delivered through real property exemptions and abatements.

- Benefits Linked to New Jobs. In addition to delivering a greater percentage of incentives through sales and use tax exemptions, EDC has also successfully increased the amount of benefits tied to job growth; that is, a company must add new jobs above its retention base to realize a portion of the sales tax benefits. Only three percent of the benefits provided between 1988 and 1993 were tied to growth, while nearly 50 percent of the benefits provided under the Giuliani Administration are tied to job growth.

While the City made efforts to pursue retention packages during the early 1990s, there was little organized effort to actually recruit businesses from outside the City. In 1996 EDC created a Business Recruitment Division to attract businesses back to the City. This was the first group of its kind in the City. The group operates as a "SWAT Team" to identify companies that might relocate, start up or expand in the City, and to work closely with such businesses to recruit them. The effective functioning of this group has depended upon the following key elements:

- market research and survey information to develop solid targets in terms of regions and industries that contain companies most likely to be attracted to New York City;

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- a multi-dimensional marketing campaign, with national and international advertising and direct mail, to reach target markets and to “sell” the City’s attributes and marketing messages;
- extensive and aggressive outreach to target markets and companies via trade shows, conferences, networking, sales missions, and EDC-hosted events both within and outside of the City;
- close coordination with the private sector and with industry groups (e.g., trade associations, chambers of commerce) to help identify prospective companies, deliver the City’s message, refer companies to EDC for assistance, and provide services to incoming businesses;
- hands-on assistance to incoming companies, from help in finding office space, taking advantage of City incentives, and finding financing to research, introductions to business partners, and more; and,
- effective tracking of company prospects from the time they are identified to the time they establish offices in New York City.

The Business Recruitment Division conducted its initial market research in 1996. During 1997-1998 a database was established to organize and update this information and an outreach model was implemented. During 1998 and 1999, recruitment efforts focused on key domestic markets such as San Francisco, Los Angeles, Washington D.C., Boston, Texas, Miami, Toronto, Montreal, and Vancouver. Recruitment targets were also expanded to include start-ups and companies expanding within New York City. Since 1999, outreach has been expanded to international targets in key markets, including Europe, South America, Asia, and Israel. The Division also established a consulting arm in Europe with 30 high-tech business developers.

Transportation and Waterfront Development. New York City’s port and rail freight facilities were in severe disrepair as a result of decades of physical neglect, compounded by disinterest on the part of the Port Authority of New York and New Jersey in New York’s freight transportation infrastructure. The failure to properly invest in these facilities exacerbated the City’s over-reliance on trucks to supply the basic goods consumed by its citizens. This further resulted in negative consequences for the City’s air quality, chronic levels of traffic congestion, and impeded job growth and economic viability.

Based on the Mayor’s stated public policy of having the City take a greater role in directing the future of its port terminals and rail freight facilities, EDC developed a phased implementation strategy for improving the City’s port and rail freight infrastructure involving comprehensive planning studies, capital investments, legislative initiatives, public advocacy, and marketing programs. Steps in the implementation of this plan to date have included the following:

- 1994. Purchase of the Staten Island Railroad, followed by rehabilitation of the Arthur Kill Lift Bridge and Arlington Yard. Plans call for future extension of the railroad’s Travis Branch along the west shore of Staten Island.

Economic Revitalization

- 1995. EDC provided support for expanded maritime activity at Brooklyn's Red Hook Container Terminal through an incentive program with major steamship lines. EDC also purchased two modern container cranes as part of an innovative intra-harbor container barge transport service. Cargo volumes at the Red Hook Container Terminal have increased more than three-fold since 1994 and Brooklyn is the largest cocoa importing port in the United States.
- 1996. Reactivation of Staten Island's Howland Hook Marine Terminal supported by the City-funded dredging of ship berths. EDC supported construction of a climate-controlled warehouse to maintain service by a major steamship line, and helped to promote rapid expansion of cargo activity through a toll relief program. In less than five years since reopening, the Howland Hook Marine Terminal is handling more than 10 percent of the entire cargo container volume of the Port of New York and New Jersey.
- 1997. Mayor Giuliani announced City support for two major planning studies: to determine the feasibility of a cross harbor rail freight tunnel, and to redevelop port terminal facilities in Brooklyn and Staten Island. The Cross Harbor Freight Movement Major Investment Study and the Strategic Plan for the Redevelopment of the Port of New York were commenced the following year. Also in 1997, the City removed the Port Authority from the management of the New York City Passenger Ship Terminal to address deficient maintenance and operations at the facility. Working with the new terminal operator, the City is in a better position to handle the significant expansion of cruise ship activity. At the Passenger Ship Terminal, cruise ship passenger volumes have increased 50 percent since 1996.
- 1999. The City reactivated the long-dormant 65th Street Rail Yard along the Brooklyn waterfront after extensive rehabilitation, and completed the construction of two new railcar float transfer bridges.
- 2000. The City participated in a governing consortium with federal and State partners for the development of the Comprehensive Port Improvement Plan, a multimodal examination of freight transportation improvements proposed in coordination with the deepening of New York Harbor's main shipping channels.
- 2001. EDC commenced planning, design, and engineering for Brooklyn waterfront rail improvements to serve future development of the South Brooklyn Marine Terminal.

The Cross Harbor Freight Movement Major Investment Study recommended the further examination of potential rail freight tunnels between Brooklyn and either Staten Island or New Jersey, based on substantial public benefits resulting from future implementation. The environmental impact statement for the project will be co-sponsored by the Federal Highway Administration and Federal Railroad Administration. A rail tunnel would divert 8.6 million tons of freight from truck to rail annually, equal to one million fewer trips across the George Washington and Verrazano-Narrows Bridge.

Development Initiatives. Through the activities of the Economic Development Corporation and other partners, the City has provided significant development assistance in a number of areas designed to revitalize neighborhoods, provide both residential and commercial infrastructure, expand or renovate cultural and entertainment facilities, and encourage important new types of business in the City. A few examples of these City-supported initiatives are as follows:

- In October 1994 EDC formed an internal Hunts Point Task Force to coordinate capital improvements at the Market. During Fiscal 1995 EDC entered into a funding agreement with the Hunts Point Terminal Produce Cooperative Association for a permanent roof reconstruction for the Market. EDC also commissioned research on the growth and improvement of the entire Hunts Point Food Distribution Center; a master plan was finalized in August 1996.

EDC is designing a modern, fully-enclosed wholesale seafood market at the Hunts Point Food Distribution Center in the Bronx. The new facility, the Fulton Fish Market at Hunts Point, will be a state-of-the-art food distribution facility with approximately 285,000 square feet, climate control and ample customer parking. Construction will be completed by December 2002.

- In July 1996 construction started on the Brooklyn Renaissance Plaza project, consisting of a 31-story office and hotel building and underground garage on City-owned property. This project represented the first new Brooklyn hotel in 50 years, and the borough's first new office tower in four years. Nearby, the Atlantic Center retail project opened in November 1996 in downtown Brooklyn with over 400,000 square feet of shopping. EDC administered a \$10 million funding agreement for the project and reconstructed streets surrounding the Center. Also in 1996, downtown Brooklyn's MetroTech project reached maturity with the opening of the City's E-911 center and groundbreaking for the new Fire Department headquarters. MetroTech, which included four million square feet of new development, was the result of a partnership among the City, private corporations, and educational institutions.
- EDC is working with the Department of Transportation to reconstruct the Whitehall Ferry Terminal at the southern tip of Manhattan. The \$173 million project includes the construction of a new climate-controlled terminal building and a two-acre plaza, which will improve vehicular and passenger access and provide a new public space in Lower Manhattan. In the first half of Fiscal 2001 Slip 3 was demolished, foundations were installed, and utility lines were relocated.
- Improvements at LaMarqueta, an enclosed and open-air market in Harlem, were concluded in September 1996, including new lighting, pavement, stairs, and handicap-accessible ramps. Currently, EDC has begun the development of the Harlem Piers Master Plan, which was designated pursuant to a 1998 RFP and will revitalize West 125th Street in the Harlem Piers area and provide waterfront access to local residents. The Plan features linear open space connections, adjacent park areas and revenue-generating components to sustain maintenance costs. The Plan also reviews

Economic Revitalization

the feasibility of constructing a new pier on the waterfront. Construction is scheduled to begin in Summer 2002.

- Queens West is a mixed-use community on 75 acres, formerly used for manufacturing purposes, along the Queens side of the East River. In Summer 1996 an initial \$23 million funding agreement was concluded between EDC and the Queens West Development Corporation. When completed, the overall project will occupy 74 acres of waterfront property along the East River, with 15 residential buildings and approximately 6,300 housing units. In addition, four commercial buildings with a hotel, office space, a conference center, and additional retail stores are planned to serve the new community. There will also be 20 acres of parks and open space and a 1.25-mile continuous esplanade, which will enable residents from Queens West and surrounding areas to enjoy access to the East River. New York City has contributed \$30 million to the Queens West project so far. These funds, which were used to construct the infrastructure for the project and provide sewer and water service and roads, made possible the progress of the project to date.
- In September 1998 Mayor Giuliani and Borough President Molinari announced the start of the selection process for a developer to revitalize the former Stapleton Homeport in Staten Island. The City's initiative to privatize the 36-acre former naval base, which it acquired in 1994, followed the Mayor's announcement of the City's acquisition of a site next to the St. George Ferry Terminal for a minor league baseball park, which became the site of Staten Island Yankees at the start of the 2001 season. (Another new minor league stadium, home of the Brooklyn Cyclones, also opened in 2001 at Coney Island.) The Homeport contains a complex of warehouse buildings with office space, flexible retail/recreation space, a state-of-the-art pier, a utility plant, and extensive parking space.
- Architectural and engineering design work for the St. George ferry terminal in Staten Island was completed in Spring 2001, and bids are being sought for the terminal's foundation work and construction. A second bid package will encompass the remaining work, including reconstruction of the building, construction of a new air-conditioned waiting room and additional retail space, upgrading all utilities, and improving access to the new building and other intermodal connections. The second bid package will be released at the end of Calendar 2001 for construction to begin in early Calendar 2002.
- At the start of 1999 Mayor Giuliani announced the creation of a Mayoral Task Force on Biomedical Research and Development comprised of leaders in the City's medical, research and business communities. The Task Force works to improve the city's competitiveness in the biotechnology industry by seeking to expand collaborative research developments and research parks, promoting collaboration between academic and industry members, helping to recruit world-class researchers to New York City, and focusing the City's effort to promote and expand biotechnology business development. In March 1999 the Mayor announced the establishment of a toll-free phone number – 1-877-NYC-4-BIO – for disseminating information on New

York City's biotechnology industry. Managed by EDC, the phone service assists companies in establishing and expanding biotechnology businesses in New York City.

- September 1999 saw the creation of the Emerging Industries Fund, a \$25 million fund to provide equity and/or debt financing for small, fast-growing companies in New York City. The fund is designed to assist companies seeking first-round investment in the Internet, biotechnology, software and telecommunications industries. The fund's investments may range from \$100,000 to \$1,500,000 with an emphasis on investments of less than \$750,000, and may be structured as debt, equity or a combination of the two. EDC is responsible for reviewing the business plans of eligible companies and selecting appropriate candidates.
- EDC has been especially successful in attracting the new media industry through its national and international marketing campaign. "Digital NYC: Wired to the World," a program to support digital high-technology zones, is promoted through this marketing campaign. In Fiscal 2001 there were eight active high-technology districts. These districts cluster high technology and related businesses in nontraditional business communities by adapting or constructing buildings for large-scale technology needs. Since the start of the program in Fiscal 2000, 58 new businesses leasing 418,000 square feet have been established in these districts, helping to retain and create 745 jobs.

A Showcase for Economic Revitalization: Times Square. Perhaps the City's most visible area of renaissance during the 1990s, with particular impact on the tourism and entertainment industries that have always bolstered the City's economy, has been the rebirth of Times Square. Government has helped the area not only to reduce quality of life offenses, but to reestablish itself as a magnet for the theater, restaurant, and hotel industries.

In May 1995 EDC selected a developer for a hotel and entertainment complex of over 870,000 square feet as part of the 42nd Street Development Project, one of the largest urban renewal projects ever undertaken by the City and State. By the end of 1996 the City had committed \$89 million toward condemnations and renovations to help move the project's initial phases and contribute to renewed private sector confidence in the area. One of the landmarks of the new Times Square, the New Amsterdam Theater on 42nd Street, was completed in March 1997 and opened to the public in May 1997.

It is estimated that when complete, the 42nd Street Development Project will create a total of 35,000 new permanent jobs in New York City. The overall project represents \$2 billion in investment by private developers, investors, and lending institutions, and will continue to benefit the City's economy for years to come.

By helping owners and residents of the Times Square area fight crime and quality of life offenses, the City paved the way for economic revitalization. Statistics listed by the Times Square Business Improvement District on its web site indicate that street crime in

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Times Square declined by 58.6 percent from 1992 to 1999; the number of three-card monte games declined by 98 percent from 1993 to 1998; and illegal peddling fell by 37 percent from 1993 to 1999. In addition, street cleanliness ratings conducted by the Mayor's Office of Operations show that the percent of acceptably clean streets in the District target area have increased from 83.4 percent in Calendar 1995 to 91.0 percent in Calendar 2000, while the percent of acceptably clean sidewalks rose from 91.5 percent in 1995 to 99.2 percent in 2000.

Promoting Commercial Growth in New and Existing Business Districts. Part of the reason for the City's stagnant economy in the early 1990s was that the City's traditional business centers were often unable to accommodate the needs of modern businesses, and the potential for creating new centers for business expansion seemed remote. In particular, the city's oldest central business district and three emerging or potential commercial centers suffered from a variety of problems:

- Lower Manhattan had increasing vacancy rates and was losing jobs, assessed valuation and tax revenues. The area relied on a few industry sectors, had an aging building stock, and lacked direct commuter rail access.
- Downtown Flushing, in Queens, one of the City's fastest growing retail hubs and a major transit center, could not keep up with the demand for additional commercial and residential development. Few developable sites were available in the central business area, and expansion to adjacent areas, particularly vacant and underutilized parcels on the waterfront, was prohibited because of out-of-date manufacturing zoning. An aging subway station, traffic congestion, and an unattractive pedestrian environment also discouraged new development.
- Long Island City in Queens, with its many underutilized or vacant parcels, offers a number of excellent opportunities for development of a new business district. However, the area's low-density manufacturing zoning and an unattractive physical environment have prevented development of new office and mixed use buildings.
- Far West Midtown – the area west of Eighth Avenue between West 28th and West 42nd streets – offers a rare opportunity for expanding the Midtown Central Business District to accommodate commercial development, and an ideal location for large-scale sports and entertainment facilities in the area of the West Side rail yards. However, the area suffers from antiquated low-density manufacturing zoning, and a transportation infrastructure that does not have needed capacity and does not adequately integrate the area with the rest of Midtown. Traffic congestion and a disjointed urban design context are also challenges.

In each of these existing or potential business centers, the Department of City Planning (DCP) mounted a coordinated multi-agency effort to foster economic development. DCP took the lead by developing the zoning changes needed to encourage new development, and collaborated with other agencies and the private sector to facilitate improvements that would support the zoning actions. Long-range infrastructure planning, particularly

roadway and mass transit upgrades, were part of these planning initiatives. Other measures unique to each area, such as tax incentives, waterfront plans and landmark actions, have been implemented or identified.

- Lower Manhattan issues were addressed by a Task Force, convened by the Mayor in 1994, which included the Departments of City Planning and Finance, the Landmarks Preservation Commission, and the Economic Development Corporation. A revitalization plan, including proposed zoning changes, was developed to make Lower Manhattan more competitive by building on its strengths, diversifying its economic base, and encouraging investment in existing buildings for both commercial retention and conversion to residential use. Improved transportation access to and within Lower Manhattan was seen as crucial.
- A Downtown Flushing Plan Advisory Committee was created by the Department, including elected officials, local business and civic organizations, and City agencies including the Departments of Transportation, Parks and Recreation, and Environmental Protection, and the Economic Development Corporation. The Committee developed a consensus on proposed zoning changes, guidelines for redevelopment of a municipal parking lot, a waterfront plan, and proposals for transportation improvements. A number of capital improvements in Downtown Flushing reinforced the impetus for new development.
- Plans for Long Island City were developed with input from an Advisory Committee comprised of local elected officials, community groups and City agencies. The comprehensive land use plan for the area proposed a multi-phased rezoning process, including a new central business district, a waterfront plan, and collaboration with the MTA in developing improved mass transit for the area.
- DCP's Far West Midtown study, nearing completion, takes a comprehensive planning approach that examines land use, infrastructure, urban design, open space and waterfront conditions and opportunities. To guide development plans, a Technical Advisory Committee was established with representatives of the Departments of City Planning and Sanitation; the Police Department; the Mayor's Office of Transportation; the New York City Transit Authority; the Long Island Railroad; Metro-North; the federal and State Departments of Transportation; the Port Authority of New York and New Jersey; New Jersey Transit; Amtrak; local elected officials; two community boards; five real estate development groups; three institutions; and six major property owners.

Economic Revitalization

| Chronology of Implementation | |
|------------------------------|---|
| December 1994 | Hotel tax rate reduced. |
| September 1995 | Elimination of the Commercial Rent Tax in four boroughs and in Manhattan north of 96 th Street. |
| July 1996 | Establishment of the Lower Manhattan Commercial Revitalization Program. |
| September 1996 | Howland Hook terminal in Staten Island reopens for shipping. |
| May 1997 | The New Amsterdam Theater reopens on 42 nd Street. |
| August 1998 | City Council approves Department of City Planning's Lower Manhattan zoning revisions. |
| September 1998 | City Council approves DCP zoning changes for Downtown Flushing. |
| January 1999 | Elimination of 12.5 percent surcharge on Personal Income Tax. |
| June 1999 | Renovation of St. George Ferry Terminal in Staten Island is announced. Agreement to reopen 65 th Street Rail Yard in Bay Ridge, Brooklyn. |
| September 1999 | Creation of the Emerging Industries Fund. |
| October 1999 | EDC issues Request for Proposals for operation of Kennedy and LaGuardia airports beginning in 2015. |
| March 2000 | Permanent exemption from sales tax for clothing and footwear purchases under \$110 is enacted in New York City. |
| January 2001 | Further reduction in Personal Income Tax rates. |
| July 2001 | City Council adopts DCP's zoning changes for Long Island City. |

Outcomes

Employment Trends. Since 1994 New York City has seen record-setting gains in private sector employment. The federal Bureau of Labor Statistics has reported year-over-year private sector job increases in the tens of thousands for each year during the period Calendar 1994-2000; employment gains over this period totaled just under 450,000 jobs. In each of the past four calendar years, year-over-year gains have set a new record for the City's employment trends since 1950, including a gain of 99,300 private sector jobs in Calendar 2000.

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The City's employment gains over this period have outstripped those for the nation as a whole and for the rest of New York State. The City saw a 3.3 percent rate of private sector job growth for Calendar 2000, compared with 2.2 percent nationally and 2.3 percent for the State. Comparing January-June 2001 with the same months of 2000, the City's private sector employment grew by 2.3 percent, compared with 1.0 percent for the nation and 1.8 percent for the State.

The common notion that the City's economy is solely dependent on Wall Street is not supported by current trends. From Calendar 1999 to 2000, the greatest sector of job growth was in business services (an increase of 12.4 percent), followed by the hotel industry (8.3 percent), engineering and management services (8.1 percent) and construction (7.0 percent). The financial sector did less well, with employment in banking declining by 6.0 percent, and insurance by 5.8 percent; however, employment in securities grew by 6.7 percent. The mix of economic opportunities in the City will continue to evolve.

Tax Relief. New York City's tax burden – that is, City tax revenue as a share of personal income – has been reduced from 8.8 percent in 1993 to 7.3 percent in 2001, the lowest figure in three decades. Projections over the next four years based on additional proposed tax cuts indicate that this share will be 6.9 percent as of 2005.

Reduction of the City/State hotel tax beginning in 1994 has led to greater, rather than reduced, hotel tax revenues. These revenues have increased from \$127 million in Fiscal 1994 to \$239 million in Fiscal 2001.

Targeted tax incentives for lower Manhattan have revitalized business interest. The office vacancy rate for primary space in the area dropped from roughly 15.5 percent in 1995 to less than two percent at the end of 2000.

Tax reform has resulted in a significant drop in the number of businesses paying the commercial rent tax and unincorporated business tax. Overall, the number of businesses subject to the Commercial Rent Tax and Unincorporated Business Tax declined 94 percent and 39 percent, respectively, since Fiscal 1995. More than 21,000 businesses – many in the service sector – no longer owe the UBT. The enactment of a personal income tax credit that partners and proprietors can take for UBT paid at the entity level has benefited an estimated 20,400 city residents. Similarly, the number of corporations subject to the General Corporation Tax income-plus-compensation base has been cut by more than 50 percent, and the GCT liability of many small firms has been reduced to the \$300 minimum tax.

Business Retention and Recruitment. Since January 1994 the Economic Development Corporation has secured commitments from a total of 77 major companies to stay in the City for 10 to 50 years. These commitments represent over 112,000 jobs retained, more than 90,000 jobs created, and total annual City tax revenue of at least \$1.8 billion over the next 10 to 50 years. In addition, the Recruitment Division has brought a total of 179 businesses and 3,701 jobs to the City since its inception in April 1996.

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Tourism. Visitors to New York represent one of the City's main economic engines. Positive trends in tourism reflect both the City's economic resurgence and its success in improving quality of life conditions. Since a downturn in the early 1990s, tourism has increased or remained steady in each year. The number of visitors to the City has risen from 26.7 million in 1993 to 37.4 million in 2000, with 37.6 million additional visitors forecast for 2001. Spending by visitors has risen steadily from \$10.1 billion in 1993 to \$17.0 billion 2000; \$17.1 billion in spending is forecast for 2001.

Promoting Commercial Growth. The Department of City Planning's rezoning initiatives have spurred revitalization in targeted business districts. As a result of the coordinated focus of many City agencies working closely together, as well as dramatically improved public safety and significantly lower taxes, older commercial centers are bouncing back and new possibilities are in store for the City's emerging business districts.

- The most striking changes are evident in Lower Manhattan, the Administration's earliest comprehensive business district effort. After several years of rising vacancy rates and declining employment, Lower Manhattan is experiencing a renaissance. The epicenter of the financial capital of the world and the nation's third largest business district, with a workforce of 375,000, is also becoming a 24-hour community with an estimated residential population of more than 14,000. Since 1994, almost 5,500 new or converted housing units have been completed or are under construction. Office buildings are being modernized, attracting new media, communications and technology firms. New and converted hotel projects are accommodating the burgeoning tourist population and increasing business activity, generating additional retail activity. Lower Manhattan's strengths are exemplified by the transformation of the Hudson River waterfront; and by new hotels and retail/commercial complexes at the World Trade Center, the South Street Seaport, and the World Financial Center.
- Since rezoning was implemented for Downtown Flushing, creating opportunities to expand westward, new developments are beginning to be constructed and planned in the area adjacent to the traditional business hub. Several new office buildings have been constructed in the commercial center and the expansion area; others have been proposed for sites in both these areas. Construction is to begin in 2002 on a 14-acre waterfront site for a major retail and residential development, including 1,200 to 1,500 middle income housing units with three-quarters of a million square feet of ground floor retail space and 3,200 underground parking spaces.
- Zoning changes for Long Island City were adopted by the City Council in July 2001. A strong demand for commercial space is evident. In May 2001 the Mayor announced that a major insurance firm will move nearly 1,000 employees to a six-story, 400,000 square-foot former factory building at Queens Plaza North. Around the corner, the \$10 million renovation of another office building is under way. Development of an estimated five million square feet of new high-rise office space in the rezoning area could be facilitated by the proposed zoning changes over the next 10 years. An additional 250,000 square feet of space in existing commercial and/or manufacturing

structures is expected to be returned to full commercial tenancy, and up to 300 new residential dwelling units may also be created.

New York City's Economic Status. The City's increasing economic strength is attested by independent ratings of its general obligation debt. In August 2000 a major investors' service announced that it had upgraded New York City's General Obligation credit rating, and in September 2000 two additional major investors' services announced the same, citing the strength of the City's current financial condition and economy, and its ability to adjust effectively to short-term fiscal pressures and maintain balanced budgets. The new bond ratings, the highest New York has received from two of the investors' services in 12 and 25 years, respectively, and the highest rating ever given to the City from the third, will save the City millions of dollars in annual interest costs for the financing of its capital program.

In November 2000 *Fortune* magazine rated New York the number one place for business in North America. In 1997 *Fortune* had rated New York the most improved city for business. The magazine cited New York's attraction for industries as a center for business, its aggressive courting of new businesses, and its ability to attract ventures relying on creative capital.

Further Challenges

Tax Reform. To build on progress to date, in January 1999 the Mayor convened a Task Force to develop long-term proposals to improve the city's tax system and make it more competitive. Noting that New York City's tax system retains many negative features that are vestiges of an earlier economic era and of past decisions to raise revenues, the Task Force identified the following as major targets for reform:

- Eliminating the commercial rent tax. The City is unique in imposing a tax on rents paid by commercial tenants. As noted, the tax has been eliminated for most businesses and reduced for those still subject to the tax.
- Eliminating the double taxation of S corporations and unincorporated businesses. Owners of S corporations and unincorporated businesses operating in the City continue to be subject to multiple levels of taxation.
- Eliminating the GCT "income-plus-compensation" alternative tax base. This would bring the City into greater conformity with the State corporate franchise tax.
- Eliminating the City utility tax. In light of energy and telecommunications deregulation, the City utility tax has become antiquated. Companies providing utility services should be subject to the City's business income taxes, rather than gross receipts taxation.

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Given the large revenue amounts involved, the Task Force recommended that the City develop a fiscal plan for implementing the long-term tax reductions over a five- to ten-year phasing-in period.

Transportation and Waterfront Development. EDC's planning and development agenda includes the following:

- Expansion of Howland Hook to realize forecasted growth requires federal and State action to enable channel deepening and terminal extension, along with direct rail access to the national rail freight network.
- Enhancement of marine cargo activity in Brooklyn requires installation of an on-dock rail facility and railcar float transfer bridges to support breakbulk and container operations at Red Hook. Modern rail access is necessary to support increased maritime activities at the South Brooklyn Marine Terminal.
- Removal of clearance restrictions along the Bay Ridge Line and establishment of a major intermodal yard and associated warehouse facilities are required to expand rail freight service in the City.
- Capacity expansion and facility improvements at the Passenger Ship Terminal are required to serve increasing passenger volumes and calls by larger vessels.
- Deepening shipping channels to New York's port terminals requires development of options for beneficial use of dredged materials that can no longer be placed in unprotected ocean sites.
- Development of regional consensus and identification of reliable funding sources is needed to implement necessary improvements to New York's freight transportation infrastructure.

Airports. Independent research has revealed significant problems in the management of the New York City area's major airports. In a major 1997 survey comparing 36 American airports in passenger satisfaction, LaGuardia ranked 31st and JFK ranked 35th; in a 1999 study, JFK ranked 59th out of 65 international airports in overall passenger convenience. In his January 2001 State of the City Address, Mayor Giuliani announced plans to end Port Authority management of Kennedy and LaGuardia airports by pursuing a performance-based agreement with a private airport management company. To ensure that the airports are run in the City's interests, the Mayor also announced that, in conjunction with City Council Speaker Vallone, the City will create the New York City Airport Improvement Corporation, which will hold the lease of the airports, and will then enter into a contract with a private management company to run them. The Corporation will have a board made up of appointees of the Mayor and the City Council.

Promoting Economic Development. The most important challenge ahead will be continued coordination with the region's transportation agencies so that essential mass

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transit and roadway improvements will be funded and in place to support economic growth in the city's business centers. Each of the existing or potential business districts which the Giuliani Administration has targeted for expansion will require continual monitoring and evaluation of ongoing traffic and pedestrian improvements or major new investment in mass transit extensions and linkages.

In Lower Manhattan, improving commuter rail access is a top priority. The MTA is currently studying the feasibility and cost of extending the Long Island Rail Road and Metro North rail service from the city's suburbs. To further ease congestion, additional pedestrian and streetscape improvements will need to be implemented. As the residential community continues to grow, its needs for neighborhood support services must be assessed.

In Downtown Flushing, the effects of streetscape improvements must be evaluated after they are completed in 2003. Additional funding will be needed to implement improvements recommended in the latest study of the boulevard nearest the waterfront area. As large new developments are constructed, traffic conditions will need to be monitored, and traffic mitigation measures described in the final Environmental Impact Statement for the rezoning may need to be implemented.

In Long Island City, completion of one-seat rail service from Manhattan to La Guardia Airport, with a stop at Queens Plaza, would put this new business center within minutes of national airline service, and providing an Amtrak stop would connect Long Island City with the northeast lines. Other traffic, pedestrian and streetscape improvements recommended in the soon-to-be-completed Long Island City transportation study will also need to be funded and implemented to fully capitalize on this opportunity for economic growth.

The Far West Midtown study, to be released in the coming months, is expected to recommend land use and zoning changes, infrastructure investments needed to accommodate growth, open space and urban design improvements, and financing strategies to ensure successful implementation of the plan. An environmental impact statement, coordinated with the MTA, must then be completed, and planning for new development carefully phased to coincide with completion of essential infrastructure improvements.

Cultural and Recreational Development. To sustain and enrich the City's quality of life and economic vitality, the Administration is committed to enhancing cultural and recreational resources through capital investment. In his January 2001 State of City Address the Mayor announced plans for economic and cultural development in all five boroughs of the City. To make these proposals a reality, the City's Ten-Year Capital Strategy called for an unprecedented \$700 million for cultural and economic improvement initiatives. Some of these plans are described below.

Economic Revitalization

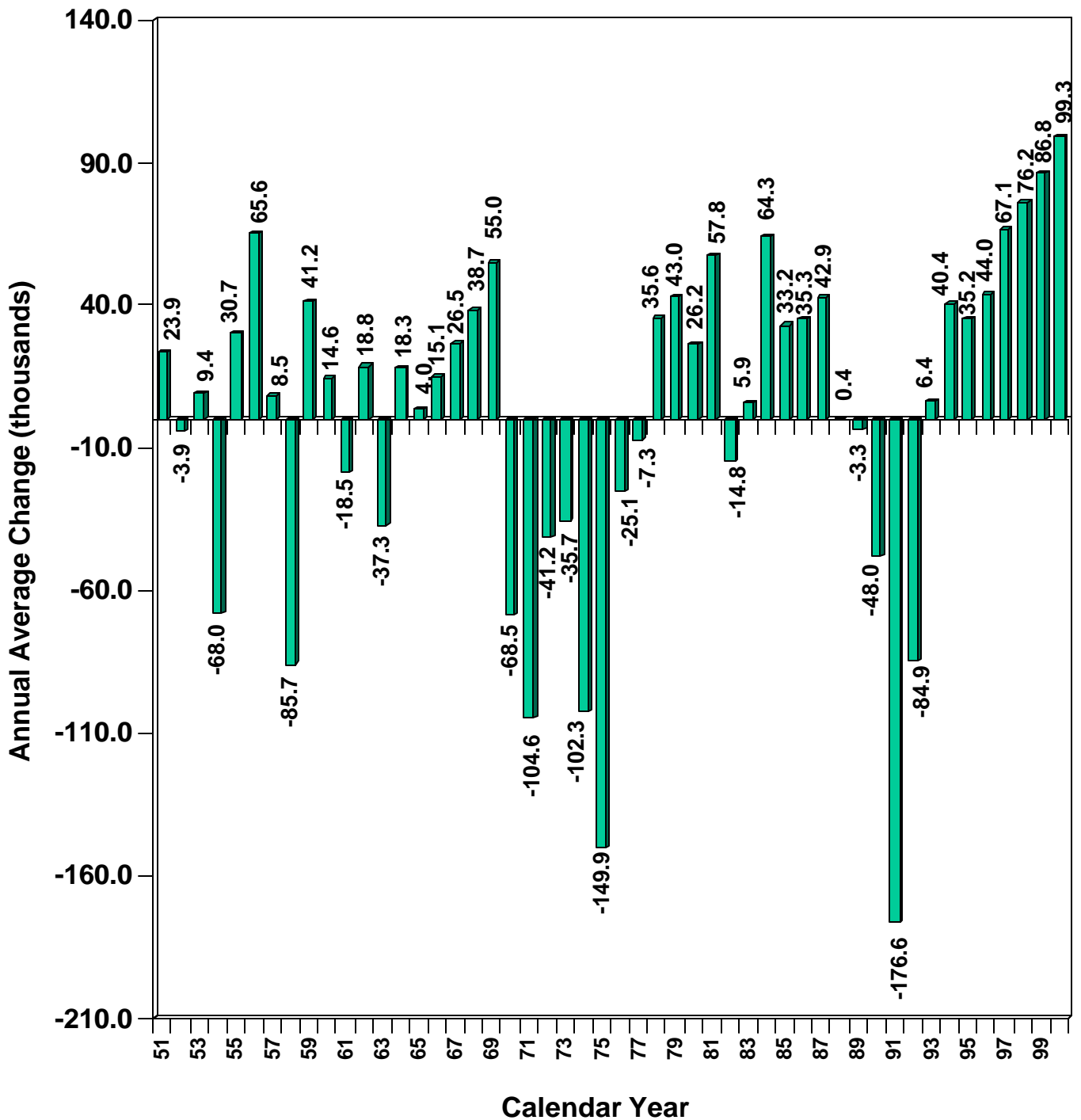
- As part of the comprehensive Coney Island Redevelopment Plan in Brooklyn, the City's Ten-Year Capital Strategy allocated \$30 million for development of the Coney Island Sportsplex. Part of this facility, the Brooklyn Cyclones Minor League Stadium, has already been completed. The Mayor and the City Council will create the Coney Island Local Development Corporation, which will support the revival of the Coney Island area. A Request for Proposals will be released for the development of a sports hall of fame near the Sportsplex. The Plan also calls for expansion of the New York Aquarium, already a major attraction for visitors to the Coney Island area.
- The new Brooklyn Bridge Park will create nearly 70 acres of open parkland space along the underutilized commercial waterfront property in downtown Brooklyn. As its first step, the City will transform the Main Street parking lot into parkland and link it to the Fulton State Park to create an uninterrupted expanse of parkland between the Brooklyn and Manhattan bridges. Other development plans for City parks include a new pool and skating rink at Flushing Meadows Corona Park in Queens; restoration of the Bronx River, and the establishment of a Greenway along the river; and creation of the 57-acre John V. Lindsay Park, extending from the Franklin D. Roosevelt Drive to the East River and from 12th Street to Montgomery Street.
- In his January 2001 State of the City Address, the Mayor reiterated his support for plans to build a convention center and domed sports stadium on Manhattan's West Side. Over the last two years, the Jacob Javits exhibition hall turned away 43 conventions that wanted to come to New York City, a \$200 million loss to the local economy. In addition, New York City is automatically excluded from hosting the 25 largest conventions in the nation. To correct this problem, the Mayor has proposed that the City, the State, and private sector partners commit to building a first-tier convention center on the West Side of Manhattan. The Mayor emphasized that this center ideally should also serve as a domed football stadium, and suggested that a new Madison Square Garden could be located across the street. He reiterated the City's commitment to work with the MTA to extend the Number 7 subway line to the west.
- During the first half of Fiscal 2001 Lincoln Center began to develop its \$1.5 billion Master Plan. The Center seeks to maintain its status as a world-class center for the arts by preserving and modernizing its facilities, for which the City proposed in its Ten-Year Capital Strategy to commit \$240 million. The City has also increased its commitment to Jazz at Lincoln Center's new education/performance/broadcast facility on Columbus Circle. The 100,000 square foot facility will include a 1,100-seat concert theatre, a 600-seat performance atrium, a jazz café, an educational center, a jazz hall of fame and a full recording/broadcasting/Web-casting facility. The Ten-Year Capital Strategy also allocated \$65 million to continue the City's commitment to expansion of the Museum of Modern Art, as well as \$25 million for capital work at the Metropolitan Museum of Art.

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- In his January 2001 State of the City Address, the Mayor announced that the City will make a substantial commitment, similar to the City's support for the Museum of Modern Art and Lincoln Center, to help the Brooklyn Academy of Music (BAM) establish a unique cultural district in the Fort Greene section of downtown Brooklyn. This will include the Mark Morris Dance Center, a renovated Strand Theater, and a variety of other exhibition spaces to augment BAM's existing core. The Ten-Year Capital Strategy allocates \$50 million for this initiative.
- The Mayor continues to offer the City's support for building a new Guggenheim Museum on the East River in Lower Manhattan; the Ten-Year Capital Strategy set aside \$67.8 million for this project, including land acquisition. The Mayor announced the formation of a committee made up of prominent New Yorkers from a variety of backgrounds to help complete the project. The new downtown Guggenheim will transform the area into a mixed-use 24-hour neighborhood and contribute to the City's cultural diversity. The Economic Development Corporation is working with a developer on project design, and expects construction to be completed within six years.
- In his January 2001 State of the City Address, Mayor Giuliani also reiterated plans to relocate the Museum of the City of New York to the Tweed Courthouse opposite City Hall Park. The Economic Development Corporation has begun the restoration of the Tweed Courthouse building, including reconstruction of the monumental staircase on Chambers Street, with completion scheduled for December 2001. The Ten-Year Capital Strategy sets aside \$125 million for this project.
- The City will also assist the New York Public Library's plan to add an additional eight floors and 139,000 square-feet of library space to the Mid-Manhattan Library, its main circulating branch library, on Fifth Avenue at 40th Street. This space will include computers, a state-of-the-art job information center, a health information center, and 24-hour on-line reference services. The expanded facility is projected to serve 2.5 million people annually.
- The Ten-Year Capital Strategy also set aside substantial funding for other cultural resources including the Museum of Jewish Heritage, the Carnegie Hall-Third Stage Theater, the Center for Jewish History, and the New York Botanical Garden in the Bronx.

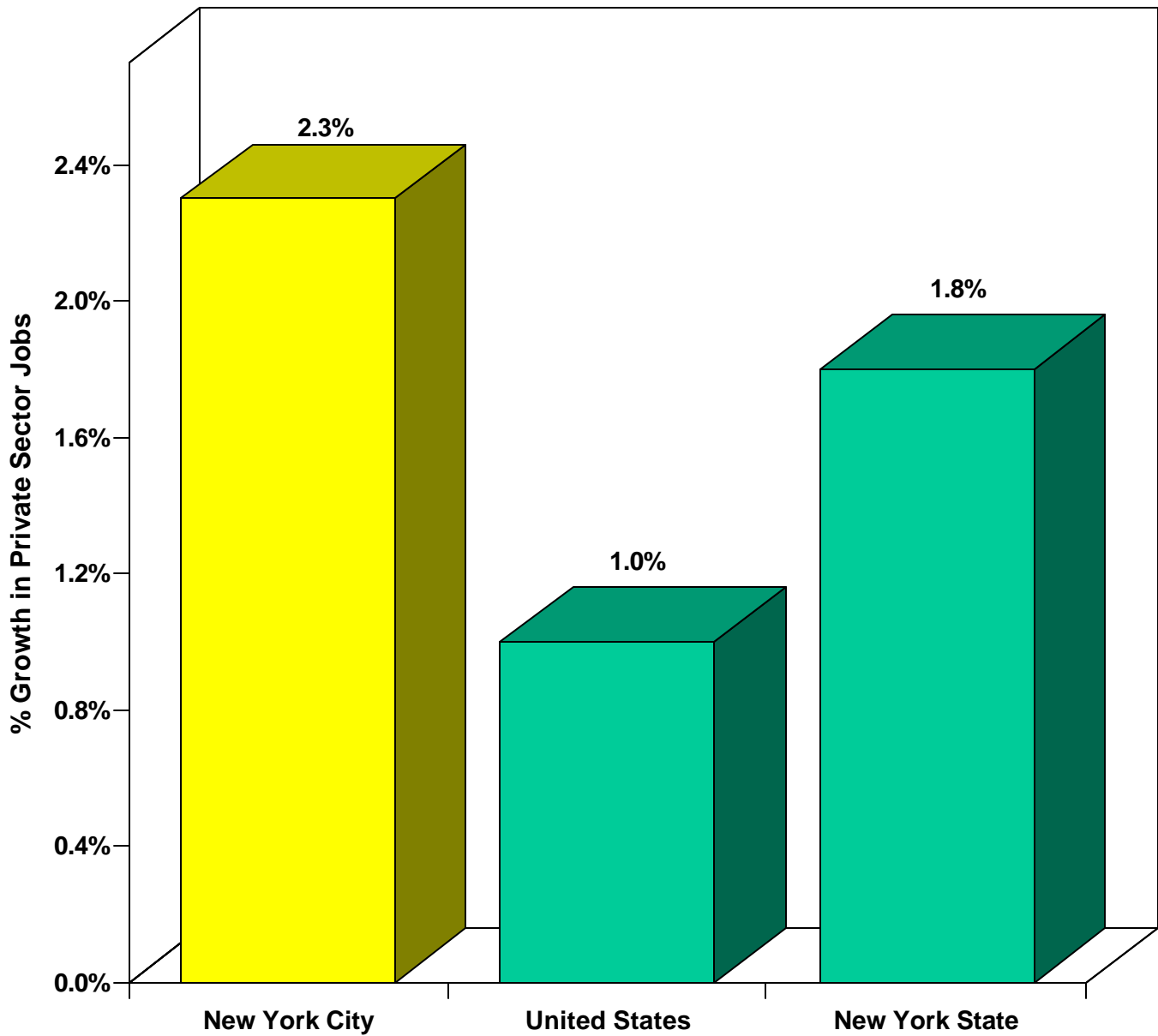
New York City Private Sector Job Growth

Calendar 1951 - 2000



Source: Bureau of Labor Statistics

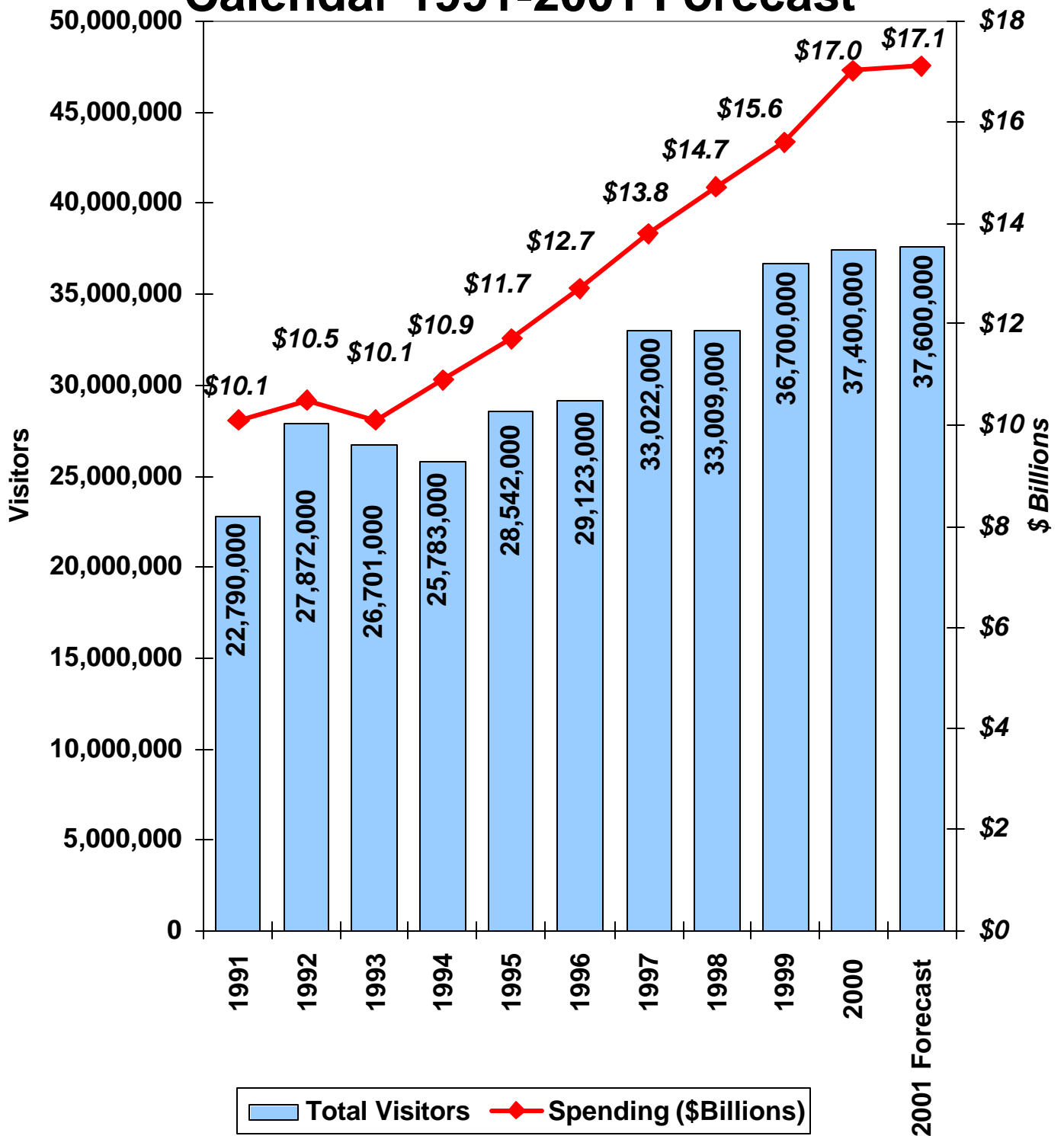
In the First Half of Calendar 2001, NYC Private Sector Employment Growth Exceeded the Nation and New York State



Figures show percent growth in private-sector employment from January-June 2000 to January – June 2001.

Source: Bureau of Labor Statistics

Total Visitors and Spending by Visitors to New York City Calendar 1991-2001 Forecast



Source: NYC & Co.

PRIVATIZATION INITIATIVES

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The Challenge

As the mid-1990s approached, management of New York City's public services was widely perceived to be in need of improvement. Inefficiencies abounded, effectiveness was spotty, taxes were wasted, and archaic work rules handcuffed managers and led to the tacit recognition that City agencies were not really manageable. The conventional public administration solutions – such as enhanced training and professional development, zero-based budgeting, automation, reorganization, incentive systems, management by objectives, productivity programs, joint labor-management committees, and total quality management – were not enough; an additional strategic approach was needed.

Other cities, in the United States and abroad, had already started taking advantage of a relatively new tool for strategic management: privatization. Privatization can be defined as relying more on the private sector to satisfy public needs. It comes in several forms: contracting for services with for-profit and nonprofit organizations; leasing or selling City-owned property and enterprises; issuing franchises or awarding concessions for services; deregulating and allowing market forces and entrepreneurs to provide needed services; encouraging voluntarism; creating public-private partnerships to develop infrastructure; and using vouchers to expand citizen choice of service providers.

Privatization is not new: in 1492 Queen Isabella of Spain hired a private contractor to explore the western Atlantic Ocean. During the Revolutionary War, the Continental Congress, in effect, issued franchises to private ships (privateers) to attack British shipping. The Federal government started selling public lands in 1785 and continues to this day.

Nor was privatization unknown in New York City. The City had been contracting out streetlight maintenance for years, for example, and had franchised private bus lines and municipal golf courses. Many of the most important social services administered by the City have always been provided under contract. What was new, however, was Mayor Giuliani's deliberate program to use privatization to improve the performance of City agencies. The Mayor made this an important element of his campaign in 1993, and delivered on his promise.

Privatization Initiatives

The Solution

The Giuliani Administration implemented more than 60 different privatization actions, and others are still underway. These actions ranged from contracting out fleet management in the Parks & Recreation Department, to allowing dollar vans to expand services in underserved areas of the City, to franchising private ferries, to divesting the WNYC radio and television stations. The accompanying table summarizes these privatization initiatives, although the list is not necessarily complete.

Outcomes

The City's privatization initiatives in the aggregate resulted in cost savings, cost avoidance, more revenue, better service quality, greater responsiveness to the public, and direct savings to the public. For example, tax-levy spending for Public Assistance has been reduced by over \$550 million a year by shifting the emphasis to preparing for work. Readily identifiable savings from contracts amount to more than \$42 million annually. Competitive contracting in the Parks Department reduced the cost of fleet maintenance by 30 percent while reducing the proportion of out-of-service vehicles from 18 percent to five percent. Vouchers for informal day care save money compared to contracts for day-care centers.

Selling City-owned apartment buildings resulted in cost avoidance of \$43 million, because the City no longer has to manage the properties and incur operating expenses. The sale of tax liens on delinquent properties has brought in more than a billion dollars. Other divestments during the period 1994-2000 brought in \$657 million. Sale of the Off-Track Betting Corporation will yield up to \$389 million and remove the City from a business incongruent with its core functions. The revenue from ambulance calls increased \$10 million per year by using a contractor for billing and collection.

The Central Park Conservancy, the nonprofit organization contracted to manage Central Park, raises \$17 million a year for the Park. New outlets made available by the City for paying bills and fines respond to public needs and offer greater convenience. Traffic safety is increased by the automatic cameras that reduce dangerous red-light running. The promotion of voluntarism, through the Department of Transportation's Adopt-a-Highway program and the public library systems' Adopt-a-Branch program, results in cleaner highways and better libraries. Expanded private ferry services save time for commuters and offer greater convenience to the riding public.

Privatization Initiatives

SUMMARY OF PRIVATIZATION ACTIVITY IN THE GIULIANI ADMINISTRATION

| Department or Administration | Program | Method of Privatization | Status | Comments |
|----------------------------------|---|----------------------------|-------------------|---|
| Buildings | Examination service | Contract | Ongoing | Develop and administer exams for private elevator agency directors and inspectors |
| | Lock-box service | Contract | Drafting contract | Collect fees and data for elevator and boiler inspections |
| | Elevator inspections | Contract | Ongoing | |
| Business Services | Business Improvement Districts (12 new BIDs added to existing 29) | Voluntarism | Ongoing | Voluntary formation of BIDs and self-imposed taxes (\$5.35M/yr) result in better services and quality of life in their areas. |
| Children's Services | Day care | Voucher | Ongoing | Number of children cared for through vouchers increased by 310%. Voucher cost is 42% less per child than contract cost. |
| Citywide Admin Svcs | Delivery of office supplies | Contract | Ongoing | Two-day delivery |
| | Fleet services | Contract | Ongoing | Saving \$4.7 per year and reducing down time from 10% to 3% |
| Consumer Affairs | Deregulation of nine occupational licenses | Deregulation | | Direct savings to the public by dropping obsolete licensing requirements |
| Corrections and HHC | Health care for prison inmates | Contract | | Expect 10% savings and better health care for inmates of 12 of the 16 city jails |
| Cultural Affairs | Challenge Program for matching grants | Voluntarism | Ongoing | Cultural institutions raise private money to match City grants |
| Economic Development Corporation | UN Plaza Hotel | Divestment | Completed | Obtained \$85M and annual property taxes |
| | WNYC AM and FM Radio | Divestment | Completed | Obtained \$20M |
| | WNYC-TV | Divestment | Completed | Obtained \$207M |
| | OTB | Divestment | Completed | Up to \$389 M. Subject to State approval. |
| | Coliseum | Divestment | Completed | Joint sale by NYC EDC and MTA for \$345M |
| | Airports | Contract | Planned | Currently operated by Port Authority under lease to 2015 |
| | Board of Education | Divestment | In process | Buildings for sale are 110 Livingston St. and 2 other nearby buildings |
| | Community Gardens | Divestment | Completed | Vacant lots purchased by a benefactor and kept as Community Gardens. |
| Education, Board of | Custodial services | Contract | Ongoing | Better, faster service; schools cleaner and open more hours for community activities |
| | Summer School | Contract | Ongoing | Contracts in 20 districts for professional development and direct student services |
| | Construction of new school buildings | Public-private partnership | In process | Private foundation will finance and build schools and lease them to BOE |
| Environmental Protection | Water-meter reading | Contract | Ongoing | Net annual savings should be \$2.15M per year when expanded throughout entire city |
| Finance | Sale of tax liens on delinquent properties | Divestment | Ongoing | City obtained \$1.45B in revenue; tax delinquency reduced by 20%. |

Privatization Initiatives

| Department | Program | Method of Privatization | Status | Comments |
|--------------------------------------|--|-----------------------------------|--------------------------|--|
| Finance | Sale of City-owned parking facilities | Divestment | Sold 5 of 13 facilities | Obtained \$16.86M |
| | Neighborhood Payment Centers for public to pay taxes, water bills, fines | Deregulation and market operation | Ongoing | Public can pay at 402 locations in metropolitan area at private cash-checking stores; customer pays for the service. |
| | Bail processing | Contract | Ongoing | Bank contracted by City handles transactions; less City staff needed |
| | Data entry | Contract | Ongoing | Eliminated microfilming. Exploring privatization of remaining data entry work |
| Fire | Reproduction and mail management | Contract | Ongoing | Saved \$1M |
| | Billing for ambulance calls | Contract | In process | 500,000 transports per year; \$10M more revenue expected to be collected annually |
| Health & Hospitals Corp | Laundry service | Contract | Ongoing | Half the work is contracted, saving \$3M per year |
| Homeless Services | Homeless shelters | Contract | Ongoing | Also provides individually specialized– more direct and personal–services and dissemination of best practices |
| Housing Authority | Boiler plant privatization | Contract | Ongoing | Contractor is Brooklyn Union Gas. Annual savings are \$2.45M per year |
| | Private management of scattered housing sites | Contract | Ongoing | |
| | Verification of applicants' eligibility | Contract | Ongoing | Screens out ineligible applicants for public housing |
| Housing Preservation and Development | Disposed of City-owned, tenant-occupied, <i>in-rem</i> buildings | Public-Private Partnerships | Ongoing | Sold 2,000 buildings; cost avoidance and savings of \$95M per year |
| | Disposed of City-owned, vacant, <i>in-rem</i> buildings | Divestment | Ongoing | Over 1,200 buildings restored to market; will be paying taxes. |
| | Anti-abandonment | Public-Private Partnerships | Ongoing | Troubled buildings are identified; efforts made to keep them in owners' hands to avoid City takeover for tax arrears. |
| | Third-Party Transfer Program | Ownership transfer | Ongoing | Buildings in arrears are diverted to other private owners to avoid City ownership, management, and operation. |
| Human Resources Administration | Welfare Reform (Work Experience Program, WEP) | Withdrawal | Ongoing | 30,000 former welfare recipients are working for their stipends in City agencies. Greater self-reliance and less dependency. |
| | Employment preparation and employment services | Contract | Ongoing | 89,071 Public Assistance recipients were placed in jobs by end of FY2000 |
| | Legal aid services for welfare recipients | Contract | Ongoing | Competitive solicitation was conducted, instead of award to same contractor |
| DoITT | Kiosks for interactive "e-government" | Contract pending | Proposals received, 2001 | More convenient access for citizens and businesses to obtain information, file applications, make payments |
| | Leases for fiber optic cables in unused water lines | Lease | RFP issued 2001 | |
| | Webphone service at public telephones | Franchise | Planned | Allow public to access Internet |
| Juvenile Justice | Non-secure detention girls' intake facility | Contract | Planned | |

Privatization Initiatives

| Department or Administration | Program | Method of Privatization | Status | Comments |
|------------------------------|--|------------------------------|---------------------------|--|
| Parks & Recreation | Central Park Conservancy | Contract and voluntarism | Ongoing | Central Park Conservancy provides 85% of the Park's operating budget of \$20M per yr |
| | Bronx and Brooklyn garages | Contract | Ongoing | Reduced cost by 32% and reduced fraction of vehicles out of service for repairs |
| | City Parks Foundation | Voluntarism | Ongoing | Businesses and benefactors donate to parks, mostly for rehabilitation |
| Public Library, Brooklyn | Voluntary contributions | Voluntarism | Ongoing | Amount given has doubled during Giuliani administration |
| Public Library, New York | Adopt-a-Branch | Voluntarism | Ongoing | \$0.5M for each of 15 branches in Bronx and Manhattan, plus \$5M for Bronx branch |
| | Security Guards | Contract | Ongoing | Lower cost |
| Sanitation | Fresh Kills compost operations | Contract | Ongoing | Contractor sells compost product but operation is not self-sustaining; City pays contractor. |
| | Fresh Kills landfill gas emission control | Franchise | Ongoing | Franchisee paid initial fee of \$875K; pays \$3.5M/yr. City saves \$2M - \$3M/yr in cost of compliance monitoring |
| | Solid-waste transfer and disposal | Contract | Ongoing | Ran out of space for disposing of solid waste within City limits. Now being sent out of state by contractor. |
| | Waste-paper recycling | Contract (with risk sharing) | Ongoing | City will reduce costs by up to \$120M and gain revenue of at least \$26M in 20 years |
| Taxi & Limousine Commission | Commuter vans | Deregulation | Ongoing | More vans licensed; provide convenient, low-cost service in under-served areas |
| | Issue more taxi medallions | Franchise | Ongoing | City received approximately \$78M from selling 400 additional medallions |
| Transportation | Adopt-a-Highway | Voluntarism | Ongoing | Donors pay to clean 336 miles of highway at about \$8,000 per mile per year |
| | Private ferries | Franchise | Ongoing | Half the routes were initiated during the Giuliani Administration |
| | Installation of street signs | Managed competition | Ongoing | Union agreed to greater productivity in order to avoid outsourcing by the City. |
| | Parking garages | Lease | Ongoing | Since 1995 City has had a revenue sharing agreement. Brought in \$6.1M in FY2000 |
| | Managed competition for street resurfacing | Contract | Planned but never started | Bids were received but no awards were made |
| | Red-light camera | Contract | Ongoing | Cameras and sensing equipment located at selected intersections are triggered by cars driving through red lights. Violators are identified and are issued tickets by mail. |

Privatization Initiatives

Further Challenges

These accomplishments are noteworthy in a City once known for its unmanageability. Nevertheless, numerous opportunities remain for taking further advantage of competition and public-private initiatives. The public school system is long overdue for tuition vouchers, which would introduce competition to failing schools and allow parents a choice for their children's education. Continued opposition from the established school bureaucracy can be expected, and in the meantime pupils and parents will continue to be the losers. The physical condition of public schools would be improved by more contracting with responsible firms to handle custodial work; the experience in City schools to date justifies many more such contracts and a determined effort to overcome vested in-house opposition.

Competitive contracting would also bring large improvements in efficiency in public works functions; these services are the most commonly contracted municipal services throughout the United States and Europe. Convincing studies in other cities show that municipal collection of residential solid waste costs about one-third more for service of the same level and quality. Particularly appealing candidates for privatization are the City's water and wastewater treatment plants; such facilities privatized elsewhere by competitive contracting are yielding savings of the order of 40 percent, with better water quality to boot. Street paving is another candidate for contracting. Renewed efforts should be made to sell the municipal hospitals while maintaining the City's traditional role of providing health care to the needy, and to hire private prison firms to manage City prisons under proper safeguards.

Another challenge is to introduce performance contracting in more social services. HRA has led the way in paying contractors only for actual job placements and job retention. In the past, contractors were reimbursed for their costs and received a fixed fee. Now, contractors assess, train, and prepare hard-to-place Public Assistance recipients for jobs, but the contractors are not paid until the individual is placed in a job, and even then the fee is only a partial one. They receive another portion of the fee if the individual is still employed after three months and/or six months, depending on the contract. Moreover, the contractor receives a bonus if the individual is receiving relatively high wages. HRA follows their contractors' performance through computer-based systems, JobStat and VendorStat, that are modeled on the Police Department's CompStat system. This approach should be expanded to cover more social services that are provided by contractors. Wherever possible, for-profit firms, religious institutions, and other nonprofit organizations should be allowed to compete on a level playing field for social service contracts.

INFORMATION TECHNOLOGY

The Challenge

The inception of E-government offers an unprecedented opportunity and challenge to reinvent traditional “brick and mortar” government by providing governmental services seamlessly through the Internet, 24 hours a day, seven days a week. The Administration’s goal of providing the public with intuitive online access to government services is intended to transform the way service is provided by improving efficiency and effectiveness, while enhancing customer service and accountability to New York City residents. The challenge of E-government is to fundamentally change the manner in which New Yorkers can access government information and services and eliminate their need to visit multiple City offices to conduct business, pay bills, or fill out forms. The City must also continue to encourage and support agencies in their efforts to effectively leverage the Internet as a way of providing their services to the public with the goal of improving the overall customer service experience.

Historically, technology in New York City was managed on a decentralized basis; each agency’s Commissioners and MIS directors selected the appropriate technology for their agency, often with little or no knowledge of the strategic direction of other City agencies. This lack of a centralized leadership for information technology (IT) provided for weak inter- and intra-agency coordination, complex procurement processes, shortage of qualified IT staff, inefficient data-sharing, and lack of formal standards. The City needed to establish a centralized entity to identify, assess, and advocate ways of using technology to provide 24-hour access to City government; reduce costs and improve productivity; increase revenue collections; strengthen executive decision-making and planning; and improve response time to public safety emergencies. These challenges needed to be balanced against the rapidly changing pace of technology, which could lead to obsolescence and the need for constant reevaluation and relearning. In addition, IT planning required a comprehensive centralized understanding of the multitude of laws, regulations, and fiscal constraints affecting the pace at which technology can be deployed and the resources that can be made available.

The Solution

Only a portion of the City’s wide-ranging information technology initiatives can be covered in this chapter. The following discussion focuses on centralized initiatives with implications for many application areas, as well as a sampling of agency-specific initiatives that have substantially advanced the City’s move toward E-government.

Reorganization and Consolidation. In October 1998 Mayor Giuliani issued Mayoral Executive Order Number 43, creating the Technology Steering Committee (TSC) and the Office of Technology within the Department of Information Technology and Telecommunications (DoITT). The TSC was charged with the coordination and oversight of the City’s E-government initiative, providing resolution and guidance on interagency

Information Technology

E-government issues, developing and supporting the City's E-government strategy, securing required project resources, and identifying options for expedient procurements. The Office of Technology was created within DoITT to provide the Committee with all the assistance necessary to its operations.

As a part of the Mayor's E-government Initiative, the E-government Office was created in January 2000. The E-government Office was given the responsibility of successfully implementing and managing the City's E-government strategy through the coordination and oversight of agency E-government projects, technology strategic plans, project approval and tracking. DoITT is also responsible for promoting E-government awareness, oversight of projects that have citywide importance and implications, and development of technological and operational E-government strategies. In October 2000, in an effort to consolidate and coordinate strategic planning utilizing existing staff resources, the E-government Office and the Office of New Media – which is responsible for coordinating web site development by City agencies – joined the Office of Technology at DoITT.

Technology Steering Committee. Establishment of the Steering Committee represented a groundbreaking approach to the City's management of IT. For the first time in New York City's history, decision-making regarding IT was coordinated to formally utilize the technological expertise of the Department of Information Technology and Telecommunications (DoITT); the operational and business process knowledge of the Mayor's Office of Operations; and the fiscal and budgetary acumen of the Office of Management and Budget (OMB).

The TSC was charged with establishing the first City of New York Information Technology Strategy, reviewing and approving annual agency technology plans, sponsoring citywide technology initiatives, overseeing the City's Technology Fund, overseeing the Year 2000 Project Office, promoting programs that recognize and reward technological innovations by agency personnel, and forming sub-committees to address citywide issues, including recruitment, retention, training, procurement, security, standards, and Geographic Information Systems.

The City's first citywide Information Technology Strategy, published in March 1999, emphasizes the importance of technology to the future success of key City initiatives and provides a multi-year framework for the use of information technology. The Strategy can be found on DoITT's home page at NYC.GOV, the City's web site. The City is currently working on its first update to the plan.

Funding IT Initiatives. The City's Technology Fund, created in Fiscal 1996, currently allocates \$10 million annually for IT projects that utilize technology to enact customer service improvements. Whenever possible, the Technology Steering Committee selects projects for funding that have the potential to be developed for one agency and then replicated at others. In addition, the TSC developed an E-government Fund to assist agencies with the development of Internet, Intranet and Extranet projects. In addition to agency projects, these funds assist DoITT in its strategic planning and development efforts for "e-service solutions."

NYC.GOV Portal. In May 2001 DoITT launched a new portal, or user interface, for NYC.GOV. The portal provides citizens, businesses and visitors with easy-to-use navigation features to improve their ability to intuitively and quickly access an array of government services. The portal provides a traditional agency directory, a directory based on specific interest groups, and a personal directory adaptable to the interests of each user. The new portal is an important step toward providing public access to City services on an enterprise-wide basis rather than through multiple agency services.

CityShare. In July 2001 DoITT launched CityShare, the City's new Intranet site and electronic workspace for City employees. CityShare is the employee's common gateway for access to interagency communications, job-related tools and personnel information. By leveraging DoITT's existing infrastructure, as well as the availability of agency-specific applications and content, CityShare serves as the foundation on which to build future applications for employees. CityShare offers the potential to dramatically reduce paper-intensive internal operations by automating many of the functions performed by City employees.

Taxi and Limousine Commission Vehicle Base/Driver Information. Working with the Taxi and Limousine Commission (TLC), DoITT developed an online application that provides all vehicle base operators with the ability to retrieve their driver and base licensing and adjudication information via the Internet. Internet access will provide up-to-date information to ensure that unlicensed or improperly licensed drivers are not allowed to pick up passengers. In addition to the public safety aspect of ensuring that unsafe taxi drivers are kept off the road, the application relieves TLC of the burden of providing this information to the base owners using manual procedures.

Business Resource Guide. In collaboration with the Department of Business Services (DBS), DoITT developed an Internet application that represents the City's first intentions-based cross agency initiative. The Business Resource Guide allows a user interested in starting or developing a business to identify existing business incentives that may be applicable to their specific situation. After providing the user with a brief online questionnaire, the application sorts through more than 150 different incentives offered by multiple agencies and provides online links for the user to access the appropriate information. The Business Resource Guide is the first example of how NYC.GOV can aggregate information from multiple agencies and provide information to constituents in a unified manner.

Sanitation. In collaboration with the Department of Sanitation (DOS), DoITT developed and implemented a web-enabled application to handle DOS service requests. This initiative enabled DOS to web-enable service requests for derelict vehicles, lot cleaning, missed collections, and miscellaneous requests.

Parks and Recreation. In collaboration with the Department of Parks and Recreation (DPR), DoITT redesigned and developed seven online forms including applications for tennis permit renewal, employment as a lifeguard, requests for planting a new tree, sports permit applications, dead tree removal, and special events permits. Each of these forms

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were integrated into the new NYC.GOV portal and, where needed, a secure online payment method was implemented to automate credit card payments.

Building Information System. As part of the restructuring of the Department of Buildings (DOB), DoITT undertook to design, develop and implement an application that web-enables a portion of DOB's Building Information System (BIS). The web-enabled portion of the application contains information that is most frequently requested by the public and the building industry. This application allows the public to access building code, inspection and violation information via the Internet.

Services for Seniors. Working with the Department for the Aging (DFTA), DoITT developed a high-level design for web-enabling the agency's UNIFORM system. This system is a screening application that determines the eligibility of seniors for a variety of private, City, State, and federal benefits. By making the application available online, DFTA will be able to serve more constituents and better automate its process for providing services.

Emergency Management. DoITT is working with the Office of Emergency Management (OEM) to develop the Emergency Management Online Locator System (EMOLS). This system will provide critical information during emergencies such as hurricanes, coastal storms, or heat emergencies, allowing users to locate hurricane facilities, evacuation routes and modes of transportation, and cooling centers. The public will be able to access the application via the Internet in order to locate emergency information, and emergency call center operators will use the application internally to provide guidance to constituents via telephone.

CityAccess Kiosks. As part of the City's E-government strategy, DoITT is deploying automated kiosks, ATM-like machines providing electronic access to the City's information and services throughout the five boroughs of the City. This facet of the E-government strategy will bring access to City government services into the neighborhoods and communities where New Yorkers live and work, with extended hours of service throughout the day and night. The initiative is designed to address issues of access to government services via the Internet for all citizens, including those who do not own a personal computer. Kiosks can be self-funded due to revenue opportunities from advertising and the provision of co-resident services on the kiosks.

To test the technology and the level of acceptance by citizens, a demonstration project was conducted beginning in 1996. Thirty-seven kiosks were deployed citywide, receiving an average of 50,000 visitors per month; there were approximately 2.75 million total visitors to the kiosks from August 1996 through December 2000. Based on the demonstration project, the decision to permanently deploy kiosks was made in early 1999.

In order to minimize the initial setup costs to the City for the development of a kiosk program, a partnership with the private sector was pursued. The City sought to benefit from existing infrastructure and business processes by contributing monies toward the

purchase of the kiosks and agreeing to the sharing of revenues. Solicitations were made and a partnership developed with a private firm. Under a contract valued at approximately \$1 million, at least one kiosk will be deployed in each of the City's 59 Community Boards. With revenue sharing from advertising and co-resident applications, it is projected that the \$1 million will be recouped during the five-year contract period. Deployment will begin during Winter 2001, providing users of CityAccess kiosks with direct access to NYC.GOV as well as other related sites.

Human Resources. The Technology Steering Committee established a Recruitment, Retention, and Training subcommittee with representatives from the Department of Citywide Administrative Services (DCAS), the Office of Labor Relations, and the Mayor's Office of Operations. This subcommittee was charged with the responsibility to develop and implement strategies to ensure that New York City maintains its skilled workforce to support and develop the City's information technology systems. Initially, the subcommittee has focused on reducing the City's vacancy rate in IT positions. Several retention and training programs have been implemented:

- Improved Hiring Process. A centralized candidate review committee was created to ensure that IT candidates were correctly matched with available IT positions and to expedite the hiring process. In addition to its other responsibilities, the members of the Committee are charged with the review and approval of all senior-level technology candidates proposed for appointment at mayoral agencies. Since its inception, the Committee has interviewed over 40 candidates for Management Information Systems Director and Deputy Director positions.
- Recruitment Staffing. Technical Recruiter positions were established to spearhead the City's IT recruitment initiatives. During the last quarter of Fiscal 1999 DoITT issued a Request For Proposals (RFP) to provide IT executive search firm services to City agencies. Today, three full-time employees are assigned to work on filling the City's IT vacancies. In addition, a contract for professional IT recruitment services was awarded and used for the first time in Fiscal 2000. In early Fiscal 2001 the City also awarded a contract for temporary executive-level IT position placement to further assist City agencies in recruiting quality IT staff for difficult-to-fill or interim IT positions. Together, the availability of these two contracts is expected to facilitate the recruitment and hiring process for high demand, high turnover IT positions.
- Online Job Postings. Job applicants can now search and apply for City IT positions online at the IT Jobs Board on the City's web site.
- IT Fellows Program. The Information Technology (IT) Fellows Program was designed to give undergraduate and graduate students the opportunity to both build and apply information technology-related skills while gaining on the job experience within New York City government. DoITT is working to expand opportunities for the Fellows by developing placements in more areas of IT operations, including E-government, Extranet development, and emerging technologies such as wireless communication.

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- Excellence in Technology Awards Program. In Fiscal 2000 DoITT developed a citywide technology awards program to recognize outstanding contributions in technology innovation. Awards were given to City agencies and employees who have developed solutions that enhance service delivery, customer satisfaction, and agency productivity in eight categories, including excellence in technology; best E-government initiative; best intranet initiative; leadership and management of IT; excellence in project management; fostering collaboration and partnership across agencies; and the use of technology for cost savings.

Procurement. The Steering Committee formed a Procurement subcommittee to explore and coordinate procurement reform utilizing information technologies. The subcommittee's members include representatives from the Mayor's Office of Contracts, OMB, DCAS, DoITT, and the Law Department. Opportunities to improve procurement are being sought through the use of procurement cards, centralized market place technologies and services. The subcommittee has developed a centralized portal on the City's intranet for agencies to share information. Another area of concern for the subcommittee is enhancing procurement information on NYC.GOV, so that businesses interested in doing business with the City may obtain procurement opportunities and other relevant information.

Security. A Security subcommittee was established to provide a forum for City agencies to discuss information security issues and work jointly to devise solutions. The subcommittee is chaired by the Law Department and the Department of Investigation's Citywide Information, Security, Architecture, Formulation and Enforcement Unit (CISAFE). CISAFE is responsible for the creation and development of consistent and effective security procedures and protections to ensure the confidentiality, integrity, and controlled accessibility of all electronic information processed by the City.

Geographic Information Systems. A Geographic Information Systems (GIS) subcommittee was established to coordinate the City's diverse GIS systems and activities and to maximize the use of this technology. Many City agencies are already using GIS for applications such as tracking emergency response times, engineering design, infrastructure maintenance, providing facility locations online, and property management. The subcommittee, led by DoITT, the Office of Emergency Management, and the Mayor's Office of Operations, is responsible for overseeing the creation of an accurate City physical base map; managing the registration of graphic and informational layers to City physical and legal base maps; developing a central, citywide repository of GIS information that is accessible to all City agencies; insuring that GIS information is properly managed and maintained; and supporting the implementation of new strategic GIS applications.

In Fiscal 2000 the citywide basemap was completed as planned and made available to more than a dozen City agencies. With an accurate physical basemap completed, DoITT is beginning to build a "GIS utility." This utility will integrate all vital geographic information and graphics currently maintained locally at City agencies, and will be used to develop applications and support E-government efforts. Geographic information to be

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added includes the tax block and lot map and the street center line map created by the Department of City Planning, which are in the process of being registered to the basemap.

| Chronology of Implementation | |
|------------------------------|--|
| August 1996 | Start of CityAccess Kiosk demonstration project. |
| October 1998 | Mayor Giuliani creates the Technology Steering Committee and DoITT's Office of Technology. |
| March 1999 | Publication of the City's first Information Technology Strategy. |
| January 2000 | Creation of the E-government Office. |
| May 2001 | Launching of the new NYC.GOV portal. |
| July 2001 | Launching of CityShare, the new City government intranet. |

Outcomes

NYC.GOV is revolutionizing the way New York City residents, visitors, and businesses interact with City government. Prior to the Giuliani Administration, the only way to obtain and access most government information and services was through a visit to a government office or via telephone during business hours. At NYC.GOV, visitors can obtain government information, conduct a variety of business transactions, or complete online applications 24 hours a day, seven days a week, without the limitations of time or location. The implementation of the NYC.GOV portal has created a solid foundation to significantly expand the services already available online. Once fully realized, visitors to NYC.GOV will be able to access information across multiple agencies and areas of interest, providing a more effective and customer service-oriented experience.

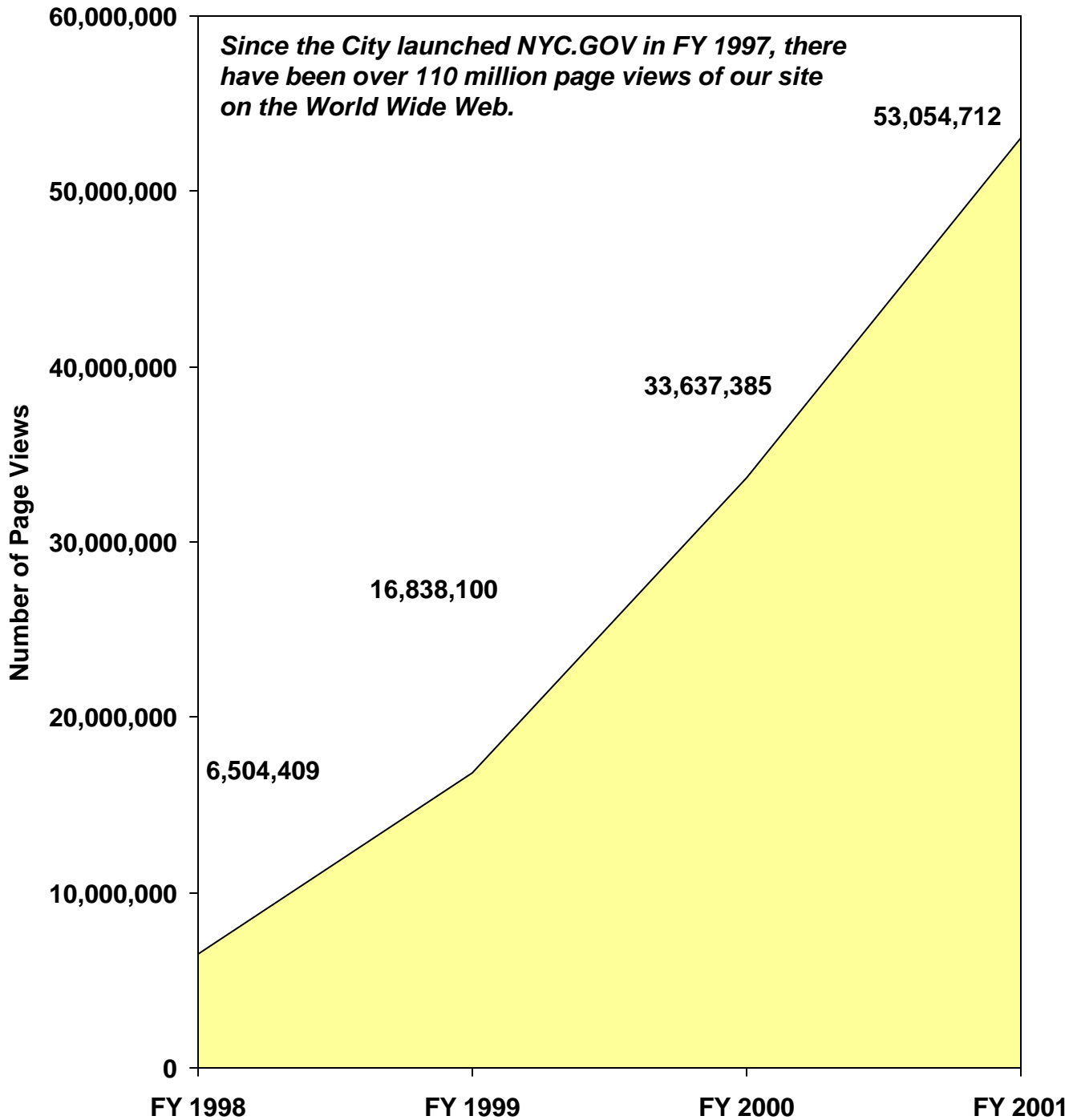
In recognition of these ongoing efforts, New York City's NYC.GOV was awarded top honors in this year's "Best of the Web" contest among nearly 400 state and local government web site entries. Web sites were judged on their degree of innovation, use of web-based online technology to deliver government services, efficiency and time saved, economy and money saved, and functionality of improved citizen access. This year's contest marks the third time that New York City has received "Best of the Web" recognition. New York City earned first place in 1997 and third place in 1996.

Further Challenges

To build on the design and development efforts that have gone into NYC.GOV to date, DoITT will be faced with complex strategic challenges over the next few years. In order to provide the highest level of service for its constituents, New York City needs to be able to provide services as a single entity – through an enterprise-wide solution – rather than a collaboration of multiple agencies. Constituents will not need to know the specific agency that provides a desired service, and citizens' ability to obtain services will no longer depend on their level of expertise about City government. During the next two years, DoITT will be working with City agencies to develop this concept further. When completed, agencies will provide New Yorkers with access to all services related to a specific area of interest. In addition, DoITT has identified several common services that will be developed in order to provide a more seamless, uniform and responsive government. Application areas such as Geographic Information Systems can be most efficiently developed by a central group and then made available across all City agencies.

Because of the diversity of the citizens of New York City, electronic access to government information and services must also address multiple languages. Technology is developing in this area and research has been initiated to determine the optimal approach. In addition, as use of the Internet grows and the citizens begin to become more reliant on their electronic government, the need for more access venues will arise. With advancements in kiosk technology, convergence with public pay phones is becoming a reality. DoITT is investigating the use of a combined kiosk or Internet-enabled payphone that would significantly increase access while minimizing the deployment of additional kiosks.

Number of NYC.GOV Page Views Fiscal 1998-2001



PROCUREMENT REFORM

The Challenge

Procurement is the means by which the City purchases supplies, services, and construction. A significant part of the City's work is performed through its procurements, which total approximately \$7 billion in value annually or more than 17 percent of the City's total budget. The City's procurements range from foster care services contracts with non-profit agencies for sheltering abused children, to construction contracts for rehabilitating the City's roads and bridges, to contracts for the supplies agencies use each day to operate. The procurement process, although transparent to the public, is vital to the City's ability to deliver essential services.

The Giuliani Administration came into office determined to reform and streamline the City's often complex and protracted procurement system. The Administration was cognizant of the fact that while meaningful change in the procurement process was critically important, it would be extremely difficult to achieve since it would require striking the right balance between speed, effectiveness and corruption prevention. This chapter describes the Administration's successful efforts over the last seven and one-half years to reform a system accounting for over \$50 billion in procurements, a common sense approach based on the philosophy of "Make it Better, Faster, Cheaper" and the hallmarks of competition, quality, integrity, and a fair price. The Administration's procurement reform program, spearheaded by the Mayor's Office of Contracts, revolves around five basic themes:

- procurement rules reform;
- performance based contracting;
- information technology advancements;
- procurement process reengineering initiatives; and
- professional staff development.

The Solution

Procurement Rules Reform. The Administration has been actively involved in the Procurement Policy Board's (PPB) successful, precedent-setting efforts to reform its Rules. This on-going effort has been aimed at streamlining the procurement process by making it faster and easier, providing potential budgetary savings and ensuring continuity in the delivery of necessary supplies, services and construction. Highlights include:

- Providing a new range of tools to permit agencies to conduct timely and cost-effective construction procurements for improvements to the City's infrastructure.
- Creating a new small purchase category for information technology procurements up to \$100,000.

Procurement Reform

- Raising outdated dollar thresholds for small purchases and micro purchases to restore agencies' ability to procure supplies, services, and construction within these limits in a simpler, more timely fashion.
- Explicitly allowing contracts to be extended through amendment for up to one year, in order to provide time for agencies to address circumstances that may arise while ensuring the continued delivery of essential services.
- Expanding the applicability of negotiated acquisition, a procurement process that combines openness and competitiveness with flexibility and speed.
- Providing a mechanism to enable agencies to accept late proposals in response to a Request for Proposals (RFP) if it is in the City's best interest to do so.
- Exempting most renewal contracts from an additional public hearing.
- Providing a mechanism for the City Chief Procurement Officer to waive minor technical rules violations (i.e., ones that had no significant adverse impact on the competitive process) to allow the procurement process to continue.
- Implementing prompt payment reforms, which reduced from 45 days to 30 days the time in which the City must process its payments without being required to pay interest to contractors.
- Streamlining the procedures for conducting demonstration projects, in order to encourage agencies to test and evaluate new and innovative products, technologies, and service delivery approaches prior to making a long-term commitment.
- Permitting agencies to procure supplies, services, and construction directly from other government entities when it is in the City's best interest to do so.
- Making it easier for agencies to conduct certain procurements using existing federal government contracts.
- Permitting an accelerated procurement process for commodities whose prices vary constantly, such as fuel, paper, or food.
- Replacing manually-produced annual contract reports with online information, freeing agency personnel to concentrate on the procurement process.

Performance Based Contracting. The Administration has moved the City toward greater utilization of performance-based contracting, particularly in the area of client services. Traditionally, City contracts have concentrated on operational details (e.g., how many contractor employees are covered at what salary). This approach diverts the focus of both the contracting City agency and the contractor from the central issues, which are the agency's goals, and whether they are being achieved by the contractor. Under

Procurement Reform

performance-based contracting, the emphasis is shifted from the means employed by a contractor to reach desired goals to achievement of the goals themselves. The payment structure for performance-based contracts rewards contractors that achieve the agency's goals rather than just reimbursing them for expenditures made. An additional benefit of performance-based contracting is that as the City changes its focus from the means of performance to the outcome produced, the City's costs for managing contracts will decrease, while the quality of services will increase.

Performance-based contracts incorporate one or more of the following payment methods as a whole or in large part:

- Performance-based outcome measures, and related financial incentives and/or disincentives. For example, a capital contractor would receive a 10 percent bonus for completing a construction project substantially ahead of schedule. A social services contract provider would be required to maintain a 95 percent occupancy level in supported housing, and would be assessed a two percent penalty if that level was not maintained.
- Unit payments tied to outcomes. For example, a contractor would receive a prescribed fee per foot of road reconstructed.
- Milestone payments tied to outcomes. For example, a contractor would receive a prescribed payment when a client is placed in employment, and an additional payment when the client has been retained in employment for 90 days.
- Liquidated damages tied to outcomes. For example, a contractor would be penalized \$100 for each day that an audit report is not submitted by the prescribed due date.

Information Technology Enhancements. The Administration implemented a number of significant information technology enhancements to improve operations and develop better communications with vendors. These include:

- Launching a Web-based Procurement Bulletin Board System to advertise procurement solicitations and awards, previously available only in the City's daily newspaper, the *City Record*. This initiative has since been enhanced by the creation of the *City Record Online*.
- Establishment of a dedicated page on NYC.GOV, the City's web site, providing direct online access to procurement information. In addition to bidder application forms and the *City Record Online*, the site provides links to the City's Vendor Information Manual, the Procurement Policy Board Rules, Vendor Payment Guidelines, questionnaires for submission to VENDEX (the City's database of information on vendors), and a directory of Agency Chief Contracting Officers.
- Providing an online application process for vendors to request inclusion in bidder lists, to which agencies send notices of solicitation about upcoming procurements.

Procurement Reform

- Establishing a citywide “e-Procurement” Task Force, with representatives from mayoral agencies, the City Council, and the Comptroller's office, charged with the mission of providing a comprehensive citywide, technology-based procurement strategy to lower the cost of procurements, significantly shorten the purchasing cycle, lower the cost of administering procurements, and reduce inventory.
- As part of the City’s new Financial Management System (FMS), initiating a pilot of automated procurement software to allow agency staff to requisition a purchase electronically; to support the central procurement office in issuing the solicitation to vendors on the applicable bidder list; to record and tabulate the bids; and to automatically generate appropriate accounting entries.

Procurement Process Reengineering Initiatives. Some of the process improvements implemented during the Giuliani Administration were as follows:

- Standardizing the basic format of the City’s RFP solicitation documents. The City phased in a Model RFP to increase the effectiveness and efficiency of the procurement process for both proposers and the City.
- Restructuring internal agency procurement procedures through a variety of agency-specific projects. Agencies involved in these projects included the Mayor's Office of Contracts, the Department of Environmental Protection, the Department of Health; and the Department of General Services (now the Department of Citywide Administrative Services).
- Adding four new categories of procurement performance indicators to the Mayor’s Management Report. The new indicators address process cycle times for awarding contracts, broken down by key procurement methods; the level of competitiveness in procurements; the use of performance-based contracting by agencies; and the use of retroactive contracts. These new indicators supplemented existing indicators that address prompt payment performance, completion of contract evaluations by agencies, and procurement totals by agency and procurement method. Overall, the addition of new MMR procurement indicators has greatly increased agency accountability for procurement performance, and given the City a valuable tool with which to identify successful approaches, problem areas, and new solutions.

Professional Staff Development. A new procurement culture cannot be achieved through rules reform, process improvements and information technology alone. It requires that procurement personnel have the experience, skills and judgment necessary to implement change. The Administration acted to strengthen professional development for agency procurement staff by enhancing the City’s Procurement Training Institute, the only such entity in the country. The Procurement Training Institute provides staff with the necessary skills to make the best possible procurement decisions. The Administration also sponsored a citywide conference for procurement staff on the theme of “Common Sense Contracting,” in order to help agencies to incorporate common sense solutions to the problems facing the City’s procurement system.

Procurement Reform

| Chronology of Implementation | |
|------------------------------|---|
| August 1995 | PPB rules are changed to facilitate procurements using federal government contracts. |
| September 1995 | Elimination of the requirement that late proposals must be automatically rejected |
| September 1995 | Citywide procurement conference. |
| October 1995 | A procedure is established for the City Chief Procurement Officer to waive minor technical rules violations. |
| December 1995 | PPB rules are changed to explicitly allow contracts to be extended for one year through amendment. |
| February 1996 | Launching of the Procurement Bulletin Board System on the City's Web site. |
| February 1996 | Hard-copy annual contract reports are replaced with online information. |
| September 1996 | Enhancement of the City's Procurement Training Institute. |
| July 1997 | PPB rules are changed to expand the applicability of the negotiated acquisition procurement method. |
| August 1997 | Creation a new small purchase category for Information Technology procurements. |
| April 1997 | Online bidder list application is established. |
| December 1997 | PPB rules are changed to streamline procedures for conducting demonstration projects. |
| April 1998 | Exemption of most renewal contracts from the public hearing requirement. |
| September 1998 | Indicators covering procurement process cycle times and the level of competitiveness in procurements are introduced in the Fiscal 1998 Mayor's Management Report. |
| September 1998 | The City provides direct online access to procurement information through NYC.GOV. |
| December 1999 | The basic format of the City's RFP solicitation documents is standardized through the Model Request for Proposals. |
| January 2000 | City agencies are permitted to procure directly from other government entities. |
| July 2000 | PPB rules are changed to create stricter requirements for prompt payment to vendors. |
| August 2000 | Establishment of citywide "e-Procurement" Task Force. |
| September 2000 | Indicators covering performance-based contracting and the use of retroactive contracts are introduced in the Fiscal 2000 Mayor's Management Report |
| March 2001 | Pilot of automated procurement software begins. |

Outcomes

The basic strategies implemented during the Giuliani Administration have supported value-added practices and approaches, resulting in substantial time savings as well as laying the groundwork for potential budgetary savings. Agencies have also been enabled to publicize procurement opportunities to a wider audience of vendors.

Many agencies, in particular the Mayor's Office of Contracts, the Department of Citywide Administrative Services, the Department of Information Technology and Telecommunications, the Department of Investigation, the Financial Information Services Agency, the Law Department, the Mayor's Office of Operations, the Mayor's Office of Construction, the Office of Management and Budget, and the Procurement Training Institute have worked closely on these initiatives and made significant contributions to procurement reforms. The overall success of the reform program, however, has been realized through the efforts of Agency Chief Contracting Officers and other procurement staff throughout City government.

Prompt Payment. The percent of invoices that are paid on time (30 calendar days for most cases, pursuant to PPB rules) by City agencies has increased from 58 percent in Fiscal 1995 to 92 percent in Fiscal 2001. The percent of the dollar value of invoices paid on time increased from 84 percent to 98 percent over the same period.

Performance-Based Contracting. The Mayor's Office of Contracts began compiling data on the use of performance-based contracts by agencies citywide in Fiscal 2000. In Fiscal 2000, 75 percent of agency contract dollars were awarded through performance-based contracts, increasing to 82 percent as of Fiscal 2001.

Competitiveness in Procurements. The percent of the dollar value of contracts awarded by City agencies, using any method of award, for which three or more responses from vendors were received increased from 69 percent in Fiscal 1999 (the first period in which citywide data was compiled), to 90 percent in Fiscal 2000 and 89 percent in Fiscal 2001.

Procurement Rules Reform. Some of the benefits of changes to the City's procurements rules are as follows:

- Creating a new small purchase category for information technology with a \$100,000 threshold provided agencies with the ability to successfully address crucial Y2K issues.
- Raising the dollar thresholds for small purchases has reduced the time needed to process these procurements from between four and eight months, to an average of two weeks.
- Allowing services contracts to be extended through amendment has been particularly helpful in protecting against interruptions in the delivery of needed services.

Procurement Reform

- Expanding the applicability of the negotiated acquisition selection method has provided agencies with an effective tool to procure quality supplies, services, and construction in a timely fashion.
- Streamlining the procedures for conducting demonstration projects has encouraged agencies to test new strategies and approaches. One such demonstration project was the placement of automated City services information kiosks throughout the City by the Department of Information Technology and Telecommunications, as described in this volume's previous chapter.
- Eliminating public hearings for most renewal contracts has reduced the processing time by approximately one month for approximately 700 renewal contracts annually.
- Permitting late proposals to be considered in the procurement process has proven especially helpful where there have been a limited number of timely responses to RFPs, especially those that may require complicated proposals, or those that seek new vendors who may be unfamiliar with the City's procurement process.
- Following the implementation of prompt payment reforms, agencies have reorganized their payment procedures to accommodate elimination of the "interest-free" 15-day grace period.

Information Technology Enhancements. The initial Procurement Bulletin Board System expanded outreach to new vendors by providing them with 24-hour access to information on procurement opportunities and the ability to download notices of solicitation and award notices. The upgraded *City Record OnLine* includes a more user-friendly and technologically up-to-date listing of procurement solicitations and award notices. In Fall 2001 the City intends to replace individual agency's bidder lists with centralized citywide lists to help ensure the maximum level of competitiveness on City procurement.

The "e-Procurement" Task Force has undertaken the following projects:

- Procurement Cards. In early 2001 the Task Force began a pilot project in three agencies to demonstrate the advantages of using "p-cards" (which are similar to credit cards) to reduce administrative processing of purchases up to \$2500. A phased citywide implementation is planned for Fall 2001.
- Buy-Wise Intranet Procurement Portal. In June 2001 the City implemented its Buy-Wise Web page to improve information access for City procurement staff. The page provides one-stop access to a new online database of the City's requirements contracts, the Comptroller's pre-qualified list of Certified Public Accountants, templates for procurement reporting documents, and a repository of policy directives.

Procurement Process Reengineering Initiatives. The Model Request for Proposals Document, in addition to saving agency time in developing RFPs, has provided proposers

with a clearer, shorter, and more user-friendly tool for preparing contract proposals. Reengineering initiatives targeting internal agency procurement procedures have helped to eliminate overlapping, fragmented, duplicative and low value activities. The addition of new procurement indicators to the Mayor's Management Report has expanded its usefulness as a tool for both agencies and the public to track procurement reform.

Professional Staff Development. The Procurement Training Institute has provided training to well over 10,000 employees since January 1994. In addition, the Citywide Procurement Conference served as an opportunity for staff from different agencies to discuss successful programs that have been implemented in the procurement area, and to hear presentations by procurement professionals from both inside and outside government.

Further Challenges

Increasing Small Purchase Thresholds. Some of the changes still needed to make the procurement process more effective and efficient will require revisions to the City Charter. Perhaps the single most effective way to reduce inefficiencies in the procurement system is to raise the threshold of the streamlined, but still competitive, small purchase procurement process. As prices have increased over the last several years, procurements that would have been small purchases must now be processed by much slower procurement methods. The Administration will continue to negotiate with the City Council, which must approve increases to the small purchase thresholds, to raise the present threshold for all categories of procurement to \$100,000.

Expanding the Benefits of e-Procurement Citywide. The advent of Web-based technologies offers the City the opportunity to streamline procurement operations while attaining price improvements and greater managerial oversight. The City is exploring options to provide agencies with browser-based access to an e-marketplace that would allow agency staff to purchase all items on requirements contracts by shopping online. Web-based automation simplifies the processes involved in notifying vendors of upcoming contracting opportunities, accepting bids and proposals electronically, and processing internal approvals. Vendor satisfaction in doing business with the City can also be dramatically improved; initiatives are underway to allow vendors to view and update the data stored about them in the City's financial and procurement systems.

**PUBLIC SAFETY AND ENFORCEMENT –
SELECTED INDICATORS**

| Agency | Indicator | Fiscal 1997 | Fiscal 1998 | Fiscal 1999 | Fiscal 2000 | Fiscal 2001 |
|---------------------------------|---|------------------------|------------------------|------------------------|------------------------|------------------------|
| Police Department | Major Felony Crimes - Total | 246,117 | 227,773 | 202,106 | 187,181 | 172,731 |
| Police Department | Murder & Non-Negligent Manslaughter | 829 | 673 | 661 | 671 | 626 |
| Police Department | Uniformed Officers Firing Shots (CY 1996-2000) | 419 | 334 | 318 | 194 | 175 |
| Police Department | Domestic Violence: Family Related Arrests | 24,267 | 26,557 | 23,420 | 23,935 | 23,905 |
| Police Department | Domestic Violence: Arrests for Violating Orders of Protection | 3,368 | 3,735 | 3,734 | 4,012 | 4,013 |
| Police Department | DWI Arrests | 6,686 | 6,518 | 6,018 | 4,748 | 5,030 |
| Police Department | Average Vehicle Speeds on Midtown Avenues (mph) | 7.6 | 8.4 | 8.2 | 8.1 | 10.2 |
| Fire Department | Civilian Fire Fatalities (CY 1996-2000) | 149 | 145 | 107 | 112 | 125 |
| Department of Correction | Correctional Violence Incidents | 401 | 229 | 102 | 70 | 54 |
| Civilian Complaint Review Board | Total Allegations | 7,542 | 8,525 | 7,338 | 6,662 | 6,333 |
| Department of Transportation | Total Traffic Deaths | 443 | 415 | 405 | 406 | 367 |
| Department of Transportation | Pedestrian Deaths | 234 | 223 | 187 | 197 | 181 |
| Department of Transportation | Street Lights: Percent Responded to Within 10 Days | 98.4% | 97.5% | 98.6% | 96.9% | 96.1% |
| Department of Transportation | Potholes Repaired Within 30 Days | 26% | 44% | 64% | 65% | 70% |

**PUBLIC HEALTH –
SELECTED INDICATORS**

| Agency | Indicator | Fiscal 1997 | Fiscal 1998 | Fiscal 1999 | Fiscal 2000 | Fiscal 2001 |
|----------------------------------|---|------------------------|------------------------|------------------------|------------------------|------------------------|
| Department of Health | New Tuberculosis Cases (CY 1996-2000) | 2,053 | 1,730 | 1,558 | 1,460 | 1,332 |
| Department of Health | New AIDS Cases (CY 1996-2000) | 10,987 | 9,113 | 7,695 | 6,251 | 6,100 |
| Department of Health | Initial Food Establishment Inspections | 20,292 | 17,726 | 22,266 | 22,895 | 22,848 |
| Department of Health | Pest Control Complaints Received | 18,255 | 16,557 | 15,423 | 16,442 | 19,358 |
| Department of Health | Pest Control Complaints – Rodent Bites | 176 | 189 | 200 | 157 | 165 |
| Health and Hospitals Corporation | Primary Care Visits (000's) | 2,049 | 2,071 | 2,023 | 1,887 | 1,957 |
| Health and Hospitals Corporation | Emergency Room Visits (000's) [Excluding Visits Resulting in Admissions] | 779.9 | 777.5 | 811.7 | 831.2 | 843.9 |

**SERVICES TO CHILDREN AND YOUTH –
SELECTED INDICATORS**

| Agency | Indicator | Fiscal 1997 | Fiscal 1998 | Fiscal 1999 | Fiscal 2000 | Fiscal 2001 |
|--|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| Administration for Children's Services | Reports of Child Abuse/Neglect | 53,567 | 57,732 | 54,673 | 53,540 | 57,224 |
| Administration for Children's Services | Abuse and Neglect Reports Responded to Within One Day Following Report to State Central Register | 98.6% | 97.0% | 97.1% | 97.8% | 97.0% |
| Administration for Children's Services | New Abuse/Neglect Cases per Worker per Month | 7.3 | 7.3 | 7.8 | 6.7 | 6.9 |
| Administration for Children's Services | Adoptions | 4,009 | 3,848 | 3,800 | 3,148 | 2,715 |
| Administration for Children's Services | Average Time to Complete Adoption (years) | 3.4 | 4.3 | 4.0 | 3.9 | 3.5 |
| Administration for Children's Services | Enrollment in ACD Subsidized Day Care | 58,927 | 63,613 | 59,743 | 56,549 | 61,553 |
| Administration for Children's Services | Enrollment in Head Start | 16,239 | 17,710 | 17,409 | 17,356 | 17,148 |
| Administration for Children's Services | Child Support Collected | \$283,589 | \$317,845 | \$351,697 | \$403,647 | \$446,902 |
| Board of Education | Public School Enrollment | 1,075,605 | 1,083,943 | 1,093,071 | 1,100,312 | 1,105,045 |
| Board of Education | Special Education Enrollment | 161,006 | 164,232 | 166,401 | 168,172 | 167,787 |
| Board of Education/ School Construction Authority | Student Seats Created | 22,735 | 15,936 | 19,598 | 14,250 | 5,964 |
| Board of Education | Full-Time Teachers | 67,390 | 71,512 | 74,568 | 78,162 | 79,189 |
| Police Department | Truants Returned to School | 101,596 | 113,587 | 133,595 | 122,392 | 118,493 |

**SERVICES TO CHILDREN AND YOUTH –
SELECTED INDICATORS**

| Agency | Indicator | Fiscal 1997 | Fiscal 1998 | Fiscal 1999 | Fiscal 2000 | Fiscal 2001 |
|---|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| City University of New York | Regularly Admitted Entering Baccalaureate Degree Candidates Required to Take Remedial Courses (Fall 1996-2000) | 39.7% | 38.1% | 32.5% | 23.0% | 9.4% |
| Department of Health | Child Asthma Hospitalization Rate (CY 1996-2000) | 10.26 | 9.94 | 7.22 | 8.60 | 6.42 |
| Department of Health | New Lead Poisoning Cases | 1,298 | 1,123 | 949 | 921 | 741 |
| Department of Health | Infant Mortality Rate per 1,000 Births (CY 1996-2000) | 7.8 | 7.1 | 6.8 | 6.9 | 6.7 |
| Department of Health | Percent of Entering Students Completely Immunized | 92% | 92% | 89% | 92% | 92% |
| Department of Health | Window Guard Inspections | 8,109 | 5,296 | 7,092 | 9,747 | 7,805 |
| Health and Hospitals Corporation | Women Receiving Initial Prenatal Care in First Trimester | 53% | 59% | 64% | 66% | 64% |
| Department of Employment | Summer Youth Employment Program: Summer Jobs for Youth | 29,328 | 40,259 | 44,727 | 50,499 | 39,610 |
| Department of Youth and Community Development | Beacon: Youth and Adults Served | 90,580 | 110,000 | 152,586 | 183,700 | 186,512 |
| Department of Youth and Community Development | Total Youth Served by DYCD | 950,000 | 957,155 | 998,594 | 914,511 | 1,043,144 |
| Department of Parks and Recreation | Playground Play Equipment Condition Rating | 68% | 85% | 88% | 86% | 86% |

**THE CITY ECONOMY –
SELECTED INDICATORS**

| Agency | Indicator | Fiscal 1997 | Fiscal 1998 | Fiscal 1999 | Fiscal 2000 | Fiscal 2001 |
|--|---|------------------------|------------------------|------------------------|------------------------|------------------------|
| Employment Data | Private Sector Job Growth (000's) (CY 1996-2000) | 44.0 | 67.1 | 76.2 | 86.8 | 99.3 |
| Economic Development Corporation | Companies Recruited to New York City | 4 | 29 | 35 | 68 | 41 |
| Tourism | Visitors to New York City (000's) (CY 1996-2000) | 29,123 | 33,022 | 33,009 | 36,700 | 37,400 |
| Mayor's Office of Film, Theatre and Broadcasting | Film and Television Location Shooting Days in New York City | 21,009 | 21,938 | 19,542 | 19,876 | 19,508 |
| Department of Buildings | Total Building Permits Issued | 65,115 | 70,621 | 78,228 | 83,710 | 87,589 |

**THE URBAN ENVIRONMENT –
SELECTED INDICATORS**

| Agency | Indicator | Fiscal 1997 | Fiscal 1998 | Fiscal 1999 | Fiscal 2000 | Fiscal 2001 |
|--|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| Department of Environmental Protection | % of Effluent Complying with Federal Standards | 99.9% | 99.9% | 99.8% | 99.9% | 100% |
| Department of Environmental Protection | % of Scheduled Maintenance Completed Each Month – Wastewater Treatment Plants | 69.2% | 66.3% | 64.3% | 64.1% | 68.5% |
| Department of Environmental Protection | % Compliance with State Standards for Dissolved Oxygen at Harbor Survey Stations | 88% | 91% | 89% | 89% | 94% |
| Department of Environmental Protection | Plant Reconstruction - Starts | 25 | 3 | 15 | 47 | 51 |
| Department of Environmental Protection | Plant Reconstruction - Completions | 10 | 19 | 24 | 42 | 39 |
| Department of Sanitation | Total Residential Recycling Rate | NI | 16.3% | 18.2% | 19.7% | 20.1% |
| Department of Sanitation | Tons per Day Disposed at Fresh Kills | 12,936 | 11,042 | 8,487 | 6,658 | 0 (as of 3/01) |
| Department of Sanitation | % Streets Rated Acceptably Clean | 83.2% | 85% | 87.2% | 86.7% | 85.9% |
| Department of Sanitation | # of Districts (out of 59) Rated Between 67% and 100% Acceptably Clean | 59 | 59 | 59 | 58 | 59 |
| Department of Buildings | Quality of Life Teams – Field Visits | 2,674 | 8,558 | 11,067 | 16,505 | 16,156 |
| Department of Buildings | Quality of Life Teams – Illegal Conversion Violations Issued | 1,466 | 4,931 | 6,935 | 9,217 | 6,090 |
| Police Department | Graffiti Arrests | 883 | 859 | 1,236 | 1,657 | 1,480 |

**SOCIAL SERVICE OUTCOMES –
SELECTED INDICATORS**

The following table reflects the current state of indicators now being developed to reflect outcomes included as performance criteria in contracts with social service providers. Four agencies – the Department of Youth and Community Development, the Department of Employment, the Human Resources Administration, and the Department of Homeless Services – present indicators. The notation “NI” represents reporting periods prior to the start of data collection; “NA” represents periods for which data is no longer collected.

| Agency | Indicator | Fiscal 1997 | Fiscal 1998 | Fiscal 1999 | Fiscal 2000 | Fiscal 2001 |
|---|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| Department of Youth and Community Development | Youth Programs - % Achieving Positive Outcomes | 75% | 75% | 75% | 75% | 75% |
| Department of Youth and Community Development | BEACONS - % Achieving Positive Outcomes | 80% | 80% | 80% | 80% | 75% |
| Department of Youth and Community Development | Neighborhood Development Area Programs - Positive Outcomes | NI | NI | NI | 19,950 | 22,769 |
| Department of Youth and Community Development | Youth Programs - Positive Outcomes | NI | NI | NI | 4,703 | 8,340 |
| Department of Youth and Community Development | Adult Education/ Employment Programs – Positive Outcomes | NI | NI | NI | 851 | 1,591 |
| Department of Youth and Community Development | Senior Citizens Programs – Positive Outcomes | NI | NI | NI | 3,357 | 1,701 |
| Department of Youth and Community Development | Neighborhood Development Programs – Positive Outcomes | NI | NI | NI | 3,895 | 4,148 |
| Department of Youth and Community Development | Citywide Immigration – Positive Outcomes | NI | NI | NI | 3,909 | 2,351 |
| Department of Youth and Community Development | Other DYCD Projects – Positive Outcomes | NI | NI | NI | 2,762 | 2,863 |

**SOCIAL SERVICE OUTCOMES –
SELECTED INDICATORS**

| Agency | Indicator | Fiscal 1997 | Fiscal 1998 | Fiscal 1999 | Fiscal 2000 | Fiscal 2001 |
|---|---|------------------------|------------------------|------------------------|------------------------|------------------------|
| Department of Youth and Community Development | English for Speakers of Other Languages – Number of Positive Outcomes | 4,372 | 7,521 | 6,930 | 7,193 | 6,265 |
| Department of Youth and Community Development | Adult Basic Education – Number of Positive Outcomes | 1,469 | 2,494 | 1,608 | 1,823 | 1,105 |
| Department of Youth and Community Development | Basic Education in a Native Language – Number of Positive Outcomes | 265 | 358 | 418 | 421 | 283 |

**SOCIAL SERVICE OUTCOMES –
SELECTED INDICATORS**

| Agency | Indicator | Fiscal 1997 | Fiscal 1998 | Fiscal 1999 | Fiscal 2000 | Fiscal 2001 |
|----------------------------------|---|------------------------|------------------------|------------------------|------------------------|------------------------|
| Human Resources Administration* | Adult Participants – Placements into Employment | 1,881 | 2,155 | 2,316 | 2,598 | NA |
| Human Resources Administration** | Adult Participants – Placements into Employment | NI | NI | NI | NI | 3,570 |
| Human Resources Administration** | Adult Participants – Credentials Attained With Employment | NI | NI | NI | NI | 536 |
| Human Resources Administration** | Adult Participants – Percentage of Credentials Attained | NI | NI | NI | NI | 26.4% |

* Data reflects federal Job Training Partnership Act (JTPA) programs, which sunset at the end of Fiscal 2000 and will no longer be reported in future Mayor's Management Reports.

** Data reflects Workforce Investment Act (WIA) programs and services that went into effect July 1, 2000.

**SOCIAL SERVICE OUTCOMES –
SELECTED INDICATORS**

| Agency | Indicator | Fiscal 1997 | Fiscal 1998 | Fiscal 1999 | Fiscal 2000 | Fiscal 2001 |
|----------------------------|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| Department of Employment* | Youth Participants – Placements into Employment | 380 | 449 | 490 | 1,136 | NA |
| Department of Employment** | Older Youth Participants – Placements | NI | NI | NI | NI | 710 |
| Department of Employment* | Youth Participants – Percentage Placed into Employment | 54.4% | 64.4% | 51.3% | 55.5% | NA |
| Department of Employment** | Older Youth Participants – Percentage Placed | NI | NI | NI | NI | 67.8% |
| Department of Employment* | Youth Participants – Employability Enhancements | 341 | 481 | 745 | 1,240 | NA |
| Department of Employment** | Older Youth Participants – Credentials Attained | NI | NI | NI | NI | 252 |
| Department of Employment* | Youth Participants – Percentage of Employability Enhancements | 48.9% | 69.0% | 78% | 60.5% | NA |
| Department of Employment** | Older Youth Participants – Percentage of Credentials Attained | NI | NI | NI | NI | 35.5% |
| Department of Employment* | Youth Participants – Participants Placed Remaining on the Job at 30 Days | 30.4% | 48.3% | 60% | 59.3% | NA |
| Department of Employment** | Older Youth Participants – Percentage of Participants Employed During the First Quarter After Exit | NI | NI | NI | NI | 75.7% |

* Data reflects federal Job Training Partnership Act (JTPA) programs, which sunset at the end of Fiscal 2000 and will no longer be reported in future Mayor's Management Reports.

** Data reflects Workforce Investment Act (WIA) programs and services that went into effect July 1, 2000.

**SOCIAL SERVICE OUTCOMES –
SELECTED INDICATORS**

| Agency | Indicator | Fiscal 1997 | Fiscal 1998 | Fiscal 1999 | Fiscal 2000 | Fiscal 2001 |
|-------------------------------|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| Department of Employment** | Older Youth Participants – Percentage of Participants Employed During the First Quarter After Exit Who Remained Employed During the Third Quarter After Exit | NI | NI | NI | NI | 69.0% |
| Department of Employment | Dislocated Workers – Participant Outcomes | NI | NI | NI | 6,279 | 4,214 |
| Department of Employment | Dislocated Workers – Placements into Employment | NI | NI | NI | 4,365 | 2,667 |
| Department of Employment** | Dislocated Workers – Participants Who Received Training | NI | NI | NI | NI | 2,080 |
| Department of Employment** | Dislocated Workers – Percentage of Credentials Attained with Employment | NI | NI | NI | NI | 33.9% |
| Department of Employment** | Younger Youth Participants – High School Diplomas or Equivalent Attained | NI | NI | NI | NI | 44 |
| Department of Employment** | Younger Youth Participants – Percentage of High School Diplomas or Equivalent Attained | NI | NI | NI | NI | 17.1% |
| Department of Employment** | Younger Youth Participants – Percentage Skills Attained | NI | NI | NI | NI | 77% |

** Data reflects Workforce Investment Act (WIA) programs and services that went into effect July 1, 2000.

**SOCIAL SERVICE OUTCOMES –
SELECTED INDICATORS**

| Agency | Indicator | Fiscal 1997 | Fiscal 1998 | Fiscal 1999 | Fiscal 2000 | Fiscal 2001 |
|---------------------------------|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| Department of Homeless Services | Clients Placed – From Assessment into Program Beds | NI | NI | 3,459 | 3,802 | 4,740 |
| Department of Homeless Services | Clients Placed – From General into Program Beds | NI | NI | 534 | 470 | 937 |
| Department of Homeless Services | Clients Placed – From Assessment into Long-Term Placements Outside the New Start Center System | NI | NI | 523 | 505 | 447 |
| Department of Homeless Services | Placements of New Start Center Clients in Publicly Supported Permanent Housing | 1,407 | 1,236 | 1,847 | 1,439 | 1,404 |
| Department of Homeless Services | New START Center Clients Placed in Outside Employment | 568 | 729 | 617 | 727 | 440 |

**CUSTOMER SERVICE –
SELECTED INDICATORS**

| Agency | Indicator | Fiscal 1997 | Fiscal 1998 | Fiscal 1999 | Fiscal 2000 | Fiscal 2001 |
|--|---|------------------------|------------------------|------------------------|------------------------|------------------------|
| Fire Department | % Hazard Complaints Resolved in One Day | 87% | 83% | 86% | 90% | 88% |
| CCRB | Full Investigations as a Percent of Completed Cases | 42% | 50% | 46% | 42% | 50% |
| CCRB | Operational Case Backlog (Based on Date of Report) | 1,035 | 1,079 | 1,016 | 877 | 423 |
| Department of Transportation | Parking Permits for People with Disabilities – Average Waiting Time | NI | 6 months | 5.4 weeks | 4.7 weeks | 12 weeks |
| Department of Transportation | Street Lights: % Responded to Within 10 Days | 98.4% | 97.5% | 98.6% | 96.9% | 96.1% |
| Department of Transportation | % Traffic Signals Installed Within Six Months of Approval | 44.0% | 82.0% | 72.0% | 99.5% | 96.9% |
| Department of Transportation | Priority Signs: % Replaced or Repaired in Nine Days | 100% | 100% | 100% | 100% | 100% |
| Department of Transportation | Potholes: % Repaired Within 30 Days | 26% | 44% | 64% | 65% | 70% |
| Department of Environmental Protection | % Leak Complaints Requiring Excavation Responded to Within 30 Days | 84.1% | 87.7% | 86.7% | 86.6% | 90.0% |
| Department of Environmental Protection | % Catch Basin Complaints Resolved Within 30 Days | 85.9% | 97.1% | 97.4% | 95.4% | 95.2% |

**CUSTOMER SERVICE –
SELECTED INDICATORS**

| Agency | Indicator | Fiscal 1997 | Fiscal 1998 | Fiscal 1999 | Fiscal 2000 | Fiscal 2001 |
|--|---|------------------------|------------------------|------------------------|------------------------|------------------------|
| Department of Environmental Protection | % Sewer Backup Complaints Resolved Within 24 Hours | 97.7% | 99.5% | 99.8% | 99.8% | 99.9% |
| Department of Housing Preservation and Development | Emergency Complaint Inspections Completed | 96,359 | 95,800 | 109,367 | 110,588 | 82,911 |
| New York City Housing Authority | Average Elevator Complaint Resolution Time (Hours) | NI | 4.0 | 6.2 | 5.5 | 5.5 |
| New York City Housing Authority | Average Non-Emergency Complaint Resolution Time (Days) | NI | 25 | 22 | 21 | 11 |
| Department of Design and Construction | % of Projects Completed On Time or Early | 53% | 64% | 77% | 88% | 85% |
| Department of Sanitation | Written Complaint Response Time (Days) | 7.1 | 7.5 | 8.0 | 7.7 | 7.8 |
| Department of Sanitation | Telephone Complaint Response Time (Days) | 2.0 | 2.0 | 1.7 | 2.1 | 1.9 |
| Department of Parks and Recreation | Complaints Received | 3,385 | 2,577 | 3,352 | 2,842 | 3,579 |
| Department of Parks and Recreation | Complaints Resolved | 2,518 | 2,336 | 3,062 | 2,607 | 1,306 |
| Department of Health | Average Days to Receipt of Birth Certificates (Mailed Requests) | 6 | 4 | 6 | 7 | 4 |
| Department of Health | Average Days to Receipt of Death Certificates (Mailed Requests) | 9 | 7 | 9 | 10 | 7 |

**CUSTOMER SERVICE –
SELECTED INDICATORS**

| Agency | Indicator | Fiscal 1997 | Fiscal 1998 | Fiscal 1999 | Fiscal 2000 | Fiscal 2001 |
|----------------------------------|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| Department of Health | Average Time to Inspect Immediate Critical Complaints (Days) | 0.42 | 0.29 | 1.26 | 0.57 | 0.49 |
| Health and Hospitals Corporation | Days to First Mammography Appointment | 8 | 5 | 4 | 3 | 4 |
| Health and Hospitals Corporation | Average Days to First Gynecology Appointment | 10 | 10 | 8 | 8 | 10 |
| Health and Hospitals Corporation | Outpatient Care – Average Waiting Time to First Nonurgent Appointment (Days) | 8 | 6 | 5 | 5 | 7 |
| Human Resources Administration | Average Days to Initiate Home Attendant / Housekeeper Services | 30.9 | 27.6 | 27.1 | 25.1 | 23.5 |
| Human Resources Administration | AIDS Cases Referred for Home Care Within 48 Hours | 86.1% | 85.3% | 85.7% | 87.2% | 93.5% |
| Human Resources Administration | AIDS Cases Served by Vendor Within 48 Hours of Referral for Home Care | 96.6% | 93.6% | 94.0% | 88.9% | 92.7% |
| School Construction Authority | % of Projects Completed On Time or Early | NI | NI | NI | 69.7% | 72.2% |
| Department of Consumer Affairs | Unlicensed Home Improvement Contractors - Complaint Processing Time (Days) | 26 | 30 | 22 | 26 | 23 |

**CUSTOMER SERVICE –
SELECTED INDICATORS**

| Agency | Indicator | Fiscal 1997 | Fiscal 1998 | Fiscal 1999 | Fiscal 2000 | Fiscal 2001 |
|--------------------------------|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| Department of Consumer Affairs | Licensed Home Improvement Contractors - Complaint Processing Time (Days) | 61 | 52 | 30 | 29 | 29 |
| Department of Consumer Affairs | Electronics Store Complaint Processing Time (Days) | 41 | 37 | 28 | 29 | 26 |
| Department of Buildings | Complaints Registered | 30,975 | 36,351 | 36,303 | 41,077 | 49,101 |
| Department of Buildings | Complaints Resolved | 31,057 | 32,853 | 37,435 | 47,270 | 45,138 |
| Department of Buildings | Average Days to First Plan Examination | 6.8 | 8.2 | 8.2 | 6.1 | 6.1 |